CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

1984-85-86
FIRST SESSION, THIRTY-THIRD PARLIAMENT
33-34-35 ELIZABETH II

VOLUME I

(November 5, 1984 to June 27, 1985)

Parliament was opened on November 5, 1984

and was prorogued on August 28, 1986

Queen's Printer for Canada, Ottawa

THE SPEAKER

THE HONOURABLE GUY CHARBONNEAU

THE LEADER OF THE GOVERNMENT

To June 30, 1986

THE HONOURABLE DUFF ROBLIN, P.C.

From June 30, 1986

THE HONOURABLE LOWELL MURRAY, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEACHEN, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

CHARLES A. LUSSIER, LL.L.

CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

GENTLEMAN USHER OF THE BLACK ROD

RENÉ M. JALBERT, C.V., C.D.

LAW CLERK AND PARLIAMENTARY COUNSEL

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

THE MINISTRY

According to Precedence

November 5, 1984

The Right Honourable Martin Brian Mulroney	Prime Minister
The Honourable George Harris Hees	Minister of Veterans Affairs
The Honourable Duff Roblin	Leader of the Government in the Senate
The Right Honourable Charles Joseph Clark	Secretary of State for External Affairs
The Honourable Flora Isabel MacDonald	Minister of Employment and Immigration
The Honourable Erik H. Nielsen	Deputy Prime Minister and President of the Queen's Privy Council for Canada
The Honourable John Carnell Crosbie	Minister of Justice and Attorney General of Canada
The Honourable Roch La Salle	Minister of Public Works
The Honourable Donald Frank Mazankowski	Minister of Transport
The Honourable Elmer MacIntosh MacKay	Solicitor General of Canada
The Honourable Jake Epp	Minister of National Health and Welfare
The Honourable John Allen Fraser	Minister of Fisheries and Oceans
The Honourable Sinclair McKnight Stevens	Minister of Regional Industrial Expansion
The Honourable John Wise	Minister of Agriculture
The Honourable Ramon John Hnatyshyn	Minister of State (Government House Leader)
The Honourable David Edward Crombie	Minister of Indian Affairs and Northern Development
The Honourable Robert R. de Cotret	President of the Treasury Board
The Honourable Henry Perrin Beatty	Minister of National Revenue
The Honourable Michael Halcombe Wilson	Minister of Finance
The Honourable Robert Carman Coates	Minister of National Defence
The Honourable Jack Burnett Murta	Minister of State (Multiculturalism)
The Honourable Harvie Andre	Minister of Supply and Services
The Honourable Otto John Jelinek	Minister of State (Fitness and Amateur Sport)
The Honourable Thomas Edward Siddon	Minister of State for Science and Technology
The Honourable Charles James Mayer	Minister of State (Canadian Wheat Board)
The Honourable William Hunter McKnight	Minister of Labour
The Honourable Walter Franklin McLean	Secretary of State of Canada
The Honourable Thomas Michael McMillan	Minister of State (Tourism)
The Honourable Patricia Carney	Minister of Energy, Mines and Resources
The Honourable André Bissonnette	Minister of State (Small Businesses)
The Honourable Suzanne Blais-Grenier	Minister of the Environment
The Honourable Benoît Bouchard	Minister of State (Transport)
The Honourable Andrée Champagne	Minister of State (Youth)
The Honourable Michel Côté	Minister of Consumer and Corporate Affairs
The Honourable James Francis Kelleher	Minister for International Trade
The Honourable Robert E. Layton	Minister of State (Mines)
The Honourable Marcel Masse	Minister of Communications
The Honourable Barbara Jean McDougall	Minister of State (Finance)
The Honourable Gerald S. Merrithew	Minister of State (Forestry)
The Honourable Monique Vézina	Minister for External Relations

THE MINISTRY

According to Precedence

At Prorogation, August 28, 1986

The Right Honourable Martin Brian Mulroney	Prime Minister
The Honourable George Harris Hees	Minister of Veterans Affairs
The Right Honourable Charles Joseph Clark	Secretary of State for External Affairs
The Honourable Flora Isabel MacDonald	Minister of Communications
The Honourable John Carnell Crosbie	Minister of Transport
The Honourable Roch La Salle	Minister of State
The Honourable Donald Frank Mazankowski	Deputy Prime Minister and President of the Queen's Privy Council for Canada
The Honourable Elmer MacIntosh MacKay	Minister of National Revenue
The Honourable Jake Epp	Minister of National Health and Welfare
The Honourable John Wise	Minister of Agriculture
The Honourable Ramon John Hnatyshyn	Minister of Justice and Attorney General of Canada
The Honourable David Edward Crombie	Secretary of State of Canada
The Honourable Robert R. de Cotret	President of the Treasury Board
The Honourable Henry Perrin Beatty	Minister of National Defence
The Honourable Michael Halcombe Wilson	Minister of Finance
The Honourable Harvie Andre	Minister of Consumer and Corporate Affairs
The Honourable Otto John Jelinek	Minister of State (Fitness and Amateur Sport)
The Honourable Thomas Edward Siddon	Minister of Fisheries and Oceans
The Honourable Charles James Mayer	Minister of State (Canadian Wheat Board)
The Honourable William Hunter McKnight	Minister of Indian Affairs and Northern Development
The Honourable Thomas Michael McMillan	Minister of the Environment
The Honourable Patricia Carney	Minister for International Trade
The Honourable André Bissonnette	Minister of State (Transport)
The Honourable Benoît Bouchard	Minister of Employment and Immigration
The Honourable Michel Côté	Minister of Regional Industrial Expansion
The Honourable James Francis Kelleher	Solicitor General of Canada
The Honourable Marcel Masse	Minister of Energy, Mines and Resources
The Honourable Barbara Jean McDougall	Minister of State (Privatization)
The Honourable Gerald S. Merrithew	Minister of State (Forestry and Mines)
The Honourable Monique Vézina	Minister of Supply and Services
The Honourable Stewart McInnes	Minister of Public Works
The Honourable Frank Oberle	Minister of State for Science and Technology
The Honourable Lowell Murray	Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)
The Honourable Paul Wyatt Dick	Associate Minister of National Defence
The Honourable Pierre H. Cadieux	Minister of Labour
The Honourable Jean J. Charest	Minister of State (Youth)
The Honourable Thomas Hockin	Minister of State (Finance)
The Honourable Monique Landry	Minister for External Relations
The Honourable Bernard Valcourt	Minister of State (Small Businesses and Tourism)
The Honourable Gerry Weiner	Minister of State (Immigration)

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Prorogation, August 28, 1986

Senator	Designation	Post Office Address
THE HONOURABLE		
Donald Cameron	Banff	Banff, Alta.
David A. Croll	Toronto-Spadina	Toronto, Ont.
Fred A. McGrand	Sunbury	Fredericton Junction, N.B.
Hartland de Montarville Molson	Alma	Montreal, Que.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Daniel Aiken Lang	South York	Toronto, Ont.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Toronto, Ont.
Hazen Robert Argue, P.C.	Regina	Kayville, Sask.
J. G. Léopold Langlois	Grandville	Quebec, Que.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Herbert O. Sparrow	Saskatchewan	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
William John Petten	Bonavista	St. John's, Nfld.
Louis de Gonzague Giguère	De la Durantaye	Montreal, Que.
Gildas L. Molgat	Ste. Rose	St. Vital, Man.
Paul C. Lafond	Gulf	Hull, Que.
Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Renaude Lapointe, P.C.	Mille Isles	Montreal, Que.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Frederick William Rowe	Lewisporte	St. John's, Nfld.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver, B.C.
John Morrow Godfrey	Rosedale	Toronto, Ont.
Maurice Riel, P.C.	Shawinegan	Westmount, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Augustus Irvine Barrow	Halifax-Dartmouth	Halifax, N.S.
Ernest George Cottreau	South Western Nova	Yarmouth, N.S.
Jack Austin, P.C.	Vancouver South	Vancouver, B.C.
Paul Lucier	Yukon	Whitehorse, Yukon.
David Gordon Steuart	Prince Albert-Duck Lake	Regina, Sask.
Pietro Rizzuto	Repentigny	Laval sur le Lac, Que.
Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
Horace Andrew Olson, P.C.	Alberta South	Iddesleigh, Alta.
Royce Frith	Lanark	Perth, Ont.

Senator	Designation	Post Office Address
THE HONOURABLE		
Peter Bosa	York-Caboto	Etobicoke, Ont.
Duff Roblin, P.C.	Red River	Winnipeg, Man.
Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface, Man.
Stanley Haidasz, P.C.	Toronto-Parkdale	Toronto, Ont.
Philip Derek Lewis	St. John's	St. John's, Nfld.
Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Margaret Jean Anderson	Northumberland-Miramichi	Newcastle, N.B.
Robert Muir	Cape Breton-The Sydneys	Sydney Mines, N.S.
L. Norbert Thériault	Baie du Vin	Baie Ste-Anne, N.B.
Dalia Wood	Montarville	Montreal, Que.
Fernand-E. Leblanc	Saurel	Montreal, Que.
Yvette Boucher Rousseau	De Salaberry	Hull, Que.
Reginald James Balfour	Regina	Regina, Sask.
Lowell Murray, P.C.	Grenville-Carleton	Ottawa, Ont.
Martha P. Bielish	Lakeland	Warspite, Alta.
Guy Charbonneau (Speaker)	Kennebec	Montreal, Que.
Arthur Tremblay	The Laurentides	Quebec, Que.
C. William Doody	Harbour Main-Bell Island	St. John's, Nfld.
Heath Macquarrie	Hillsborough	Victoria, P.E.I.
Nathan Nurgitz	Winnipeg North	Winnipeg, Man.
Cyril B. Sherwood	Royal	Norton, N.B.
Peter Alan Stollery	Bloor and Yonge	Toronto, Ont.
Peter Michael Pitfield, P.C.	Ottawa-Vanier	Ottawa, Ont.
Jean Le Moyne	Rigaud	Montreal, Que.
William McDonough Kelly	Port Severn	Mississauga, Ont.
Jacques Hébert	Wellington	Montreal, Que.
Ian Sinclair	Halton	Oakville, Ont.
Leo E. Kolber	Victoria	Westmount, Qué.
Philippe Deane Gigantès	De Lorimier	Montreal, Qué.
John B. Stewart	Antigonish-Guysborough	Bayfield, N.S.
Michael Kirby	South Shore	Halifax, N.S.
Jerahmiel S. Grafstein	Metro Toronto	Toronto, Ont.
Anne C. Cools	Toronto Centre	Toronto, Ont.
Charlie Watt	Inkerman	Kuujjuaq, Qué.
Lorna Marsden	Toronto-Taddle Creek	Toronto, Ont.
Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Daniel Phillip Hays	Calgary	Calgary, Alta.
Joyce Fairbairn	Lethbridge	Lethbridge, Alta.
Colin Kenny	Rideau	Ottawa, Ont.
Pierre De Bané, P.C.	De la Vallière	Montreal, Que.
Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Roméo LeBlanc, P.C.	Beauséjour	Grand-Digue, N.B.
Eymard Georges Corbin	Grand-Sault	Grand-Sault, N.B.
Thomas Henri Lefebvre	De Lanaudière	Davidson, Que.
Charles Robert Turner	London	London, Ont.
Finlay MacDonald	Halifax	Halifax, N.S.
Brenda Mary Robertson	Riverview	Shediac, N.B.
Efstathios William Barootes	Regina-Qu'Appelle	Regina, Sask.
Richard J. Doyle	North York	Toronto, Ont.
Paul David	Bedford	Montreal, Que.
Jean-Maurice Simard	Edmundston	Edmundston, N.B.
Michel Cogger	Lauzon	West Brome, Que.
Norman K. Atkins	Markham	Markham, Ont.

SENATORS OF CANADA

ALPHABETICAL LIST

At Prorogation, August 28, 1986

Senator	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Anderson, Margaret Jean	Northumberland-Miramichi	Newcastle, N.B.
Argue, Hazen, P.C.	Regina	Kayville, Sask.
Asselin, Martial, P.C.	Stadacona	La Malbaie, Que.
Atkins, Norman K.	Markham	Markham, Ont.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Balfour, Reginald James	Regina	Regina, Sask.
Barootes, Efstathios William	Regina-Qu'Appelle	Regina, Sask.
Barrow, Augustus Irvine	Halifax-Dartmouth	Halifax, N.S.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Bell, Ann Elizabeth	Nanaimo-Malaspina	Nanaimo, B.C.
Bielish, Martha P.	Lakeland	Warspite, Alta.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Cameron, Donald	Banff	Banff, Alta.
Charbonneau, Guy (Speaker)	Kennebec	Montreal, Que.
Cogger, Michel	Lauzon	West Brome, Que.
Cools, Anne C.	Toronto Centre	Toronto, Ont.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Cottreau, Ernest G.	South Western Nova	Yarmouth, N.S.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Toronto, Ont.
David, Paul	Bedford	Montreal, Qué.
De Bané, Pierre, P.C.	De la Vallière	Montreal, Que.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Doyle, Richard J.	North York	Toronto, Ont.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Frith, Royce	Lanark	Perth, Ont.
Gigantès, Philippe Deane	De Lorimier	Montreal, Qué.
Giguère, Louis de G.	De la Durantaye	Montreal, Que.
Godfrey, John Morrow	Rosedale	Toronto, Ont.
Grafstein, Jerahmiel S.	Metro Toronto	Toronto, Ont.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Guay, Joseph-Philippe, P.C.	St. Boniface	St. Boniface, Man.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Hébert, Jacques	Wellington	Montreal, Que.
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Kenny, Colin	Rideau	Ottawa, Ont.
Kirby, Michael	South Shore	Halifax, N.S.
Kolber, Leo E.	Victoria	Westmount, Qué.
Lafond, Paul C.	Gulf	Hull, Que.

Senator	Designation	Post Office Address
THE HONOURABLE		
Lang, Daniel A.	South York	Toronto, Ont.
Langlois, Léopold	Grandville	Quebec, Que.
Lapointe, Renaude, P.C.	Mille Isles	Montreal, Que.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Leblanc, Fernand-E.	Saurel	Montreal, Que.
LeBlanc, Roméo, P.C.	Beauséjour	Grand-Digue, N.B.
Lefebvre, Thomas Henri	De Lanaudière	Davidson, Que.
Le Moyne, Jean	Rigaud	Montreal, Que.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon.
MacDonald, Finlay	Halifax	Halifax, N.S.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
McGrand, Fred A.	Sunbury	Fredericton Junction, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.
Olson, Horace Andrew, P.C.	Alberta South	Iddesleigh, Alta.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Riel, Maurice, P.C.	Shawinegan	Westmount, Que.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Rousseau, Yvette Boucher	De Salaberry	Hull, Que.
Rowe, Frederick William	Lewisporte	St. John's, Nfld.
Sherwood, Cyril B.	Royal	Norton, N.B.
Simard, Jean-Maurice	Edmundston	Edmundston, N.B.
Sinclair, Ian	Halton	Oakville, Ont.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Steuart, David Gordon	Prince Albert-Duck Lake	Regina, Sask.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Thériault, L. Norbert	Baie du Vin	Baie Ste-Anne, N.B.
Thompson, Andrew	Dovercourt	Kendal, Ont.
Tremblay, Arthur	The Laurentides	Quebec, Que.
Turner, Charles Robert	London	London, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Watt, Charlie	Inkerman	Kuujjuaq, Qué.
Wood, Dalia	Montarville	Montreal, Que.

SENATORS OF CANADA

BY PROVINCE

At Prorogation, August 28, 1986

ONTARIO—24

	Senator	Designation	Post Office Address
	THE HONOURABLE		
1	David A. Croll	Toronto-Spadina	Toronto.
2	David James Walker, P.C.	Toronto	Toronto.
3	Rhéal Bélisle	Sudbury	Sudbury.
4	Daniel Aiken Lang	South York	Toronto.
5	Douglas Keith Davey	York	Toronto.
6	Andrew Ernest Thompson	Dovercourt	Kendal.
7	Richard James Stanbury	York Centre	Toronto.
8	Joan Neiman	Peel	Caledon East.
9	John Morrow Godfrey	Rosedale	Toronto.
10	Royce Frith	Lanark	Perth.
11	Peter Bosa	York-Caboto	Etobicoke.
12	Stanley Haidasz, P.C.	Toronto-Parkdale	Toronto.
13	Lowell Murray, P.C.	Grenville-Carleton	Ottawa.
14	Peter Alan Stollery	Bloor and Yonge	Toronto.
15	Peter Michael Pitfield, P.C.	Ottawa-Vanier	Ottawa.
16	William McDonough Kelly	Port Severn	Mississauga.
17	Ian Sinclair	Halton	Oakville.
18	Jerahmiel S. Grafstein	Metro Toronto	Toronto.
19	Anne C. Cools	Toronto Centre	Toronto.
20	Lorna Marsden	Toronto-Taddle Creek	Toronto.
21	Colin Kenny	Rideau	Ottawa.
22	Charles Robert Turner	London	London.
23	Richard J. Doyle	North York	Toronto.
24	Norman K. Atkins	Markham	Markham.

QUEBEC—24

	Senator	Electoral Division	Post Office Address
	THE HONOURABLE		
1	Hartland de Montarville Molson	Alma	Montreal.
2	Jacques Flynn, P.C.	Rougemont	Quebec.
3	Azellus Denis, P.C.	La Salle	Montreal.
4	J. G. Léopold Langlois	Grandville	Quebec.
5	Louis de Gonzague Giguère	De la Durantaye	Montreal.
6	Paul C. Lafond	Gulf	Hull.
7	Renaude Lapointe, P.C.	Mille Isles	Montreal.
8	Martial Asselin, P.C.	Stadacona	La Malbaie.
9	Maurice Riel, P.C.	Shawinegan	Westmount.
10	Pietro Rizzuto	Repentigny	Laval sur le Lac.
11	Dalia Wood	Montarville	Montreal.
12	Fernand-E. Leblanc	Saurel	Montreal.
13	Yvette Boucher Rousseau	De Salaberry	Hull.
14	Guy Charbonneau (Speaker)	Kennebec	Montreal.
15	Arthur Tremblay	The Laurentides	Quebec.
16	Jean Le Moyne	Rigaud	Montreal.
17	Jacques Hébert	Wellington	Montreal.
18	Leo E. Kolber	Victoria	Westmount.
19	Philippe Deane Gigantès	De Lorimier	Montreal.
20	Charlie Watt	Inkerman	Kuujjuaq.
21	Pierre De Bané, P.C.	De la Vallière	Montreal.
22	Thomas Henri Lefebvre	De Lanaudière	Davidson.
23	Paul David	Bedford	Montreal.
24	Michel Cogger	Lauzon	West Brome.

NOVA SCOTIA—10

	Senator	Designation	Post Office Address
	THE HONOURABLE		
1	John Michael Macdonald	Cape Breton	North Sydney.
2	Henry D. Hicks	The Annapolis Valley	Halifax.
3	Bernard Alasdair Graham	The Highlands	Sydney.
4	Augustus Irvine Barrow	Halifax-Dartmouth	Halifax.
5	Ernest George Cottreau	South Western Nova	Yarmouth.
6	Robert Muir	Cape Breton-The Sydneys	Sydney Mines.
7	John B. Stewart	Antigonish-Guysborough	Bayfield.
8	Michael Kirby	South Shore	Halifax.
9	Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh.
10	Finlay MacDonald	Halifax	Halifax.

NEW BRUNSWICK—10

	THE HONOURABLE		
1	Fred A. McGrand	Sunbury	Fredericton Junction.
2	Charles Robert McElman	Nashwaak Valley	Fredericton.
3	Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine.
4	Margaret Jean Anderson	Northumberland-Miramichi	Newcastle.
5	L. Norbert Thériault	Baie du Vin	Baie Ste-Anne.
6	Cyril B. Sherwood	Royal	Norton.
7	Roméo LeBlanc, P.C.	Beauséjour	Grand-Digue.
8	Eymard Georges Corbin	Grand-Sault	Grand-Sault.
9	Brenda Mary Robertson	Riverview	Shediac.
10	Jean-Maurice Simard	Edmundston	Edmundston.

PRINCE EDWARD ISLAND—4

	THE HONOURABLE		
1	Orville Howard Phillips	Prince	Alberton.
2	Mark Lorne Bonnell	Murray River	Murray River.
3	Heath Macquarrie	Hillsborough	Victoria.
4			

MANITOBA—6

	Senator	Designation	Post Office Address
	THE HONOURABLE		
1	Douglas Donald Everett	Fort Rouge	Winnipeg.
2	Gildas L. Molgat	Ste. Rose	St. Vital.
3	Duff Roblin, P.C.	Red River	Winnipeg.
4	Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface.
5	Nathan Nurgitz	Winnipeg North	Winnipeg.
6			

BRITISH COLUMBIA—6

	THE HONOURABLE		
1	Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo.
2	Edward M. Lawson	Vancouver	Vancouver.
3	George Clifford van Roggen	Vancouver-Point Grey	Vancouver.
4	Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver.
5	Jack Austin, P.C.	Vancouver South	Vancouver.
6	Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops.

SASKATCHEWAN—6

	THE HONOURABLE		
1	Hazen Robert Argue, P.C.	Regina	Kayville.
2	Herbert O. Sparrow	Saskatchewan	North Battleford.
3	Sidney L. Buckwold	Saskatoon	Saskatoon.
4	David Gordon Steuart	Prince Albert-Duck Lake	Regina.
5	Reginald James Balfour	Regina	Regina.
6	Efstathios William Barootes	Regina-Qu'Appelle	Regina.

ALBERTA—6

	THE HONOURABLE		
1	Donald Cameron	Banff	Banff.
2	Earl Adam Hastings	Palliser-Foothills	Calgary.
3	Horace Andrew Olson, P.C.	Alberta South	Iddesleigh.
4	Martha P. Bielish	Lakeland	Warspite.
5	Daniel Phillip Hays	Calgary	Calgary.
6	Joyce Fairbairn	Lethbridge	Lethbridge.

NEWFOUNDLAND—6

	Senator	Designation	Post Office Address
	THE HONOURABLE		
1	William John Petten	Bonavista	St. John's.
2	Frederick William Rowe	Lewisporte	St. John's.
3	Philip Derek Lewis	St. John's	St. John's.
4	Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook.
5	C. William Doody	Harbour Main-Bell Island	St. John's.
6			

NORTHWEST TERRITORIES—1

	THE HONOURABLE		
1	Willie Adams	Northwest Territories	Rankin Inlet.

YUKON TERRITORY—1

	THE HONOURABLE		
1	Paul Lucier	Yukon	Whitehorse.

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Director of Finance	Arthur B. Bourgeau
Director of Committees	Gary W. O'Brien, M.A.
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Editor of Debates and Chief of Reporting Services (French)	Flavien J. Belzile, B.A.
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Director, Parliamentary Translation Division	André Audette
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Associate Parliamentary Librarian	Richard Paré, B.A., B.L.S.

THE SENATE

Monday, November 5, 1984

THIRTY-THIRD PARLIAMENT
OPENING OF FIRST SESSION

Parliament having been summoned by Proclamation to meet this day for the dispatch of business—

The Senate met at 9 a.m.

SPEAKER OF THE SENATE

READING OF COMMISSION APPOINTING
THE HONOURABLE GUY CHARBONNEAU

The Honourable Guy Charbonneau, having taken the Clerk's chair, rose and informed the Senate that a Commission had been issued under the Great Seal of Canada, appointing him Speaker of the Senate.

The said Commission was then read by the Clerk.

The Hon. the Speaker then took the Chair at the foot of the Throne, to which he was conducted by the Honourable Senator Roblin, P.C., and the Honourable Senator Frith, the Gentleman Usher of the Black Rod preceding.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S ADMINISTRATIVE SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Administrative Secretary to the Governor General, as follows:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

5 November 1984

Sir,

I am commanded to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to open the First Session of the Thirty-Third Parliament of Canada on this day, Monday, the fifth of November, 1984, at 11.00 a.m.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

GENTLEMAN USHER OF THE BLACK ROD

APPOINTMENT OF CLAUDE LAJOIE, ESQUIRE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a certified copy of Order in Council P.C. 1984-2458, dated July 9, 1984, appointing Claude Lajoie, Gentleman Usher of the Black Rod.

NEW SENATORS

The Hon. the Speaker informed the Senate that the Clerk had received certificates from the Registrar General of Canada showing that the following persons, respectively, had been summoned to the Senate:

Hon. Leonard Stephen Marchand, P.C.
Daniel Phillip Hays
Joyce Fairbairn
Colin Kenny
Hon. Pierre De Bané, P.C.
Hon. Allan Joseph MacEachen, P.C.
Hon. Roméo LeBlanc, P.C.
Eymard Georges Corbin
Thomas-Henri Lefebvre
Charles Robert Turner

INTRODUCTION

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced—

The following honourable senators were introduced; presented Her Majesty's writs of summons; took the oath prescribed by law, which was administered by the Clerk; and were seated:

Hon. Allan Joseph MacEachen, P.C., of Whycocomagh, Nova Scotia, introduced between Hon. Royce Frith and Hon. B. Alasdair Graham.

Hon. Leonard Stephen Marchand, P.C., of Kamloops, British Columbia, introduced between Hon. Allan J. MacEachen, P.C. and Hon. Raymond J. Perrault, P.C.

Hon. Daniel Phillip Hays, of Calgary, Alberta, introduced between Hon. Allan J. MacEachen, P.C. and Hon. H. A. Olson, P.C.

Hon. Joyce Fairbairn, of Lethbridge, Alberta, introduced between Hon. Allan J. MacEachen, P.C. and Hon. H. A. Olson, P.C.

Hon. Colin Kenny, of Ottawa, Ontario, introduced between Hon. Allan J. MacEachen, P.C. and Hon. Royce Frith.

Hon. Pierre De Bané, P.C., of Quebec, Quebec, introduced between Hon. Allan J. MacEachen, P.C. and Hon. Philippe Deane Gigantès.

Hon. Eymard Georges Corbin, of Edmundston, New Brunswick, introduced between Hon. Allan J. MacEachen, P.C. and Hon. Charles McElman.

Hon. Thomas-Henri Lefebvre, of Davidson, Quebec, introduced between Hon. Allan J. MacEachen, P.C. and Hon. Renaude Lapointe, P.C.

Hon. Charles Robert Turner, of London, Ontario, introduced between Hon. Allan J. MacEachen, P.C. and Hon. David A. Croll.

The Hon. the Speaker informed the Senate that each of the honourable senators named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

The Senate adjourned during pleasure.

• (1100)

The sitting of the Senate was resumed.

NEW SENATOR

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced—

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated:

Hon. Roméo LeBlanc, P.C., of Cap de Cocagne, New Brunswick, introduced between Hon. Allan J. MacEachen, P.C. and Hon. Jean Le Moyne.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

The Senate adjourned during pleasure.

APPOINTMENT OF DEPUTY GOVERNOR GENERAL

The Honourable Jean Beetz, Deputy of Her Excellency the Governor General, having come and being seated at the foot of the Throne—

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that:

> It is the desire of the Honourable the Deputy Governor General that they attend him immediately in the Senate Chamber.

The House of Commons being come.

The Hon. the Speaker said:

> Honourable Members of the Senate:
>
> Members of the House of Commons:
>
> I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under Her Sign Manual and Signet constituting the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on her part necessary to be done during Her Excellency's pleasure.

The said Commission was then read by the Clerk.

The Hon. the Speaker said:

> Honourable Members of the Senate:
>
> Members of the House of Commons:
>
> I have it in command to let you know that Her Excellency the Governor General does not see fit to declare the causes of her summoning the present Parliament of Canada until a Speaker of the House of Commons shall have been chosen, according to law; but this afternoon at the hour of three o'clock, Her Excellency will declare the causes of her calling Parliament.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Secretary to the Governor General, as follows:

RIDEAU HALL

OTTAWA
GOVERNMENT HOUSE

5 November 1984

Sir,

I have the honour to inform you that Her Excellency the Governor General will arrive at the Main Entrance of the Parliament Buildings at 2.45 p.m. on this day, Monday, the 5th day of November, 1984.

When it has been signified that all is in readiness, Her Excellency will proceed to the Chamber of the Senate to open formally the First Session of the Thirty-Third Parliament of Canada.

I have the honour to be,
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Goveror General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned until 2.30 p.m.

SECOND SITTING

The Senate met at 2.30 p.m., the Speaker in the Chair.

The Hon. the Speaker: As there is no business before the Senate, is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to await the arrival of Her Excellency the Governor General?

The Senate adjourned during pleasure.

At 2.45 p.m., Her Excellency the Governor General having come and being seated upon the Throne—

The Hon. the Speaker said:

Gentleman Usher of the Black Rod,

You will proceed to the House of Commons and acquaint that House that it is the pleasure of Her Excellency the Governor General that they attend her immediately in the Senate Chamber.

The House of Commons being come,

Their Speaker, the Hon. John Bosley, said:

May it please Your Excellency,

The House of Commons has elected me their Speaker, though I am but little able to fulfil the important duties thus assigned to me.

If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons, whose servant I am, and who, through me, the better to enable them to discharge their duty to their Queen and Country, humbly claim all their undoubted rights and privileges, especially that they may have freedom of speech in their debates, access to Your Excellency's person at all seasonable times, and that their proceedings may receive from Your Excellency the most favourable construction.

The Hon. the Speaker of the Senate answered:

Mr. Speaker, I am commanded by Her Excellency the Governor General to declare to you that she freely confides in the duty and attachment of the House of Commons to Her Majesty's Person and Government, and not doubting that their proceedings will be conducted with wisdom, temper and prudence, she grants, and upon all occasions will recognize and allow, their constitutional privileges. I am commanded also to assure you that the Commons shall have ready access to Her Excellency upon all seasonable occasions and that their proceedings, as well as your words and actions, will constantly receive from her the most favourable construction.

SPEECH FROM THE THRONE

Her Excellency the Governor General was then pleased to open the First Session of the Thirty-third Parliament with the following speech:

Honourable Members of the Senate,

Members of the House of Commons:

It is with great pride and pleasure that I welcome you, in my capacity as the Canadian representative of Her Majesty, Queen Elizabeth II, to this, the First Session of the thirty-third Parliament of Canada.

Canadians rejoiced this year in the visit of Her Majesty Queen Elizabeth and Prince Philip to the bicentennial celebrations in New Brunswick and Ontario, and to several communities in Manitoba. For Canadians the Monarchy is a precious link to the centuries of history and tradition that form our parliamentary democracy. The Crown symbolizes our democratic values, and helps safeguard the freedom and liberty that are the foundation of our system. The Queen as Head of the Commonwealth personifies the common bond of that association of nations and its ideals. An example to all who would serve, hers is a life consecrated to service.

Earlier this fall Canadians from coast to coast had the unique privilege of greeting His Holiness Pope John Paul II. The welcome accorded His Holiness expressed our respect and esteem. It also reflected the spirit of fraternity and generosity that exists in a Canadian society of diverse races and creeds. Pope John Paul's visit has helped Canadians to see anew that the enhancement of justice and peace can be a reality at home, and must be our vocation in the world. For this, and for his moral and spiritual leadership, Canadians express their heartfelt appreciation.

In these first months of my tenure as Governor General, I, too, have been afforded the wonderful opportunity to travel to the various regions of this beautiful land. The warmth and enthusiasm of the reception I have received from Canadians in Quebec, New Brunswick, and most recently in my home province of Saskatchewan, has touched me deeply, and I look forward with great anticipation to completing my tour of the provinces and territories. It becomes increasingly clear with each passing day that the confidence I hold in the strength, character and goodness of Canadians is well-founded and that we are indeed a rich and privileged nation.

Canadians take pride in the participation of the first Canadian astronaut, Commander Marc Garneau, in the Challenger space shuttle program. His voyage is the latest, and most exciting, of recent Canadian contributions to the conquest of space. We welcome the opportunity to cooperate with the United States in their space program. As a result, Canadians are playing a part in achieving the great benefits to humanity that space exploration can make possible.

In July, all Canadians rejoiced in the brilliant performance of our athletes at the Summer Olympic Games in Los Angeles. My government salutes the hard work and dedication of our athletes, coaches and officials. Their excellence serves as a model of national achievement for all Canadians.

Reconciliation and National Unity

This is the inauguration of a new Parliament. Let it be also the beginning of a new era of national reconciliation, economic renewal and social justice. In this spirit, my Ministers will honour the mandate entrusted to them by the people of Canada.

While there are no easy solutions to the great problems facing our country, there is a new will among Canadians to make a fresh start in the search for answers. For the first time in many years all regions of the country are represented in a national government. The mandate received by my Ministers is a magnificent opportunity to build a renewed national consensus.

First, you must critically examine the relationship of Parliament with the people of Canada. Members of the House of Commons will be asked to approve the appointment of a parliamentary task force on reform of that House. The central focus of this task force will be the enhancement of the role of the private member. From that perspective the task force will examine and make recommendations concerning the powers, practices, organisation and resources of the Commons.

Second, the massive undertaking that is the government of Canada must be made to respond to the individual citizen, wherever and however it touches him or her. A committee of Ministers headed by the Deputy Prime Minister has begun a review of all government programs. The objective is to reform and simplify the operations of government. From the citizen's standpoint, government will be made more understandable, more accessible, and more sensitive.

The taxation system will be made simpler and fairer and more accountable to the people's representatives in Parliament. The rights of taxpayers must be protected. In particular, legislation will be presented to ensure that no taxpayer has to pay taxes in dispute before an impartial hearing has been concluded.

Thirdly, a priority goal of my Ministers will be to breathe a new spirit into federalism and restore the faith and trust of all Canadians in the effectiveness of our system of government.

A constant process of consultation and cooperation must be restored. My Ministers are regularly meeting their provincial colleagues to eliminate irritants and to improve services to people where the federal and provincial governments have joint responsibilities.

My government's management of federal-provincial relations will pursue three basic objectives: to harmonize policies of our two orders of government, to ensure respect for their jurisdictions, and to end unnecessary and costly duplication.

National unity also demands that the two levels of government cooperate in supporting official language minorities and in fostering the rich multicultural character of Canada. My government is committed to ensuring that the equality of the two official languages—so vital to our national character and identity—is respected in fact as it is in law. My Ministers acknowledge the need for ongoing improvements and for vigilance in this indispensable area of our national life.

The reality of Canada is one of distinct regional identities, each rooted in many generations of history; of diverse cultures; of regional economic strengths: a country of many parts whose people share a profound attachment to one Canada.

My Ministers are determined to achieve a national consensus which will reflect that reality. A national consensus is also needed to reduce the persistent isolation of Canada's regions, to meet the challenges of economic and social disparity, to revitalize the strength of our traditional resource industries, such as agriculture, forestry, mining, the fishery and tourism, and to ensure that our critical transportation and communication links better serve the national purpose.

Ultimately such a new consensus must be reflected in the fundamental law of our land, for it is obvious that the constitutional agreement is incomplete so long as Québec is not part of an accord. While their principal obligations are to achieve economic renewal, my Ministers will work to create the conditions that will make possible the achievement of this essential accord. In this work, the cooperation of all partners in Confederation will be necessary.

Their generous cooperation is also needed to honour the commitment to Canada's aboriginal peoples contained in the Constitution Act of 1982. For these peoples, as for all Canadians, the high expectations that attended the act of patriation must not be disappointed.

Reconciliation and Economic Consensus Building

Nowhere is the need for national reconciliation more urgent than in Canada's economic life. Our repeated failure in recent years to achieve our economic potential cries out for correction by a truly sustained, co-operative and national effort. First Ministers will meet next week to discuss the agenda for a First Ministers' Conference on the Economy. My government will soon announce the date of a national Economic Summit to bring together important groups in our economy.

Thus are my Ministers embarked on the long, complex and painstaking road of building a national economic consensus. The national Economic Summit will not be the culmination of this process, but its beginning. At the table will be representatives of groups such as consumers, women, native peoples, business, labour and government. Their goal is to establish a new and productive climate and context for economic decision-making in Canada.

In this regard, there can be no doubt of the importance or legitimacy of the trade union movement in Canada, or of the desirability of both management and labour playing a critical role in the consultative process through which the new national agenda is established.

Discussion of certain economic priorities, an understanding of the respective roles of the principal economic partners, a commitment to some immediate courses of action: such an outcome would make the Economic Summit a success.

Future summits could address in more detail issues such as the enhancement of productivity, and the responsibilities of industry, labour and government in training and technology. Over time, mutual confidence and a sense of shared responsibility for our national economy must lead to consensus on even more basic issues: how to share the benefits of economic growth, how to share the burdens of economic adjustment, how to preserve the integrity of our unique natural environment, and how to ensure that the ideal of social justice is pursued through programs that meet contemporary needs and circumstances.

In the absence of a national consensus, economic underachievement would be Canada's misfortune for many years to come. The process of consensus-building will engage the private sector partners in consultation and cooperation on economic goals. In such a context, government would act as guide, mediator and catalyst, becoming less intrusive in the private sector but vigilant over the integrity of the national economy and of national standards.

Economic Renewal: A Three Part Strategy

The process of consensus building will take time. Meanwhile there are some important initial steps that the federal government can take to help generate economic renewal. The three-part strategy of my Ministers is to restore fiscal responsibility, remove obstacles to growth, and encourage new investment.

Later this week the Minister of Finance will describe in detail the state of the economy and of federal public finances. He will announce a plan designed to reduce the deficit in an orderly, balanced and fair manner, and to control the growing burden of the public debt.

That we must deal urgently with the deficit is beyond dispute. If allowed to continue to grow out of control, it will consume our available financial resources, undermine our capacity to respond to new opportunities, put increased pressure on interest rates, and inhibit investment and growth in our economy.

Second, my government will pursue approaches to improve the efficiency and flexibility of our capital markets; to improve job opportunities for Canadians through responsive market-oriented training programs; and to increase investments in research and development to improve our productivity. Proposals will be placed before you to improve the market environment by changes in competition laws and the regulatory framework of the financial services industry.

Third, my government will introduce for consideration during this session proposals to enhance risk taking, innovation and reward among entrepreneurs, especially in the small and medium-sized business sector.

Initiative will be taken to stimulate both domestic and foreign investment. My government is determined to regain Canada's reputation as a reliable and profitable place to do business.

This three-part strategy is aimed at renewing economic growth in order to provide the jobs our people need and to address the continuing tragedy of youth unemployment. My government views unemployment as Canada's most debilitating problem and most critical national challenge. For this reason the need to stimulate job-creating investment is urgent. My Ministers will be taking action to address these compelling issues.

My government recognizes that measures to improve and expand skill training and retraining are essential elements of a sound approach to providing job opportunities. During this session, you will be asked to consider an innovative employment strategy that will be cost effective and oriented to the private sector. It will be introduced following intensive consultations with the provinces, labour and business.

Social Justice

My government is determined to ensure that social justice in Canada keeps pace with the changing needs and circumstances of our people. In this respect the most significant development of recent years is the greater participation of the women of Canada and their rightful claim to equality with men everywhere in our society.

As the women of Canada know, there is some distance between the principle of equality, widely accepted, and its reality, still far short of achievement. It is the duty of Parliament and government to help ensure that Canadian society travels that distance as quickly as possible. This will sometimes

require the exercise of your power, and it will always need the power of your example.

Economic equality is the vehicle through which women will come to full partnership and participation with men in our society. Parliament has committed the federal jurisdiction to equal pay for work of equal value. My government agrees that this concept is one of the keys to the achievement of economic equality for women. My Ministers will enlist the cooperation of women and men in the private and public sectors in seeking to define further and to implement this concept. My government will also accelerate efforts to increase employment opportunities for women in the federal government and its agencies, boards and corporations.

You will be asked to consider a number of important legislative initiatives, including removal of the discriminatory clauses in the Indian Act, amendments to the Divorce Act, and measures to control pornography and sexually abusive broadcasting. My Ministers will shortly be initiating discussions with the provinces to establish a national system for the enforcement of maintenance orders. In consultation with the provinces, my government will take action to provide additional assistance to the victims of family violence.

My government has as a high priority measures to support and strengthen the Canadian family, which is the cornerstone of our society. The need for accessible and affordable child care has in recent years come to the forefront of the social agenda facing Canada. In an effort to reach a national consensus on options in this area, you will be asked to establish a parliamentary task force on the future of child care in Canada.

Canadians value and support the comprehensive social security system that has been put in place over many years by the federal and provincial governments. Many areas of this system must be strengthened to respond to the changing nature and needs of our society. It is time to recognize also the responsibility we all share to bring those amongst us who suffer from physical and mental disabilities into the productive mainstream of Canadian life.

My government will enter discussions with the provinces aimed at a comprehensive overhaul of the Canadian pension system, including such matters as portability, vesting, survivors' benefits, and pension coverage of women. An important element of this approach will be the consideration of measures designed to encourage Canadians to save for their retirement.

Consultations will also begin with the provinces to consider the most effective means of providing increased federal support for the improvement of community-based health care.

During the coming session, you will be asked to consider legislation to extend the income tested spouse's allowance to widows and widowers aged 60 to 64 regardless of the age of their spouse at death. My Ministers will introduce measures to improve the financial situation of Canada's war veterans.

As a country rich in human resources, Canada owes much to those who have dedicated themselves to cultural, artistic and athletic endeavour. In a variety of areas, my government will be addressing itself to the challenge of encouraging those individuals who inspire Canadians to new levels of excellence.

Law and Public Safety

Canadians are deeply troubled by the incidence of crime, especially crimes of violence, in our society. Most abhorrent to a nation respectful of the law are acts of violence against guardians of the law whom we have appointed to protect us. The recent murders of several policemen in Canada have shocked our people. Parliament shares the sense of sadness and loss felt by the families and colleagues of those policemen who died on duty.

There have been many studies of the corrections system in recent years and there have been numerous successful reforms. But it is obvious that there are grave defects in the system and my government accepts its responsibility to rectify these quickly. Legislation will therefore be placed before you to eliminate certain problems and abuses in the corrections system. Meanwhile administrative measures are being taken to protect better the public and the public's peace officers.

During this session, Parliament will be asked to consider amendments to the Criminal Code to deal more effectively with impaired driving, soliciting, computer crime, and sentencing. We will work closely with the provinces in the areas of family law, crime prevention and assistance to victims of crime.

In the longer term, my government will address, in cooperation with the provinces, other anomalies in the fields of criminal and corrections law that are causing much public concern.

Renewed Canadian Internationalism

In Canada's past there is a luminous tradition of internationalism. Canadians have fought in two World Wars and in the United Nations action in Korea. Our armed forces have served in peacekeeping roles in distant lands. Our statesmen have been at the forefront in the founding of NATO and in the quest for arms control. Our country has successfully championed racial equality at critical moments in the life of the Commonwealth, and through private and public agencies contributed to international development.

It is the purpose of my government to renew this tradition of constructive Canadian internationalism.

Our relationship with the United States affects virtually every aspect of our national life. It is essential to our security and prosperity. It expresses values shared by the free peoples of our two nations. Beneath the myriad of issues to be discussed and conflicts to be resolved, beyond the hundreds of points of contact that take place daily between two governments and two economies, there are wellsprings of trust between two peoples.

My government has taken the initiative to restore a spirit of goodwill and true partnership between Canada and the United

States. My government is pleased by the positive response it has received in both the government and private sectors of the United States.

There are many areas where the national interests or the national policies of the two countries diverge or compete. There are, as well, numerous and as of yet untapped possibilities for fruitful cooperation between our two countries. Restoring a climate of goodwill between our governments was an essential step towards the resolution of our conflicts and the realization of our opportunities. My government views this initiative as a confirmation of our national strength and maturity.

Vital as our relationship with the United States is, my Ministers are determined that Canadian internationalism will again be active and constructive in the wider world. The main objectives of my government are clear: to defend freedom and preserve peace; to prevent nuclear confrontation; to improve trading relations; to build a healthier world economy. For Canada, the way to these objectives lies in concerted action with other nations in every part of the world—allies, economic partners, competitors, friends and adversaries. There is surely none with whom a measure of common ground cannot be sought and found in the pursuit of these humane objectives.

My government is determined that Canada will again play its full part in the defence systems of NATO. Only in this way do we earn the right to full consultation and participation in the policies of that alliance. From this prudent and responsible position, Canada will work unceasingly with other nations, in every available forum, to halt the spread of nuclear weapons and prevent their development and use. Patience and perseverance we will need, for in this endeavour even the smallest progress is worthy of the greatest effort.

Canada's opportunity to influence the course of world events lies primarily in sound multilateral institutions. This is as true of economics as it is of defence, of development, and of disarmament.

Canada cannot prosper without international trade. The dominant part played by trade with the United States is obvious, and my government is exploring with our neighbour new approaches to a better and mutually advantageous trading relationship. But geography has also endowed Canada with an oceanic link to the promising new horizons of the Pacific Rim and to our traditional trading partners in Western Europe. My government will pursue with vigour and imagination new opportunities in these areas.

Canada also has a vital stake in the elimination of barriers to trade, commerce and investment on a global basis. In this connection, there is an urgent need for a concerted attack on non-tariff barriers which have become increasingly insidious and more prevalent. Acknowledging that no country, including Canada, is blameless, my government declares its willingness to do its part in a renewed multilateral effort to remove these obstructions in the international marketplace.

Canada's record in official development assistance has on the whole been constructive. My government recognizes the continuing need for these programs, including support for the cost-effective and valuable humanitarian work done internationally by our voluntary and non-governmental organizations. But it is striking to observe how much hardship has occurred, how much debt burden has increased, how much economic activity has been held back in developing countries because of world recession, unstable markets and trade barriers. A successful attack on these problems will accelerate economic development and social progress in many of these countries. The alleviation of unconscionable human misery will result.

During this session, you will be asked to address this and other commitments and responsibilities of Canada in the world. A special parliamentary committee will conduct a full review of the main components and objectives of our international relations.

My government is convinced that Canada's defence forces urgently require a new definition of their role in keeping with present day conditions. The strategic context in which we defend our own territory and that of our allies has changed considerably since the early 1970s, when the government last carefully considered this matter. My Ministers are undertaking a comprehensive examination of these matters. The purpose is to clarify the mandate of our military and to give them the resources they need to do their job.

A Time For Renewal

This new Parliament is an historic opportunity to overcome past divisions in our country, and to purge the spirit of confrontation from the conduct of the nation's affairs.

The purpose of my government is to renew the confidence of Canadians that Parliament is truly the voice of the people, that government is their servant, and that federalism is the means to harmonize and preserve the splendid diversity of this land.

Above all, my government will enlist the active support and participation of Canadians themselves as we search for a new way of addressing our national responsibilities: a consensus in our economic life, tolerance in our national life, and a deep commitment to social justice and peace, at home and in the rest of world.

Members of the House of Commons:

You will be asked to appropriate the funds required for the services and payments authorized by Parliament.

Honourable members of the Senate,

Members of the House of Commons:

In the great tasks of national reconciliation, economic renewal, and social justice to which you are called in this Parliament, may Divine Providence guide your every effort.

The House of Commons withdrew.

Her Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. C. William Doody (Deputy Leader of the Government) presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION NEXT SITTING

The Hon. the Speaker: Honourable senators, I have the honour to inform you that Her Excellency the Governor General has caused to be placed in my hands a copy of her Speech delivered this day from the Throne to the two houses of Parliament. It is as follows—

Hon. Senators: Dispense.

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

Hon C. William Doody (Deputy Leader of the Government) moved:

> That the Speech of Her Excellency the Governor General, delivered this day from the Throne to the two houses of Parliament, be taken into consideration at the next sitting of the Senate.

Motion agreed to.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

> That all the senators present during this session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

> That pursuant to Rule 66(1), the following senators, to wit: the Honourable Senators Cottreau, Denis, Doody, Frith, Lapointe, Macdonald, Molson, Petten and Phillips, be appointed a Committee of Selection to nominate (a) a senator to preside as Speaker *pro tempore;* and (b) the senators to serve on the several select committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, November 6, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE SENATE

EXPRESSIONS OF WELCOME AND APPRECIATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, now that we have had the benefit of the new prayers as uttered by the Speaker, and the lights have been turned down and a decent gloom has returned to the chamber, I would like to have the permission of the house to make reference to domestic interests before we proceed to the business that has caused this Parliament to be assembled, because it will give me an opportunity to say something about some of the personalities in this chamber.

I am sure that members who have been sitting here for some time would like me to make a welcoming reference to those ten new senators who took the oath of office yesterday. I must say that I watched with some interest as the Honourable the Leader of the Opposition, Senator MacEachen, introduced nine new men and women to the Senate and conducted them to their seats. As I see them now seated in the ranks of Tuscany, I confess to some rueful emotions. It would have suited me a little better had I been able to bring in one or two or maybe three new members to make those of us who sit in this small enclave of government supporters feel a little less like Horatio on the bridge.

Hon. Royce Frith (Deputy Leader of the Opposition): You can go as high as five.

Senator Roblin: However that may be, it does not prevent me from extending to the new senators a very cordial greeting and welcome to this house, and I do so to Senator Marchand, Senator Hays, Senator Fairbairn, Senator Kenny, Senator De Bané, Senator LeBlanc, Senator Corbin, Senator Lefebvre and Senator Turner. These recruits will soon become familiar with the special atmosphere of our unique legislative chamber.

Here is a body that operates in its own quiet, unspectacular way, perhaps more nonpartisan than other bodies we can think of. Senate politics is a little less strident, party feeling a little less intense but, at the same time, with ample room to make a contribution to good general government and to regional interests.

I am sure that none of the new members will take umbrage if I make special reference to the presence here today of the new Leader of the Opposition, the Honourable Senator MacEachen. He has had a career in the House of Commons that few can match. I think he has held every senior portfolio at the disposal of that house with one exception. I am not sure that he ever aspired to that position, but I am sure that if he had he would have filled it with the same degree of expertise and ability that he filled the rest. His has been an unparalleled career. His most considerable talents as a parliamentarian and as a public man will contribute to the formation of sound laws and good legislation in this house.

Apart altogether from the changes that the election has caused with respect to where people sit in this chamber, senators will be aware that there has been some change in the responsibilities allotted to some of us. That change affects my colleague, Senator Flynn, who has a new place in the front row of the government benches. I think there is very little in federal politics that Jacques Flynn has not done. He has been a member of the House of Commons and a cabinet minister in two administrations. He has been a Senate leader, both in opposition and in government and, in my opinion, had he so wished he would still be in the cabinet today.

For 17 years Senator Jacques Flynn was the Leader of the Progressive Conservative Party in the Senate. He conducted himself in that office with grace, wit and wisdom—a delightful mix of those explosive qualities we sometimes see in the descendants of French and Irish ancestry.

Hon. Senators: Hear, hear.

Senator Roblin: These combined qualities have made him a good leader with a warm personality—a friend to all, and to none more than myself.

Hon. Senators: Hear, hear.

[*Translation*]

Senator Roblin: I have been told that one of the major points on Senator Flynn's secret agenda is to improve the French language, and if that is the case, with such an illustrious and benevolent professor, one cannot fail to be a diligent student.

Senator Flynn is a francophone and a Quebecker. Throughout his remarkable career, in the Senate and elsewhere, he has always been a most eloquent spokesman for Quebec and an ardent defender of the rights of that province within the Canadian Confederation.

The Senator's voice has always been strong and clear on the subject of a Canadian Constitution in which Quebec would have the place to which it is entitled. I predict, and in fact I hope very earnestly, that we shall continue to receive Senator Flynn's advice on issues of vital importance to the future of our country. We shall always listen to what he has to say with the respect due a renowned Parliamentarian and statesman.

[*English*]

I am certainly glad I am still sitting beside him.

I wish to pay my respects, and I know the respects of all members of the Senate, to another distinguished colleague of ours. He is another former Leader of the Government in the Senate and cabinet minister. I am referring to Senator Bud Olson, who I think would like to be described as a "member of Parliament". I have not forgotten that, Senator Olson.

He has been, and is, one of the leading personalities of the Trudeau administration, both in the House of Commons and in the Senate. Senator Olson brings a calm and judicious approach to public affairs. It is impossible to fault the careful consideration which he has brought to his official duties. I know, because many of us have tried more than once to fluster him or to get behind him during Question Period in this house, all to no avail. He stood us all off with no trouble whatsoever. I just hope that I am as successsful as he was in discharging that function.

However, there is a deep fund of goodwill in this house for Senator Olson. We continue to expect that he will show that same dedication to his duty and to service that we have come to see in such an excellent colleague.

Hon. Senators: Hear, hear.

Senator Roblin: I wish to say something now about a public man from Nova Scotia—or, to be more precise, a public man from Cape Breton. I do not know whether he will appreciate this comment; I will try it anyway. I look upon him as somewhat of a father figure in this house. I am not quite sure that he would altogether approve of that description. I know that he has been a teacher—in fact, he has been a teacher all his life. He has been a lawyer, a soldier and a cabinet minister. However, he is best known to many of us for the 22 years during which he was the chief whip—I might even say the only whip—of the Progressive Conservative Party in this house. He has now been transferred to another front bench seat; and this time, Senator Macdonald, you can keep it even when Joe Sullivan comes into this house. There will be no problems in that respect.

Hon. Senators: Hear, hear.

• (1410)

Senator Roblin: Under Senator Macdonald's benign hands the Conservative caucus, which is occasionally fractious, has consented to be advised over the years. He exemplifies the art of party management brought to its best degree. At the same time, I noted that he was always able to maintain cordial relations with his opposite number, the whip of the other party. However, Senator Petten is an easy man to be cordial with, so I do not know who should get the credit for that situation.

John M. Macdonald's record is hard to match, but he is here to see that we continue to try to match it. He is one of those men blessed with the gift of succinct expression, and I am sure we will be hearing a good deal more from him in his role on the front bench. With all due deference to three other senators in this house—and perhaps more—I would describe Senator Macdonald as the sage of Cape Breton. We look forward to hearing his voice being raised in this house on many suitable occasions.

[Senator Roblin.]

This concludes the remarks that I had intended to make in reference to the changes that we see in the chamber. I shall reserve my expression of appreciation of our new Speaker for a more traditional occasion, namely when I participate in the debate on the motion for an Address in reply to the Speech from the Throne. I think that would be the proper time to make my comments with respect to our new Speaker.

Also, I shall seek another occasion in this house—perhaps next Tuesday—to offer tributes to Senator Riley, and to bring to the notice of the Senate the contributions of former Senator Cook and former Senator Donahoe.

I thank the house for affording me this opportunity.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, Senator Roblin has referred to the special atmosphere that prevails in this chamber, an atmosphere of gentility. I am not sure that, after my experience in the other place, I shall be able immediately to emulate the genteel habits of my colleagues in the Senate. Quite apart from that, I am touched by the very warm welcome that has been extended to me by the Leader of the Government in the Senate and to the other new senators whom I had the honour to introduce yesterday.

I must say that I was quite pleased to be a member of the class of November 5, 1984, because each of those introduced has the potential of making a continued contribution to the public life of Canada. Senator Roblin, no doubt, with the efflux of time, will feel the special thrill that is associated with introducing colleagues to this chamber, and of course, we shall applaud him on that day.

I should like to mention that all of the new senators have been associated with the political process in Canada, either as members of the government, or as Members of Parliament, or as members of the staff of the Prime Minister, or in other ways. Senators Marchand, De Bané and LeBlanc have been colleagues of mine in the Government of Canada. Senators Lefebvre, Turner and Corbin have, each in his own way, held important positions in the House of Commons. At one time or another, Senator Lefebvre and Senator Turner were chief government whip, and I certainly had the opportunity to work closely with each of them. Senator Corbin was chairman of our national caucus and Deputy Speaker of the House of Commons. Senator Fairbairn and Senator Kenny acquired a great amount of experience from working with the former Prime Minister. Of course, Senator Hays is the son of a former Minister of Agriculture and former senator.

I am sure that each of us is looking forward to the future and will attempt to make a contribution to the political and legislative life of our country.

I congratulate Senator Roblin on his appointment as Leader of the Government in the Senate. I am sure his tenure in that post will be considerably longer than mine. Perhaps I have achieved a record in that regard. I certainly know about Senator Roblin's career before he was summoned to the Senate, and know from my colleagues what a formidable debater and skilled parliamentarian he is. I look forward to

working constructively with him during the sittings of the Thirty-third Parliament of Canada.

Senator Flynn is an old friend and former member of the House of Commons with whom I have been able to maintain an association over the years. I believe that every word uttered by Senator Roblin was fully deserved.

Honourable senators, I do not wish to prolong my comments except to say that I share in the remarks made by the Leader of the Government about Senator Olson and Senator Macdonald. We know what Bud Olson has contributed, and those of us from Cape Breton have had an appreciation, over many years, of the contribution Senator Macdonald has made.

I am reminded by my colleague, Senator Frith, that I have not mentioned my colleague, the Honourable Roméo LeBlanc, who was sworn in after we other new senators were. I include him in the group I mentioned earlier as my having been involved with in the Government of Canada.

With those words, may I join Senator Roblin in adding to that special atmosphere that prevails in this place.

Hon. John M. Macdonald: Honourable senators, I rise actually to speak on another subject, not to respond to the kind remarks that have been made, although I appreciate them. It is gratifying to hear such pleasant remarks made about me while I am still here. Normally, such remarks are made after a fellow has gone. I do appreciate hearing them and thank my own leader and the Leader of the Opposition, the Honourable Senator MacEachen.

I am especially pleased that reference has been made to the fact that we have another senator from Cape Breton, because I am sure that the whole tone of this place will change now that there are five senators from Cape Breton.

While Senator Roblin was speaking, one thing occurred to me. It was that I just did not like the reference he made to me as a father figure. I did not understand that!

On behalf of Senator Flynn and myself, I thank you for your kind remarks.

Hon. H. A. Olson: Honourable senators, I should like to take a few minutes to express my appreciation to Senators Roblin and MacEachen for the very kind and generous words they have said about me and my activities.

I sincerely appreciate the kindness shown in words and deeds in this place during the years and months when I had the responsibility of being Leader of the Government in this chamber. There are a number of people in this chamber, and I cannot mention them all by name, to whom I also owe a great deal of appreciation for the co-operation that they gave during that period.

I should also say to Senator Roblin that certain practices were adopted—and, I suppose, practices can very quickly become new rules and traditions in this chamber—that I hope he will not forget now that we have switched positions. I also ought to say that I appreciate his mentioning that certain activities for which I had some responsibility I carried on in a certain way. He expresses the hope that he may be able to do as well. I hope that I, in turn, can perform as well and perhaps carry into practice some of the rules which he was instrumental in making , in attempting to change some of the practices in the Senate. I have always been one who believed in the evolution of rules—not in revolution. Certainly, some advantages were gained in terms of the opposition carrying out its function. I hope he will not forget that because we intend to pursue them with some vigour.

In conclusion, I would like to say a special thank you in expressing my appreciation to Senator Flynn. He, at all times, carried out his responsibility as Leader of the Opposition.

Hon. Senators: Hear, hear.

Senator Olson: He carried out that responsibility in the best interests of his party and his colleagues, but also recognizing the responsibility that he had towards the service to the public rendered by this chamber. He carried that out in a very responsible and reasonable manner all through the time when he and I held our respective offices.

I believe it should be acknowledged that there are certain actions we have to take in carrying out those responsibilities and, in my view, his attitude and his actions were great examples of how that should be done.

Hon. Senators: Hear, hear.

REMEMBRANCE DAY

Hon. John M. Macdonald: Honourable senators, I should like to make reference to the fact that Sunday next, November 11, is Remembrance Day. It is on that day that we pause from our usual activities to honour and pay tribute to our war dead. We honour them on that day in a very formal way. We honour those who died in two World Wars and in the Korean Conflict while serving in Canada's armed forces. Canadians believe that it is right, proper and just that we pay this tribute to our war dead, because they died for a great cause. While we pay our formal tributes on Remembrance Day, I believe it is equally important that we also remember in a more private and personal way those who died. I believe we should try to remember them as individuals—as young men who went to war to fight for a great cause. None of them wanted to die but they knew that was the chance that they had to take.

• (1420)

Honourable senators, as the years pass memories grow dim. Therefore, it is important to designate one day as a very special day on which to remember the sacrifices which were made. I believe it is also appropriate that that special day be called Remembrance Day.

We should also remember not only those who died but those who served and suffered physical or mental injury because there are many such, and we know of many pathetic cases among them. The glamour, the excitement and the glory of war is over. It has been said that Canada has treated its veterans as well as if not, perhaps, better than has any other nation. I believe this to be true. Certainly, the so-called veterans' charter was excellent legislation. Those who suffered

physical and mental injury have been well cared for as a result of the hospital care, pensions and other benefits that have been provided. We have now established the principle of giving a veteran the benefit of the doubt if the benefit he is seeking is regarded as a borderline case or even if a significant doubt exists. Although much has been done we must strive for more. We must remember that times change as well as circumstances and that new problems arise. A veteran may now be applying for compensation for a war injury which occurred 40 years ago. The reason for this is not difficult to understand. A young man in his early 20s thought little of a minor wound or injury; yet time has an ugly habit of magnifying what were originally minor injuries resulting in more serious consequences as the years go by. The benefit of the doubt principle has helped many who applied for pensions many years later, but I believe it does not go far enough. I believe that a veteran is entitled to special consideration by virtue of the fact that he or she is a veteran. I should like to see the principle adopted which would shift the burden of proof in pension applications from the veteran to the Pension Commission. This would mean that any veteran applying for a pension would automatically be entitled to favourable consideration unless and until it was proven that he or she was not so entitled. I do not criticize the people administering the pension legislation because they must abide by the present legislation even while they are, as we know they are, sympathetic to the veterans.

Canada has done much for its veterans, but we must recognize that new circumstances have arisen and will continue to arise, and that there are gaps in our present benefits and in the manner of their application. I mention this today because I believe that those of us who served in the Canadian forces in wartime and suffered no ill effects, as well as all other Canadians, have an obligation and a responsibility towards those who were not so fortunate. This is especially true in what might be called hard cases, and by that I mean cases where it is difficult if not impossible for the applicant to prove that his condition is the result of war service.

Recently Donald M. Smith, the Agent General of Nova Scotia in London, brought to my attention what appears to be an injustice towards Canadian veterans living in England. In that country there is an association known as the Canadian Veterans Association of the United Kingdom. Mr. Smith, a veteran himself, is president of that association. This association believes—and I think rightly—that Canadian veterans living in England should be entitled to the same benefits as veterans residing in Canada. Yet, this is not the case. Apparently, before a Canadian veteran can draw War Veterans Allowance, he or she must reside in Canada for one year. Why there is such a regulation I do not know. To me, if a Canadian veteran is entitled to any benefit, he should receive it regardless of where he may reside, even if he has never resided in Canada. This is a matter which I hope will soon be corrected so that all Canadian veterans will be treated equally.

Honourable senators, I have digressed from speaking strictly about Remembrance Day. May I conclude by saying that, on this coming Remembrance Day, we will remember, and we will remember with pride as well as with sorrow, those who suffered and those who died while serving in the armed forces of Canada. They made a heroic contribution to making Canada a nation—a nation strong and free. Let us never forget them.

Hon. Senators: Hear, hear.

• (1430)

[*Translation*]

Hon. Léopold Langlois: It is very important for me to associate with Senator Macdonald to remind our colleagues that November 11 will be Remembrance Day.

I was myself reminded of this date a few weeks ago when I had the opportunity to accompany Senator Murray and a group of veterans who had been invited to celebrate the 40th anniversary of the liberation of Belgium. We went with a group of some 44 Canadian veterans. We visited all the cemeteries where our soldiers have been buried in that country.

I was deeply touched by the gratitude of our Belgian friends. It did increase the pride I myself and all of us already take as Canadians in the heroic actions of our fellow citizens, not only during the Second World War, but also in the one before that and the conflicts in other parts of the world, such as Korea where Canadians also bravely fought and even gave their lives.

I would like to join Senator Macdonald and all honourable senators in reasserting that, on Remembrance Day, we must honour the debt our nation owes to its veterans, not only those who fell on the battlefield, but those who came back with injuries from which they will never recover.

We must not forget also the families of our glorious dead and wounded, which themselves have trouble surviving after losing a father or a brother.

I have oftentimes had the opportunity to visit Quebec area hospitals where veterans have been cared for since World War II. All these families who visit their loved ones in their sickrooms must carry the double burden of living apart and assuming increased financial costs and our hearts go out to them.

A few months after being elected for the first time as a member of the House of Commons, I had the honour of sitting on the committee who drafted the so-called Veterans' Charter. That non partisan committee, made up exclusively of veterans, was chaired by the Hon. Ian Mackenzie, the former member from Vancouver who was Minister of Veterans Affairs at the time.

I remember how strongly united that committee was. Its proceedings were entirely free of partisan considerations. Its only concern was for the families of all those who suffered more than we did during the last world conflict. I am aware that, in spite of all its efforts and dedication, the legislation it drafted was not perfect. It must be updated to reflect the new circumstances of today.

In addition, the other day in Belgium, I met Mr. Smith whom Senator Macdonald referred to earlier. He made the same representations to me concerning the extension of ben-

efits to veterans living outside the country. In support of that request, I pointed out to him—and indeed he was aware of it more than I—that Great Britain after World War II had amended her veterans' legislation to cover Southern Ireland veterans who had fought with the English army during the war, to the extent of amending the law concerning the re-establishment of veterans on the land so that it would apply to them. I fail to see why Canada would not do as much and not follow that outstanding example given to us by England after the 1939-45 armed conflict.

I therefore strongly and warmly endorse the words of my colleague. I know that all my colleagues in this House are in full agreement with what has been said this afternoon, that next November 11 we will have to recall this remembrance prayer for our veterans:

"They shall grow not old, as we that are left grow old:
Age shall not weary them, nor the years condemn.
At the going down of the sun and in the morning
We will remember them."

• (1440)

[*English*]

SPEECH FROM THE THRONE

ADDRESS IN REPLY—TERMINATION OF DEBATE ON EIGHTH SITTING DAY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(i), I move:

> That the proceedings on the Order of the Day for resuming the debate on the motion for an Address in Reply to Her Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the Order is debated.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, November 13, 1984, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Maurice Riel: Why are we sitting in the afternoon instead of the evening?

Senator Doody: The afternoon is a more reasonable time at which to sit. It seems to me that eight o'clock in the evening is a strange time to be starting the day's work. However, if the workload is such as to cause us to sit during the evening we shall be happy to do so. If the Senate agrees, we think it would be more appropriate to sit on Tuesday afternoon rather than on Tuesday evening. We shall see what develops.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

STATEMENT BY LEADER OF THE OPPOSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, it is not our intention to ask any questions today. This will not be the characteristic rule every day, but today we are eager to move to the Orders of the Day to hear Senator Macquarrie. I want to know whether he is still in good form.

PRAYER AT COMMENCEMENT OF SITTINGS

Hon. Rhéal Bélisle: Honourable senators, before asking my question I would like to express my discontent.

Hon. D. G. Steuart: Remember, you're on their side now.

Senator Bélisle: I know. However, I am concerned about the form of the new prayer. I would like to know, from either the Leader of the Government, or, perhaps, His Honour the Speaker, who is responsible for dropping the Lord's Prayer. I do not think the Senate should become complacent because there is a majority in the other house. Rather than dropping the Lord's Prayer, I think, because we on this side are in the minority, we should say it twice.

Hon. Duff Roblin (Leader of the Government): I think my honourable friend is expecting me to reply to his question, which I am happy to do. If he thinks that we need to be prayed over twice, I must agree that it is a splendid idea. The fact is that I only heard the new prayer uttered for the first time yesterday, so it must have been arranged by the previous incumbents in office. However, I shall try to get to the bottom of the matter and find out the history and origin of this change. I must confess that I am ignorant about it at the present time.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of Her Excellency the Governor General's Speech at the opening of the session.

Hon. Heath Macquarrie, seconded by the Honourable Arthur Tremblay, moved:

> That the following Address be presented to Her Excellency the Governor General of Canada:
>
> To Her Excellency the Right Honourable Jeanne Sauvé, a Member of the Queen's Privy Council for Canada, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit upon whom has been conferred the Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.
>
> May it please your Excellency:
>
> We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

He said: Honourable senators, I appreciate that one of my colleagues from across the way has said that I have made a good start, and I shall try not to lose too much momentum from now on. I appreciate the come-on suggestion made by the new leader across the way. I thought that he and his troops would be questioning our gallant crew here for an hour and a half, and I was going to add subtle nuances to my speech and bewilder both my friends and my opponents here.

I suppose someone like myself, who has spent long years inflicting his views upon university students and about one-third of the century being a politician, needs nothing less than another invitation to make yet another speech, and that is the way I have long felt. But I was honoured to be asked to make this particular speech—honoured and flattered—and I think that I said "yes" to my new leader here, Senator Roblin, just about as quickly as I said "yes" to the Prime Minister five years ago when I was asked if I would be summoned to this place. I think it took me about one quarter of a second to say "Thanks." And, as all my colleagues from an earlier parliament know, I have never regretted for a moment my first fond response to that long-sought request.

I am honoured in that I am the one to make, shall we say, the first speech on the first Order of the Day in this wonderful new Parliament, which, I believe, ushers in a new era in this country. There is something else unique about it. When you are in the ranks of the senior citizens you look, strive and yearn for any kind of experience which feels even remotely unique. But here I am, standing up in the only legislative assembly in this vast country which has a Liberal majority.

Hon. Royce Frith (Deputy Leader of the Opposition): One step at a time.

Hon. Raymond J. Perrault: You should be so lucky.

Senator Macquarrie: Honourable senators, I must begin by expressing what I am sure is the nation's rejoicing, and to use an old-fashioned theological word, thankfulness, for the obvious good health of our Governor General and wish her—and in this at least, I am sure, I command the support of all my colleagues and, indeed, all Canadians—the most abundant blessings and satisfaction as she continues her dedicated efforts to serve our Queen and our people.

Hon. Senators: Hear, hear.

• (1450)

Senator Macquarrie: The latest visit of our Queen to this country was greatly appreciated. We are happy that those wearying cross-country royal tours have long since been abandoned—wisely so. This year the people of Prince Edward Island did not have the pleasure of a visit by Her Majesty. However, in recent years the people of our beautiful province have enjoyed generous and enormously popular visits from the sovereign. She was with us to celebrate the centenary of the 1864 Charlottetown meetings from which the Dominion of Canada was born.

She was with us again in 1967 to celebrate the one hundredth birthday of the dominion to whose founders we gave shelter and at whose birth we provided the cradle 100 years earlier.

She came to our province in 1973 to celebrate our quite reluctant entry into Confederation as a province in 1873. At that time she made what I thought to be a witty remark, which I am sure Senators Inman, Bonnell and Phillips will remember. She said, "You in the Island seem very fond of centennials."

It is perhaps appropriate in this welcome and worthy age of ecumenism that the first tribute in this chamber to the visit of Pope John Paul II should come from a Presbyterian—perhaps not a very saintly one but a very stubborn one. It would be a most insensitive member of any religious group who would not be moved by having His Holiness in our midst. While I personally have some difficulty with some of his doctrines and doctrinal interpretations, I could not be other than profoundly impressed, deeply moved and intellectually and spiritually thrilled by the majesty and power of his ministry in our country. To see this strong, good man literally collect the multitudes, seek out the maimed, the afflicted and the weak, bless the children and preach with authority evokes powerful recollections. As a humble Protestant, it seems to ennoble, fortify and buttress the expression "Vicar of Christ".

To quit the Mount of Transfiguration as we are told we should, I must say a word, sincere if not sublime, about some of the earthly people who populate this honourable place. In the last few months I have happily grown accustomed to receiving good news about the land and, more particularly, about this Hill. Not least among the items was word of the appointment of our new Speaker.

We expect great things of you, sir, as you preside over our deliberations and take on the other important duties of your prestigious office—duties important and significant beyond the knowledge and appreciation of most people not in this chamber.

In a recent press story the new presiding officer of the House of Commons was described as an elegant Mr. Speaker—which that excellent gentleman truly is and much more. However, in my opinion as a careful watcher of both cham-

bers, I must say that in elegance and as well in eloquence our Speaker need take second place to none.

Hon. Senators: Hear, hear.

Senator Macquarrie: As has been said by my leader, there have been changes in our party. We have physically moved in this chamber. I like it over here because two of the pictures that face us show the Highlanders in the forefront of activity, which is exactly what one would expect. In one of them they are depicted in a bar, which is also what some would expect!

Without any digression, I like it over here. I hope my personal physical constitution will allow me to stay on this side of the chamber as long as the nation's Constitution allows. That, of course, remains in the lap of the gods.

The welcome journey having been taken, we note changes on the quarterdeck. Senator Roblin, our new captain, has spoken of them. It is more years than I would like to enumerate since I met a certain young Manitoba MLA, not very long in that legislature, impressive immediately to one of my perception and almost as soon thereafter to others. It was not long before he became the leader of the Progressive Conservative Party in that province and then the Premier. I can say without any historical equivocation or fear of contradiction that he was the most efficient and progressive Premier that province has had in my time—and my time is quite a long time.

Hon. Senators: Hear, hear.

Senator Macquarrie: To show honourable senators that I watch TV once in a while, I would say that Senator Roblin has shone as a jewel in the Senate crown and has now reached a new culmination of achievement as a great representative of the Senate in the cabinet. In the process, he has strengthened immeasurably a cabinet which has a great many things to do in the years ahead.

Senator Doody's diligence, wisdom and wit make him a natural House Leader.

My fellow Islander, Senator Phillips, like myself a denizen of the Hill since 1957, has the difficult job of whip. I think he has the qualities to discharge his duties well.

I wish all of these people the very best in their onerous duties and responsibilities. As long as they do not make some of us in the middle ranks of age work too hard and as long as they do not take themselves too seriously, then they will have our utmost co-operation in any endeavour they call upon us to take on. They will not have an easy task. Even a poor mathematician like myself knows that a small minority in one legislative chamber taking the lead for a strong, active and doing government with enormous strength presiding over the other chamber does not have, *a priori* or even pragmatically, an easy position. I count on them to carry out their tasks well.

I do not dare talk too long since I got a late start, shall we say. However, I would like to say a word about Senator Flynn who has served as my guide, my mentor and my friend here for many years, and indeed has done so for others long before I came here. Senator Flynn has provided grace and knowledge far beyond the usual in his long and oft-times difficult tenure.

I also salute and declare my appreciation and join my remarks with those of Senator Roblin for our former whip, Senator John M. Macdonald. "Faithful and true", to use the old hymn expression, might be appropriate words to sum up our stalwart friend. Senator Roblin, with his fine scholarship, used the word "concise" or "incisive". More explicitly, we might say that John M. Macdonald was always blunt. If you wanted to know where you stood and what the situation was, you would get a darn good reading from Senator John M. Macdonald, a quality which I always appreciated down through the years. Senator Roblin has now called him the sage of Cape Breton. I leave it to Senators Muir and MacEachen to decide between themselves who is the rosemary and who is the thyme in the Cape Breton trio.

• (1500)

Hon. Allan J. MacEachen (Leader of the Opposition): It is a quintet, not a trio.

Senator Macquarrie: The great joy of all of this is that we can say these things about these people and still have them with us. That is having your cake and eating it, too.

We began yesterday's sitting with the swearing in of ten new senators. At that time, there was one missing and I would like Senator LeBlanc to know that, as soon as that fact was detected, all my literary colleagues were saying: "Wherefore art thou?" I am glad that, today, there are two or three Shakespearians here, since yesterday when I tried that comment out in the lobby, there was not much response.

It was a very appealing and interesting situation—and perhaps a little ironic—that one of the first acts of a new Parliament which put into office the most strongly entrenched government ever in the lower house, should be to proceed to entrench the opposition in the upper house. However, since I am not an advocate of an elected Senate, I will not dwell on that. I will simply say that, since I know most of the new senators, I am delighted to have them here. I know that they will enchance not only the dignity but the volubility and accomplishment of this place.

Senator Turner and I were mentioned a few years ago in an article in a magazine which has since gone out of production—but not for that reason, I assure you. The article in question concerned the House of Commons and ten people were listed as being "ten of the best". I trust that Senator Turner's experience was different from my own in that, when I showed one of my colleagues the article—which I carried in my pocket at all times—he said: "The best what?" I must say that I was momentarily nonplussed.

Senator De Bané and Senator LeBlanc have long been friends of mine, as have Senator Lefebvre and other colleagues from the House of Commons. It has always been my judgment that a member with experience in the House of Commons does not do any harm when he comes to the Senate of Canada. I am sure that the whip of our party would say, "Hear, hear" if he weren't such a quiet fellow.

With respect to Senator MacEachen, I am sure he will not like my saying this but it is slightly over 30 years since we met

on Parliament Hill. During those years, I have not lost touch with him. I watched him carefully; he is a great Scot and a great scholar and I will be expecting great things of him. At his best, he was one of the greatest debaters in the House of Commons. It took much to arouse him at certain times but, once engaged, he was formidable and I regard him so highly that, when I talk about him, as I will, I intend to gloss right over the period when he was the Minister of Finance. That was not his best period, if I may say so.

I admire our new Leader of the Opposition here in the Senate for many things. I have mentioned his eloquence; I have mentioned his sense of history, but he has shown in recent months a sense of survival even sharper than that of the party which he served for so long. That is very important. We need people like that in the Senate and I hope that he will give us his best or his near best from time to time, although he knows, as a student of poetry, that his eloquent best will likely be wasted in the desert air and certainly not reported by the media. However, those of us who are here will appreciate it and there may be some people out there who will read the *Debates of the Senate* and know that, here, a man has spoken and spoken well.

I do not think that Senator MacEachen will exert his every muscle to support Senator Roblin and company in their duties in carrying out the legislative program of the new and vigorous government. He will not guarantee smoothness and harmony, but I count on him, on the other hand, not to confuse the mathematical strength which he has here with any tendency to assert the full legal and constitutional powers which the Senate still has. In these interesting times, with an overwhelming predominance in one house and the positions reversed in the other—a situation which has not been so extreme, I think, since Confederation—it is important that we have a man of his wisdom and experience. I mention this not only because of my love of the new government, which I wish well, but more because I have long believed that this chamber, perhaps altered in some ways, is an integral and valuable part of our Canadian structure. In these tense and delicate times, I believe that there is an enormous responsibility on the Senate, as a non-elected body, not to be seen as being insensitive, or attempting to frustrate the actions of the place in which the people have put their confidence. I therefore do not think that Senator MacEachen will be a party to any action which, in the long run, might end up bringing a very heavy public assault upon the Senate itself. In other words, I know he will not become a Samson pulling down the temple while he and I are both in it.

Honourable senators, in my careful preparation for this speech I went back over the years to see what other senators had said to their colleagues in other times of dramatic political change. As always, when you read, you learn a great deal. Some things I would like to emulate; some things I cannot or would not try.

In 1930, Senator Bell of Nova Scotia made an interesting speech but a very poor prediction. He said that Canada could escape from the depression which then threatened other parts of the world. To say that, in the fall of 1930, indicated that your crystal ball was not very clear.

Going back a little earlier, to a time before I and almost everybody in this chamber was born, in 1911 the Borden government took over and Senator Taylor said something which I would love to be able to say. A change of government had taken place; Mr. Borden and his government had been installed, and Senator Taylor addressed his colleagues and said, "Our treasury is overflowing." How wonderful it would be to be able to say that.

Senator Perrault: That must have been the party treasury.

Senator Macquarrie: Believe it or not, he said this:

> The difficulty will be, honourable senators, to know how to dispose of the surplus. No matter how great the expenditures the country may be disposed to make, the government will have ample funds to meet them.

If we only lived in a situation such as that, the Minister of Finance could go to Toronto on Thursday night instead of staying to tell the people of Canada what is what. Those were happy days, and it would seem that the great Sir Wilfrid Laurier was a far better and more prudent administrator than most of his successors.

● (1510)

But what the Throne Speech said at that time is important and significantly germane to the present day. The government announced an aid to highways bill. Up to that time, the federal government was responsible for the railways, with the provincial and municipal governments being responsible for the highways. The Borden government had decided that Canada had reached the age when it was important to find a means by which to move primarily agricultural goods to the railheads. As a result of that, an offer was made by the federal government—they called it the Dominion government then, and they were right, by the way—that it would pay half of those costs and the provinces would pay the other half.

Throughout the sittings of that Parliament, which began in the fall of 1911, the Senate, with a Liberal majority, kept introducing amendments to the bill which had been defeated in the House of Commons. The Senate, in effect, eliminated that aid to the provinces.

It was not until 1957 and 1958, under the aegis of Alvin Hamilton, that that measure was recovered. I know, and I am sure that Senator Bonnell knows, that in Prince Edward Island that resulted in one of the greatest boons that we ever had, because during those intervening years the Conservatives had become brighter—there is always hope for us—and instead of putting it on a population basis, the Diefenbaker Conservatives said that they would give the same to each province, irrespective of size. So, little Prince Edward Island received $7.5 million, as did Ontario. We thought that that was great. I do not know what Ontario thought, but we in P.E.I. were thinking of ourselves in this connection. Nova Scotia and New Brunswick were happy with that too. I remember Senator Muir dancing in the streets when that went through.

That is an example of the Senate interposing itself against the will of the government, as a Conservative-dominated Senate did later on the old age pension issue. When the Senate does that, it is not usually acting in the interest of the public. I mentioned the Conservatives in an intermediate period to indicate that that is not a circumstance peculiar to any particular party. That naturally happened more under the Liberals because, there were more instances when the Liberals had a majority here, as they had in the other place.

I remember other dramatic changes, as do many other senators in this chamber. I refer to that of 1957 when the government changed, and that of 1958 when we had an enormous majority. As Senator Walker will remember, it was then the greatest in the nation's history.

I have been casting my mind back to find the earliest and most applicable example of a comparable situation, and I found that the most apropos for comparison is 1854. John A. Macdonald we regard as the chief father of Confederation—there is a biological problem there—but let us say the leading father or leading architect, if that is what we savour. He always said that his greatest work was done before Confederation. Since no country as diverse as Canada could exist and hold together without a broadly-based party, he considered his biggest achievement to have been the forming in 1854 of the party of which I have been a member for a long, long time.

He reflected on a situation similar to that which Prime Minister Mulroney finds himself in today. He said:

> There would be a new House and new people to choose from, and our aim should be to enlarge the bounds of our party so as to embrace every person desirous of being counted as a progressive Conservative—

and that is where the name of the party came from; not John Bracken.

He went on to state:

> —and who will join in a series of measures to put an end to the corruption which has ruined the government and debauched its followers.

That is the kind of thing that might be going through the Prime Minister's mind; I do not know whether it is or not, but in that idea of a broadly-based party, of an ecumenical movement that would pull the country together and hold it together, it seems to me is the subtle essence of our party.

I believe that the great victory of the Progressive Conservative Party in September was underwritten largely by the tremendous victory in Quebec which, for years, was not very kind territory to us. I used to say that I knew every prominent Conservative in Quebec, and then I would say it did not take much recall to remember them all.

I also think that Mr. Mulroney won his Quebec victory in Manitoba. That may sound like a strange thing, but he went to Manitoba and said that which was not perceived to be very popular.

It is always said that John A. Macdonald was a great boozer, which he was, a great equivocater, which he could be, and a great conciliator, but in the man's life there were certain things in which he believed. Fundamental was his belief that there must be nothing but amity and comity between the people whose language was French and those whose language was English. He never tolerated any nonsense of bigotry on an ethnic or religious basis. Perhaps that is why it is sometimes good to have someone in power who is not too self-righteous about those things. He never tolerated that.

When Prime Minister Mulroney went to Manitoba and enunciated the very principle that he won his leadership on—co-operation between the two groups—naturally the people of Quebec were capable of perceiving what he was saying. In consequence, and this indicates, that there is justice in politics, he won both Quebec and Manitoba, which is encouraging, because winning office is a wonderful thing, and we who were denied it most of the time cherish it. To win office on something which is valid, eternal and fundamental makes it something less than just a transient popularity in a scatter of ballots.

That is why I said a few minutes ago that this is an epochal situation. I like the way in which—so far and I hope it will continue—the whole thing has been handled.

The Globe and Mail this morning said that the Speech from the Throne set a civil tone. Mr. L. Ian MacDonald in the *Gazette* used the very same word. It strikes me that the Speech from the Throne is another illustration of the decent reasonableness which prevails and which I hope will continue to prevail. In the face of such a large majority, and after so many lean and arid years, there might have been a temptation for a little gloating or a little heavy arrogance, but I have not seen that. It strikes me that someone has taken to heart the maxim of Winston Churchill, which was "In Victory—Magnanimity." If you follow that, you never lose.

Heaven knows what the situation will be in six months, in two years or in three years. But I believe that—if I understand the vagaries of public opinion—it is that attitude which has brought about the situation whereby the current government has enhanced its popularity rather than diminished it, a result which might be regarded as natural, which follows frequently and is almost always universal.

I liked the Speech from the Throne because in itself and in its tone it was positive, and it was well written, something I have not seen too often. Most of them, alas, are far from that. I cannot remember a Speech from the Throne getting such good reviews. They were almost rave reviews. I hear that the representatives of big business raved; the representatives of little business thought it was great; the representatives of labour thought it was fine. Everybody but the opposition thought it was good and no one would expect them to say it is good. Of course, that is never done.

• (1520)

If I were to be the typical mover I would give the Speech a benign overview. I am going to try to be benign, but I am not

going to give an overview because I expect my stalwart colleagues to deal with it more specifically in its various parts.

I was moved by a number of things. I have in mind the specific references to the spouses allowance for widows and widowers aged 60 to 64—thank God I am not in that category but I am thinking of the country—the betterment of the financial situation of our veterans, the references to community-based health care and very appealing to me was the encouragement of those dedicated to cultural, artistic and athletic endeavour. These are worthy entries in the category called social justice, a fine political expression which I first heard used by a great Canadian, a former premier of Ontario, the late Honourable Leslie Frost.

I am confident that Canadians will welcome the new tone in federal-provincial relations. It bodes well for the future of a united, harmonious and prosperous Canada.

I read with particular appreciation the statement: "The constitutional agreement is incomplete so long as Quebec is not part of an accord." When the constitutional measure was before this house, I found it emotionally and intellectually impossible to support it, believing as I did and believing as I said that any agreement including all of Canada but Quebec was insufficient, and perhaps worse. I hope to see new, brighter and better developments in this important field. The Speech from the Throne leads me to believe that I shall.

Honourable senators, I was impressed that in the Speech from the Throne, short as those speeches go, three and a half pages were devoted to foreign affairs under the section designated "Renewed Canadian Internationalism."

Prime Minister Mulroney has already been impressive in the field of external affairs. His appointment of a former prime minister, Joe Clark, to this portfolio was most fitting. I cannot think of anyone who could represent us more appropriately on the international scene than the former prime minister. He is acquainted with and is respected by all sorts of world leaders. It demonstrated the Prime Minister's ability, which I applaud, to place the right person in the right job. Then came the appointment of Douglas Roche as Ambassador for Disarmament. I know of no one in Canada who is more suited by emotion, training, temperament and knowledge to take on that job. No better person could be found. The appointments of Ambassador Lewis to the United Nations and Ambassador Francis to Portugal are indications of Prime Minister Mulroney's wisdom and sensitivity.

The Speech from the Throne declares that "Canada's opportunity to influence the course of world events lies primarily in sound multilateral institutions." I think that that is a sound precept. We cannot be a loner on the world stage and be a great achiever at the same time.

Useful contacts have already been made at the highest level with leaders in the United States. It does not require a genius I.Q. or weeks of research to find grounds for criticism of United States policy. I can do it at the drop of a hat. No problem. But I have not yet found anyone who can argue away the simplistic truth uttered by Senator Olson's one-time leader in the House of Commons, Robert Thompson, who said: "Mr. Speaker, the Americans are our best friends whether we like it or not." Get around that if you can.

In yesterday's Ottawa *Citizen* I read a welcome item entitled "Days of Squabbling with France Over: P.M.". Why in Heaven's name should we be squabbling with France? It seems to me that if we build upon consensus at home and goodwill abroad we are sensibly starting to go down a road to worthy achievements, and I think that all Canadians will wish the new government well in that regard.

I note with pleasure that a special parliamentary committee will conduct a full review of the main components and objectives of our international relations. Such a review is overdue.

I now come with some trepidation to another subject. I do not claim to be an expert on national defence, but I welcome the section on that subject. As an unregenerate peace-nik and/or dove—I do not mind which I am called—I have no difficulty supporting Defence Minister Coates in his efforts. We simply cannot have our service men and women assigned to important world roles or important domestic ones and dare do anything less than provide them with the resources and equipment to do their job. I believe also that we have given them tasks which have outrun their existing numbers. So, a dove like myself believes that we have to make some realistic enlargement of our military establishment. We are in NATO because an earlier government recognized that it was the place to be and because in the following years the Canadian people had demonstrated that they want us there. I could never see that there was an enormous particularistic interest in foreign policy matters on the part of the Canadian people. I looked for that for many years. But there are certain things in a general way that are meaningful. One is that they want us to be in the United Nations. Secondly, they are proud of our peacekeeping forces. I have not run across any Canadian who is not. The third factor is that we properly belong in NATO and being there we should pull our weight. I believe that the Senate Subcommittee on National Defence said that most eloquently. I have always sensed that feeling among Canadien people. Even a peace-nik or a neutralist must face it. I applaud the Speech from the Throne in that regard.

I end as I began by underlining the importance of this era and the importance of this chamber in this era. We are overlooked; we are neglected; we are criticized. I interpret from the Speech from the Throne that it is only the House of Commons that they are going to investigate in terms of reform. When the joint committee was formed in the last Parliament to consider the reform of the Senate I resented the fact that we were setting up a joint committee to look into and examine only one house. I did not agree with that.

Hon. C. William Doody (Deputy Leader of the Government): With the majority from the Commons!

Senator Macquarrie: As Senator Doody says "With the majority from the Commons!"

But behind all of this there is the feeling that we should watch it and that there is someone out there concerned about

this body. Someone out there thinks it is important. With all due respect to my western colleagues, people out there think it is more important than it really is. From reading these documents emanating from the west, it would appear that a reform of the Senate would end all ills, economic, political, social and perhaps even moral—they are asking a lot in a couple of those areas.

• (1530)

I shake my head in sadness—and, when you get old, you should not get sad too often—when I think of the three Es, one of which is equality. If you make the two chambers equal, you are in trouble right there.

I will close by bestowing my blessings upon my friend, Senator MacEachen, and his party. I will advise him any time he wants consolation as to how you buttress yourself in opposition and how you endure it. I have spent most of my life losing elections and taking from the entrails the next morning the very best—we may have gained half a per cent here and two-and-a-half per cent there.

Honourable senators, I was going to quote Churchill again, but I had forgotten what Churchill said about defeat, although it is odd that a Conservative would do that. I remembered what he said about victory, but not defeat. Having looked it up today, I see that he said, "Defiance in defeat." We do not want the honourable senator opposite to be too defiant. Also, we do not want him to be disconsolate.

I have been to functions with members of the House of Commons and heard my friends in the NDP say that they are going to run the Liberals off the lot and that they will close in on them this time. In Prince Edward Island we do not have much to fear from the NDP, but I wonder if the Liberal Party will allow that to happen. I say that it won't happen, but my NDP friends say that I should not be too sure. They recall what happened in Britain when the Labour Party ran the Liberals off the lot. I remind them that there were special reasons for that happening, and they agree that there were, one of those reasons being that two people thought they should be leader. The other reason was that they were accused of being too casual with the national treasury on behalf of their friends. But I say that is only Britain.

Some Hon. Senators: Oh, oh.

Senator Macquarrie: It is a great pleasure to be here among old and new friends. I thank all honourable senators for their tolerance in this the second heavy working day of this new Parliament.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I am pleased with this opportunity to second the motion of Senator Macquarrie, namely that this House offers its thanks to Her Excellency the Governor General for the inaugural speech she pronounced in the Senate yesterday afternoon. It is an opportunity for which I offer my sincere thanks.

Before discussing my motives, as it were, for seconding Senator Macquarrie's motion, you will understand—and you indicated as much by your applause—that I first wish to express to Senator Macquarrie my admiration for the brilliance and sometimes sarcastic humour—his last remarks were a good example—which pervaded his truly excellent speech. In the Senator, these qualities seem to come so naturally and so spontaneously, and I must say we have enjoyed their expression over the years. Whenever Senator Macquarrie speaks in this Chamber it has always been a pleasure and a privilege to be among those listening, and I am sure we could listen to him indefinitely. I wish to thank him for his speech.

I would like to join Senator Macquarrie in congratulating Senator Charbonneau on his appointment to the high office of Speaker of the Senate. Mr. Speaker, we have the profound conviction that you will bring to the exercise of your new and illustrious duties the same competence and skill you have demonstrated previously in the Senate and in your professional career.

Senator Roblin, in offering you my congratulations, I also have the feeling that in the present circumstances your task will be particularly difficult and complex. However, having watched you proceed during the past five years, I have not the slightest doubt that you will be able to perform your new duties with all the requisite dexterity. In any case, as Leader of the Government, you can count on the full co-operation of all your colleagues. The kind of co-operation, in fact, which you yourselve gave your predecessor, Senator Flynn, of whom you spoke earlier in such moving and indeed very accurate terms. I have only one thing to add to what you have already said, on a personal note. I want to express my deep appreciation for the cordial and thoughtful manner in which the Senator welcomed me in this Chamber five years ago, when he guided the neophyte I was at the time, explaining the complexities of political affiliation within the parliamentary framework.

I also wish to offer my congratulations to the Leader of the Opposition. I trust that he will not find it too difficult to adapt to a situation that must be doubly unusual for him, namely, that of being in another parliamentary institution and moreover, sitting to the left instead of to the right of the Speaker.

Finally, I wish to extend a cordial welcome to the new senators who joined us yesterday. They have not only come to add to the already considerable numbers of their particular group in this Chamber but will also, through their varied experience and talents, enhance the quality of our work.

Honourable senators, change is obviously the motto of this First Session of the Thirty-third Parliament of Canada.

A change of government, of course, and a change in the political party responsible for forming that government, but although the situation is not unique, it has not been a frequent one at the federal level in this country, during the last fifty years.

What is unusual about the results of the elections on September 4, 1984, is the extent and the nature of the changes brought about in the composition of the House of Commons.

First, the Mulroney Government will have an unprecedented majority, at least in absolute numbers, proportionately to the total number of seats, the Diefenbaker Government in 1958 had a relatively greater majority.

Second, during the last 25 years at least, the party forming the Official Opposition had won at least twice as many seats as the other opposition parties. This time, the opposition parties are numerically much closer to each other than ever before. There are only two of them, while in similar circumstances in the past, the opposition was clearly more varied. What new dynamics of relationships between the majority and the minority, as well as between the two minority parties, will come out of this situation? There is no doubt in my mind that this places the parliamentary reform mentioned in the Speech from the Throne under a much different light than was previously the case.

• (1540)

There is a third factor, which is also mentioned in the Speech from the Throne, namely, that for the first time in quite a while, all the regions including Quebec are well represented in the government and the political party to which it belongs. However, no region has such a hold on that party as to threaten the existence of the government because even without the seats it has won in any one of them, even without the seats of its Ontario or Quebec membership, the government would still have an absolute majority in the Commons. This situation seems to me unprecedented. This extraordinary situation will give the government greater freedom of movement while imposing upon it more constraints as the Canadian mosaic now has all the required spokesmen within the government party.

As a fourth and last comment, I will say that there is nothing new in the fact that the Progressive Conservative Party has won a majority of seats outside Quebec. On the contrary, this has been the case in all elections held between 1957 and 1980 with the exception of 1968. In spite of this, the majority it won outside Quebec allowed this party to come to power only four times in the last ten general elections, including three times as a minority government.

In Quebec, the Progressive Conservative Party had not won a majority of seats since the 1958 election. Even then, this happened in very special circumstances which had nothing in common with those of the last election. When viewed on the backdrop of the last 25 years, what happened on September 4, particularly in Quebec, takes on a very special significance. However, we must take care not to interpret this fact prematurely or wrongly. Thus, the fact that the people of Quebec then voted as most other Canadians did ought not to lead anyone to conclude that henceforth they consider themselves as everybody else and renounce their collective identity as a distinct society.

All things considered, how can one explain changes of such magnitude which have occurred and been witnessed to the same extent throughout the country? What is their meaning and impact?

[Senator Tremblay.]

Political pundits and analysts of electorate behaviour will find there choice material for their work and will make sure that they study it in depth to highlight all essential elements.

It would indeed be foolhardy of me to entertain more or less fanciful guesses about such recent events. I shall therefore limit myself to pointing out what everybody has seen as an obvious fact: the conscience and conviction that a lot of things had to change in this country have been expressed altogether clearly through the behaviour of Canadian voters on September 4.

Quite obviously, that deep-felt desire for change which was so strongly voiced throughout the country was not aimed simply at substituting a political formation for another so as to achieve a majority in the Commons, nor at replacing a government team by another to take over at the federal level.

By making those changes which were a prior condition, Canadians wanted above all that at the same time there would be new directions as well as fresh policies and programs, and they also wanted a change in the style of government.

How and in what way? That has been highlighted in the Speech from the Throne read yesterday by Her Excellency the Governor General.

By their significance and diversity, the measures announced in the Speech from the Throne leaves no doubt whatsoever that the government wants and is determined to steer the country towards national reconciliation, economic renewal and social justice; no doubt whatsoever that the government wants and is determined to achieve that purpose through consultations between the two levels of government, between the federal government and the provinces while respecting their respective jurisdictions, with a view to harmonizing their actions and reducing if not eliminating duplications.

The government is convinced beyond any doubt, as Senator Macquarrie just said, that the 1982 constitutional agreement will remain incomplete as long as Quebec is not part of it. The government will strive to create the conditions required to achieve such an important objective.

The government is clearly determined to consult in a systematic and orderly fashion with the various groups and decision-makers concerned with economic development: businesses, management, employees, and different associations of employers and employees that are part of the structures in a democratic society such as ours, so that they will be fully involved in the complex, lengthy and difficult task of shaping an economic consensus.

Finally, there is no doubt that the government is ready to take into consideration the changing needs of the underprivileged groups and to improve many features of the social security system.

All those principles which so clearly appear in the Speech from the Throne were already included in the commitments made during the election campaign. They were foreshadowed by these steps taken by the new government since it was sworn in on September 17.

Whether it is abolishing for instance the Canadian Sports Pool Corporation, a rash program that not only was a poor gamble but also reneged on an agreement reached with the provinces by the Clark Government in 1979.

Whether it is disbanding the Canadian Unity Information Office, about which an editorial in *La Presse* very aptly said that one of its accomplishments has been to antagonize Quebecers of all leanings.

Whether it is the Petromont issue, where caution and realism dictated that the governments involved should allow for the short-term survival of the firm, in order to open the door to more permanent and comprehensive solutions.

Whether it is the announcement that some Crown corporations were put on the auction block, a process under which the role of the Government as an entrepreneur will be progressively revised in areas more in line with private enterpreneurship.

Whether it is the agreement reached in recent days between the Secretary of State, the Hon. Walter McLean, and the Quebec Minister of Education, Mr. Yves Bérubé, on grants to Quebec universities under the specialization center program, which had been jeopardized by the Secretary of State in the previous government for reasons at the time very obscure to me, unless it were too clear an illustration of the "Big Brother knows best" approach.

Whether it is the numerous meetings held with their provincial counterparts by the new cabinet ministers following their appointments, to wit the Minister of Communications, the Minister of Employment and Immigration, the Minister of Fisheries and Oceans, the Minister of Communications and several others. All the examples which I have just mentioned of decisions made and action taken by ministers in order to re-establish the necessary dialogue between the two levels of government bear the imprint of the style and manner of Prime Minister Brian Mulroney, something he stressed on many occasions both during and after the election campaign would be one of the major traits of his government.

● (1550)

This consistency and continuity both in intention and action are the cornerstone on which rests the trust which Canadians have clearly expressed on September 4 to him and his party.

Honourable senators, during this session which is just beginning, we shall be called upon to work together and implement the extensive legislative program which the government has developed.

I trust that we will fully assume our responsibilities with due respect to our Parliamentary duties and taking into account the current circumstances.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until Tuesday, November 13, 1984, at 2 p.m.

THE SENATE

Tuesday, November 13, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE ERIC COOK
THE HONOURABLE RICHARD A. DONAHOE
THE LATE HONOURABLE DANIEL A. RILEY

TRIBUTES

Hon. Duff Roblin (Leader of the Government): Honourable senators, if I could have the indulgence of the Senate to pay a few words of tribute to some of our former colleagues here, before we enter into the business of the day, I would be very happy to do so.

First, I wish to make reference to two of our colleagues who have completed their terms of service in the Senate since we last met. I am referring to Senator Eric Cook, from Newfoundland, and Senator Dick Donahoe, from Nova Scotia. It is an honour for me to offer a word of appreciation to them for their services in this chamber and, to express for myself, and I know for everyone else in this place, our best wishes for many happy days.

Senator Eric Cook, Q.C., was summoned to the Senate 20 years ago, in 1964. He graced the Senate during his term of office. I speak with particular knowledge of the years of service which he devoted to one of our important committees, the Standing Senate Committee on Banking, Trade and Commerce. Anyone who attended meetings of that committee over the years will remember well the pithy questions Senator Cook posed to witnesses who appeared before the committee and the astute observations he would offer on the impact and meaning of the legislation being discussed. He displayed an extensive legal knowledge and, indeed, an extensive knowledge of finance which made his committee work particularly useful to the Senate. He displayed a capacity for analysis which I thought was quite remarkable and useful when difficult technical bills came before the committee. He was able to go right to the heart of the matter in a way not all of us are able to do. Thus, he was most helpful in enabling the Senate to offer constructive advice and recommendations with respect to many important bills.

Senator Cook impressed me as a quiet but forceful personality. He engaged the respect of all who knew him, even though what he had to say was sometimes filtered through a genuine Newfoundland accent. His place in this house will be hard to fill and we shall certainly miss his wise counsel.

Hon. Senators: Hear, hear.

Senator Roblin: I wish to speak now about Senator Richard Donahoe of Nova Scotia. He was cast in quite a different mould from that of Senator Cook. He possesses, to a degree, that Celtic exuberance which we have learned to associate with those members of this house who can claim Wales, Scotland or Ireland as their point of origin.

Senator Donahoe is an experienced politician, particularly in the Nova Scotia field, where he was at one time mayor of Halifax. He held a number of important portfolios in governments of that province. In fact, he was someone who could be described as a "real" Nova Scotian.

He came to this house in 1979, which means that his service here was relatively short, although he soon indicated he was able to put his wide experience to good use. Senator Donahoe was extremely active in dealing with representations and interests of his region. When provincial issues came before us he proved himself to be particularly well informed and knowledgeable.

Dick Donahoe was a natural orator. He had the gift of the well turned phrase. He had a fund of apt references and was capable of effective argument in defending the positions he took. He had all these attributes, and I am bound to say that he was not afraid to express his mind.

Senator Donahoe is a Knight of the Order of St. Gregory and the distinguished father of a distinguished family, having two of his sons in the Nova Scotia legislature at this time.

Senator Cook and Senator Donahoe will be much missed in our deliberations. I am glad to offer these words of thanks for the services they rendered to the Senate and their country and to express warm good wishes in all they have to do in the days to come.

Finally, I want to pay tribute to one of our colleagues who is no longer with us, the late Senator Daniel A. Riley, from New Brunswick.

Dan Riley was an excellent lawyer, but I think most of us will remember him better as a very colourful political veteran. He made his mark in the Parliament of Canada in the House of Commons in the 1950s. He was in the legislature and, indeed, in the cabinet of his native province in the 1960s. He came to the Senate in 1973 and served here for 11 years.

In temperment, I think it is fair to say that Dan Riley was just as Irish as his name, and he leaves the most warm and pleasant memories with all who knew him. I, in particular, appreciated the wry humour with which he observed the passing scene on the floor of the Senate. He was faithful in his attendance in this house. He was careful of the interests of his region and he was forthright in his comments on public affairs. He was a good senator and we shall miss him. I hope that I may be allowed, in your name, to extend to his family and

friends, and particularly to his wife and children, a sincere tribute of respect and our sincere condolences on his passing.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am glad to join Senator Roblin in his comments on all three of our former colleagues, to underline some of the things that he has said and to support them all.

With reference to Senator Cook, several of his colleagues are here with us in the Senate and I know that they will have something to say about him. I can only say that I found Senator Cook an inspiration; I found him to be a model senator in his deportment, in his intellect and in the prestige he brought to this chamber. I believe that Senator Petten and Senator Rowe will wish to add some detail to our tributes to Senator Cook.

With respect to Senator Donahoe, honourable senators who were here at the time might remember that, rightly or wrongly, Senator Donahoe and some of the rest of us anticipated that he might not be here with us at the opening of this Parliament and so we were invited to comment—as he himself had commented in his speech—about that. While I seemed to disagree with just about everything that Senator Donahoe said, particularly in terms of political positions, I mentioned that I did respect the extent to which he was a firm supporter of his party. Also at that time I made reference to the fact that the French word for a partisan or a supporter of a party is "militant" and that the word "militant" could always be accurately and honourably ascribed to Senator Donahoe and the positions he took on behalf of the Conservative Party.

As I said then, I enjoyed the opportunity to share this chamber with Senator Donahoe. He had a distinguished career in politics and in law, coming to us as a former attorney general of his province, which, as we know, is the highest law office in any province. He founded a dynasty of which, as Senator Roblin said, he was the patriarch. We are glad that he crowned such a successful life with service in the Senate.

At this time we would reaffirm our wish to Senator Donahoe that he enjoys a long, happy, fruitful and, I am sure, continuing militant life.

• (1410)

With respect to Senator Riley, I think it is appropriate that his long-time colleague, Senator Robichaud, speak on our behalf.

I, like many others, learned to admire, and indeed to love, Senator Riley for his puckish sense of humour. He could always be relied upon, when things seemed to be riding along too well, to act as the burr under the saddle, awakening us to the not so obvious issues and dimensions of questions that were before us.

We extend our sympathies to his family. Senator Riley was a very popular and effective senator. I leave it to Senator Robichaud to add his comments to those that I have made.

Some Hon. Senators: Hear, hear.

Hon. Louis-J. Robichaud: Honourable senators, a great deal has been said about Senators Cook and Donahoe, both of whom I have had the privilege of being associated with over a number of years, and particularly Senator Donahoe in his capacity as Attorney General of Nova Scotia when I was the Attorney General of my home province of New Brunswick. Both were very competent and effective senators. We will miss both of them very much.

Senator Donahoe was a member of the Standing Senate Committee on Legal and Constitutional Affairs and always made a very able contribution to the discussions that took place during meetings of that committee.

In rising today I wish to make special reference to the late Senator Dan Riley. All of us, at one time or another, have had to attend a funeral service to pay our respects to a departed relative or friend, and that is always a sad occasion. On September 15 of this year I attended a funeral service in Saint John, and for me and others present that was a sad occasion indeed. Dan Riley was no longer with us.

Dan Riley was known in student circles, in legal circles, in political circles, in business circles and in Senate circles since the 1940s. Those circles were represented at his funeral service.

I saw members of his family and many friends at his funeral, but I did not see one enemy, because Dan Riley had no enemies. If a rumour were to reach the ears of Dan Riley that a certain person did not like the way he operated, Dan Riley would be the first to approach that person with his conquering smile and would immediately eliminate any possibility of a rift between him and the other person in question. Dan was that sort of man, with his Irish wit, his sense of humour and his willingness to look for the straight road toward justice.

He could have conquered the universe had he wanted to. He was fabulous, in my estimation.

I had known him since the late 1940s, first as an acquaintance, then as a friend, then as a member of the House of Commons, then as a lawyer, then as a cabinet minister in the cabinet I had the honour to lead in the 1960s, then as the chairman of the Public Utilities Commission of New Brunswick, and then as a senator. As a matter of fact, he and I were sworn in in this chamber approximately two minutes apart in January 1974.

Dan was a born orator. He was probably the best speaker I ever heard in my life. When I was premier of New Brunswick and had to delegate somebody to give a speech that would inform as well as entertain a particular audience, I would call upon Dan Riley first, knowing that he would respond to the challenge. He did so in such a "super" way, as they would say in Great Britain, that he was one of those who was called upon to speak on every occasion as a master of ceremonies or as a public speaker regardless of the solemnity of the occasion.

As a senator, he was particularly interested in the Transport Committee because he had developed an expertise when he was chairman of the Public Utilities Board in New Brunswick. Members of the Transport Committee agreed with him although at times those in charge of transportation in Canada

did not. He would challenge their judgment, and rightly so, because his Irish mind was already made up. But in most cases, if not all, he made fair judgments.

I have expressed my condolences to his wife, Mary, and to his children. He had four boys and three girls. I miss Dan Riley and I know that his relatives and friends share that feeling.

Hon. William J. Petten: Honourable senators, I have had the privilege of knowing Senator Cook for most of my life. Honourable senators may or may not know that we both come from St. John's, Newfoundland. I thought I should mention that in passing because I am sure you would not be able to tell from our accent!

Senator Eric Cook was a leader in the civic, legal and political life of our province. He was a leading member of the legal profession. He served as deputy mayor of the city of St. John's. He was president of the Liberal Party of Newfoundland and Labrador and a long-time chancellor of the Anglican Diocese of Newfoundland and Labrador. Despite his very busy schedule he always had time to counsel and guide those of us who were a little younger. I will long remember his patience and understanding.

We all knew Senator Cook to be a hard-working senator and a booster for his province of Newfoundland. As most of you will recall, he was a faithful member of the Banking, Trade and Commerce Committee. As has already been said, he will be missed by all of us in this chamber. Eric, may you be blessed with good health to enjoy a well earned retirement with your charming wife, Mary, your children and grandchildren.

Hon. Senators: Hear, hear.

• (1420)

Hon. Frederick W. Rowe: Honourable senators, it is not my intention to detain the Senate for any length of time, but I feel I should add a word to what my colleagues have already said with regard to three of our former colleagues.

I should first like to say a word about our departed friend, Dan Riley. Dan and I were not only colleagues, we were also friends. In particular, I should like to pay tribute to the tremendous contribution he made—and I think I can say this in all fairness—as the most active member of the Standing Senate Committee on Transport and Communications. I served on that committee, as did half a dozen others, and we all agree that Dan Riley did make a remarkable contribution to the Senate and, of course, through the Senate, to Canada.

I hope you will pardon the personal reference, but again, rather coincidentally, Senator Dick Donahoe and I were colleagues and also friends dating back to the 1950s when we were Minister of Public Welfare of our respective provinces. Although he and I, of course, did not see eye to eye on many things philosophically—we often disagreed—nevertheless, we respected each other, and I certainly respected his judgment. Although he left us to enjoy a well-earned rest, I was sorry to see him depart from the Senate.

[Senator Robichaud.]

Now, honourable senators, I should like to add a word about my fellow Newfoundlander, Eric Cook. Much has already been said about him. I hope I do not sound snobbish when I say that he comes from a distinguished Newfoundland family. His father, Sir Tasker Cook, was the mayor of St. John's for many years—a good and active mayor at that. He was a prominent businessman and had been knighted by King George V. Eric was a worthy successor. He built up what was probably the largest legal firm in Newfoundland, perhaps one of the largest Newfoundland has ever known. Senator Petten has already recited a number of contributions that Senator Cook made to his native land and, after becoming a senator, to Canada as a whole.

I need say nothing more except that we all share a sense of loss as we look around and no longer see those three former colleagues.

Hon. Senators: Hear, hear.

Hon. Charles McElman: Honourable senators, I should like briefly to join with other honourable senators in the felicitations to retired Senators Eric Cook and Richard Donahoe and in wishing them a long, happy and fruitful retirement.

I should like to speak as well of the late senator, the Honourable Daniel Aloysius Riley, B.A., B.C.L., Q.C. It is probably not widely known that Dan was born in Charlottetown, Prince Edward Island—he was very proud of that fact—to Thomas Riley and Ann Elizabeth O'Toole. He was as Irish as Irish could be.

He was orphaned at a very young age and came, as an orphan, to New Brunswick where he received his education, going through law school at the University of New Brunswick. Saint John, New Brunswick became Dan's adopted city. He served that community well and in many capacities: as a practising lawyer; as a member of Parliament from 1949 to 1953; as a member of the provincial legislature; as a cabinet minister in the administration of the Honourable Louis Robichaud; as chairman of the Electric Power Commission of New Brunswick and as Minister of Lands and Mines. He was an efficient minister, an able, amiable and entertaining debater and a serious legislator. He served the people of New Brunswick well under both the Robichaud and Hatfield administrations.

Senator Riley was a happy warrior and he left behind him a great host of friends and no enemies. He gloried in his Irish ancestry. The very names of the seven children of whom he and his wife, Mary, were so proud—Daniel, Patrick, Maura, Kevin, Karen, Kathleen and Sean—attest to the pride he took in his Irish heritage.

I join with other honourable senators in paying tribute to the late Senator Dan Riley and in expressing our sincere condolences to his wife, Mary, and to their family. We shall miss Senator Riley. Perhaps, when VIA Rail service has been returned to Saint John, we will hold a special wake for him.

• (1430)

COMMITTEE OF SELECTION

FIRST REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Tuesday, November 13, 1984

The Committee of Selection has the honour to present its

FIRST REPORT

Pursuant to Rule 66(1)(a), your Committee nominates the Honourable Senator Asselin, P.C., as Speaker *pro tempore*.

Respectfully submitted,

Orville H. Phillips
Chairman

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

Senator Phillips moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

SECOND REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Tuesday, November 13, 1984

The Committee of Selection has the honour to present its

SECOND REPORT

Pursuant to Rule 66(1)(b) your Committee submits herewith the list of Senators nominated by it to serve on each of the following select committees:

JOINT COMMITTEE ON THE LIBRARY OF PARLIAMENT

The Honourable the Speaker and the Honourable Senators Anderson, Bélisle, De Bané, Gigantès, Guay, Hébert, Hicks, Lapointe, Macdonald, Macquarrie, Marsden, Robichaud, Stanbury, Stewart, Wood and Yuzyk. (17)

JOINT COMMITTEE ON THE PRINTING OF PARLIAMENT

The Honourable Senators Adams, Beaubien, Bélisle, Bielish, Cools, Cottreau, Doody, Giguère, Hays, Kenny, Kirby, Lefebvre, Macdonald, Marchand, Rousseau, Sherwood, Sullivan and Watt. (18)

JOINT COMMITTEE ON THE RESTAURANT OF PARLIAMENT

The Honourable the Speaker and the Honourable Senators Bélisle, Bosa, Denis, Haidasz, LeBlanc (Beauséjour) and Phillips. (6)

JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

The Honourable Senators Bielish, Godfrey, Langlois, Macquarrie, Pitfield and Rizzuto. (6)

JOINT COMMITTEE ON OFFICIAL LANGUAGES POLICY AND PROGRAMS

The Honourable Senators Corbin, Fairbairn, Guay, Murray, Stollery, Tremblay, Wood and Yuzyk. (8)

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Asselin, Bosa, Flynn, Grafstein, Haidasz, Hicks, Lapointe, *MacEachen (or Frith), Macquarrie, Murray, Nurgitz, *Roblin (or Doody), Rowe and van Roggen. (12)

*Ex officio members.

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Balfour, Davey, De Bané, Doody, Giguère, Kelly, Kenny, Leblanc (Saurel), *MacEachen (or Frith), Murray, Pitfield, *Roblin (or Doody), Steuart and Stewart. (12)

*Ex officio members.

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Bielish, Fairbairn, Graham, Langlois, Lawson, Macdonald, *MacEachen (or Frith), Macquarrie, Muir *Roblin (or Doody), Steuart, Stollery, Thériault and Turner. (12)

*Ex officio members.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Asselin, Cools, Corbin, Flynn, Lewis, *MacEachen (or Frith), Neiman, Nurgitz, Pitfield, Rizzuto, Robichaud, *Roblin (or Doody), Stanbury and Tremblay. (12)

*Ex officio members.

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Anderson, Austin, Balfour, Barrow, Buckwold, Flynn, Godfrey, Kolber, Lang, *MacEachen (or Frith), Murray, *Roblin (or Doody), Sinclair and Walker. (12)

*Ex officio members.

SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

The Honourable Senators Bielish, Bonnell, Cottreau, Gigantès, Hébert, *MacEachen (or Frith), Marchand, Marsden, Marshall, Phillips, *Roblin (or Doody), Rousseau, Thompson and Tremblay. (12)

*Ex officio members.

SENATE COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY

The Honourable Senators Bielish, Hays, Le Moyne, *MacEachen (or Frith), Marshall, McGrand, Perrault, Phillips, *Roblin (or Doody), Sherwood, Sparrow, Thériault, Thompson and Watt. (12)

*Ex officio members.

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The Honourable Senators Adams, Balfour, Bell, Doody, Hastings, Kelly, Kirby, Lefebvre, Lucier, *MacEachen (or Frith), Molgat, Nurgitz, Olson and *Roblin (or Doody). (12)

*Ex officio members.

Your Committee recommends that the Messages sent to the House of Commons informing that House of the names of the Honourable Senators appointed to serve on the part of the Senate on the Joint Committee on the Library of Parliament, the Joint Committee on the Printing of Parliament, the Joint Committee on the Restaurant of Parliament, the Joint Committee on Regulations and other Statutory Instruments and the Joint Committee on Official Languages Policy and Programs be as contained in this Report.

Respectfully submitted,

Orville H. Phillips,
Chairman

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, is it not now the appropriate time to get a photostat copy of the appointment of various senators to standing committees so that we might know without delay the membership of those committees. It would really be greatly appreciated if we could now get a photostat copy of the second report of the committee of selection.

[*English*]

Hon. Orville H. Phillips: Honourable senators, it is my understanding that the Clerk Assistant has extra copies of the report, which are available to honourable senators, or I am sure the Clerk Assistant will be happy to provide a photostat copy as requested by the honourable senator.

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

Senator Phillips moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

THE SENATE

OFFICE OF SPEAKER—NOTICE OF INQUIRY

Hon. Maurice Riel: Honourable senators, I give notice that on Wednesday, November 21, 1984, I will call the attention of the Senate to my tenure as Speaker of the Senate, my experiences and recommendations to the Senate.

NATIONAL DEFENCE

APPOINTMENT OF SPECIAL SENATE COMMITTEE—NOTICE OF MOTION

Hon. Paul C. Lafond: Honourable senators, I give notice that on Thursday, November 15, 1984, I will move:

That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;

That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the special committee;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada, and to such places abroad where members of the Canadian Armed Forces may be stationed;

That the Committee have power to sit during adjournments of the Senate;

That the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee; and

That the papers and evidence received and taken on the subject before the Committee during the Thirty-second Parliament be referred to the Committee.

QUESTION PERIOD

[*Translation*]

THE SENATE

PRAYER AT COMMENCEMENT OF SITTINGS

The Hon. the Speaker: Honourable senators, last Tuesday, after expressing discontent about the form of the new prayer, Senator Bélisle wanted to know who was responsible for dropping the Lord's Prayer.

Honourable senators, I took that responsibility, but only after the customary precautions. I found out through appropriate research that the prayer in the House, that is in England, dates back to the 16th century. The Speaker's chaplain would read a noble prayer acceptable to all denominations. According to the words then in use, the Speaker was expected to read a prayer "such as he shall think fittest for this time to be begun every day". The custom was carried on, so much so that at the end of the Elizabethan reign the Speaker had to read a prayer of his own composition.

In keeping with the earliest tradition, I thought I would draft our common prayer, keeping in mind the diversity of beliefs.

Thank you, honourable senators.

• (1440)

[*English*]

HUMAN RIGHTS

JAPANESE-CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

Hon. Jerahmiel S. Grafstein: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate.

In the other place, on June 29, 1984—the final day of the last Parliament—the Right Honourable Brian Mulroney, then the Leader of the Opposition, asked the Prime Minister, the Right Honourable Pierre Trudeau, for a formal apology by the Government of Canada for actions taken by the government during the Second World War and thereafter respecting Canadians of Japanese descent, wherein he stated that their rights had been trampled upon.

Earlier, on May 16, 1984, in an interview published in the *Globe and Mail*, Mr. Mulroney was quoted as saying that he was in favour of compensation to those Canadians of Japanese descent who were unfairly interned during the Second World War. In that interview he was also quoted as saying that these Canadians were arbitrarily deprived of their rights.

The very first announcement of the government made by the Honourable Jack Murta, the Minister of State for Multiculturalism, the day the cabinet was sworn in, appeared in a Canadian Press story published in the Ottawa *Citizen* on September 18 last. The minister stated that Canadians of Japanese origin would receive an apology and compensation for their internment and that a committee would be established to—and I quote his words—"take a look and find out what we are talking about in terms of compensation."

Can the Leader of the Government in the Senate now inform the Senate when the government intends to fulfil this commitment for a full apology? At the same time can he also inform the Senate what form of compensation the government is considering and when an announcement with respect to the compensation might be made so that this stain on the Canadian conscience might be finally eradicated? Finally, can he table in the Senate the names of the people who had property taken from them, the description of that property and the quantum of those claims which were never settled and are still open by the Custodian of Alien Property or his successors in title?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend is aware that the subject matter of his question does not come within my particular responsibilities in the cabinet. Therefore, I will take his question as notice and obtain an answer as quickly as I can.

I do not necessarily subscribe to every word in the honourable senator's introduction, since there may be some debatable points contained therein. However, he is right to say that the Minister of State for Multiculturalism has this matter under active consideration. With respect to the information he asks for about unsettled claims, that is a matter which may take more time in order to provide an answer.

TRANSPORT

RAIL TRANSPORTATION OF DANGEROUS GOODS—REGULATIONS

Hon. Andrew Thompson: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate, of which he might want to take notice. It concerns the Mississauga train derailment which took place approximately five years ago.

My question concerns whether the government, and particularly the Minister of Transport, is satisfied that the Railway Transport Committee, the railway regulating arm of the Canadian Transport Commission, has initiated adequate regulations based on the Grange report which made recommendations concerning safety measures to be taken in cases of hazardous chemical materials being transported through populated areas. Specifically, the Railway Transport Committee implemented regulations flowing from the dangerous goods legislation of 1980. It considered the speed of trains carrying dangerous chemicals, the length of those trains and the implementation of heat resistant roller bearings which are now required on 75 per cent of all trains.

I should also like to know whether the chemical manufacturers' self-regulation with respect to packaging and transportation appears to be satisfactory to the minister; and, if not, what kind of regulations would he want to see imposed.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my colleague has raised a matter of considerable

public interest. As I recall, it was the present Minister of Transport, the Honourable Donald Mazankowski, who some five years ago initiated the Grange inquiry, or summoned it into existence, in order to look into this matter. I hope my memory serves me correctly on this point.

Senator Thompson is quite right in that his question does not fall within my particular area of responsibility. It covers a number of technical matters which I am unable to answer, in any case. Thus, I certainly will have to take his question as notice and get back to him as quickly as I can.

STANDING JOINT COMMITTEES

FREQUENCY OF MEETINGS AND COMPOSITION

Hon. John M. Godfrey: Honourable senators, I am inspired to ask a question of the chairman of the Committee of Selection, having looked at the report of that committee. I do not think he will be able to answer my question immediately.

My first point is with respect to the Joint Committee on the Printing of Parliament. I would be interested to know when that committee met last and how many times it has met in the last 10 years. I suspect it has not met once over the last 20 years. Why do we continue to appoint senators to sit on that committee?

I wish to ask a similar question with respect to the Joint Committee on the Library of Parliament. Can senators be provided with some statistics with respect to when that committee last met and how many times it has met in the last 10 years? Why do we go through this rigmarole every year?

My final question is with respect to the Joint Committee on Regulations and other Statutory Instruments, in which I have a particular interest. I notice that only six senators have been appointed to that committee, when there is provision for eight. Was it not possible to dig up another couple of senators to fill the vacancies on that committee?

Hon. Orville H. Phillips: Honourable senators, I will make every effort to obtain the dates of the committee meetings for Senator Godfrey. I suppose the reason senators are appointed to the committees mentioned by Senator Godfrey is because the rules of this place require it. As long as the rules exist we will attempt to appoint senators to sit on those committees.

With respect to the Joint Committee on Regulations and other Statutory Instruments, there was some confusion. I will not say that confusion emanated from the majority side of the house; but I will say there was some confusion. I believe it can be cleared up within the next three or four days.

THE CABINET

RESPONSIBILITIES OF LEADER OF GOVERNMENT IN THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to ask a question of the Leader of the Government in the Senate concerning the questions posed by Senators Grafstein and Thompson. Twice, the Leader of the Government in the Senate stated that the question did not relate to his particular area of responsibility in the government. Does that mean that he has some areas of responsibility in the government other than that of Leader of the Government in the Senate?

• (1450)

Hon. Duff Roblin (Leader of the Government): I often wonder why my honourable friend did not address that question to some of my predecessors in this post. However, I think he will be able to corroborate my testimony, which is that it is considered that the management of the Senate is a sufficient job for any one individual to try and tackle.

Senator Frith: I would have thought so and therefore can we assume that, apart from the responsibility for accepting all questions that are posed in the Senate to the government, there is no other special area of responsibility that the government leader has?

Senator Roblin: I am not quite sure to what end my friend's question is leading, but I can tell him that I shall do my best to answer any question addressed to me, drawing on whatever knowledge I have at my disposal.

Hon. John M. Godfrey: I gather from the answer to that question that the Leader of the Government in the Senate is not a member of any cabinet committees that have special responsibilities in certain areas.

Hon. Duff Roblin (Leader of the Government): I must advise my honourable friend that I am a member of a number of cabinet committees, but I am not vested with an executive portfolio in the sense that other ministers are. My portfolio might be termed a parliamentary one, in much the same fashion as that of the house leader in the other place. Therefore, I do not have departmental responsibilities as such but, as a cabinet member, I share collective responsibility.

Hon. Hazen Argue: You are, therefore, a member of the cabinet?

Hon. C. William Doody (Deputy Leader of the Government): And an excellent choice.

THE SENATE

OFFICE OF LEADER OF THE GOVERNMENT

Hon. Andrew Thompson: I would like to ask the Leader of the Government a question. I recall when he spoke on the subject of an elected Senate, that he spoke, as he always does, with verve, eloquence, great conviction and commitment. I am sure all of us take considerable pride in his appointment to his present position as Leader of the Government. At the time of his speech on Senate reform, I recall that his concern about not having an elected Senate was because he felt an appointed Senate did not provide proper legitimacy. With respect to his present appointment, I would ask whether he feels there would be greater legitimacy if he had a consensus following from election by his colleagues in his own caucus and, if so, whether he has considered doing that.

Hon. Duff Roblin (Leader of the Government): My honourable friend raises a fascinating point. I must say that when anyone starts off a question with very kind remarks of the type he addressed to me, I immediately become a little suspicious that something will follow which will cause me a little difficulty.

I have to admit that I have been and am still of the mind with respect to the constitutional position of the Senate that I espoused some time ago. However, I must also admit that that happens to be my opinion, formed as a private member of the Senate and therefore one which, in the present circumstances, has to be adjusted to the policy of the government, and so I accept that limitation on my own freedom of expression.

I am not sure whether I would dare to offer myself as a candidate for the franchise of my colleagues on the government side for this post.

Senator Thompson: My question merely referred to your caucus. I did not extend it to the whole Senate, although that is a challenging issue.

Senator Roblin: That would be even more fun, if I had to appeal for the support of senators regardless of where they sit, but the fact is that I am constrained to operate under the Constitution as it now exists, and that accounts for my being in this present position.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the session.—(*Honourable Senator MacEachen P.C.*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, this is the first opportunity I have had to congratulate Senator Charbonneau on becoming the presiding officer of the Senate. In looking through the *Debates of the Senate* I note that when a predecessor of mine in this particular post spoke in a similar debate on October 11, 1979, he took occasion to welcome a new senator and to congratulate him on his appointment. Of course, that was Senator Perrault extending a welcome to Senator Charbonneau. At that time, my colleague pointed out the very great qualifications of Senator Charbonneau and the contribution that he would inevitably make to the work of the Senate. That, of course, must have been fully justified by his work since then, for we see the recognition given to that work by his selection as the presiding officer. I certainly want to congratulate him and assure him of my full co-operation in carrying out his responsibilities.

I wish also, honourable senators, to congratulate the mover and seconder on their speeches of last Tuesday. They launched our debates very well indeed. I thank them for the good wishes which they extended to me as I begin my tenure as a senator and as Leader of the Opposition. There is much I have to learn about the ways of this legislative body. In fact, the learning process is well begun.

It is evident that the environment in which the Thirty-third Parliament will operate is drastically different from that of its predecessor. The election gave us a new Prime Minister and a government with a huge majority in the House of Commons—possibly an unmanageable majority. Nevertheless, the win was decisive and impressive in every region and province, and certainly I would not deny for a moment the evident joy on the faces of Senators Macquarrie and Tremblay as they dwelt upon the significance of that victory.

Indeed, Senator Macquarrie volunteered some friendly advice. He warned us against becoming disconsolate in our role as opposition members, and he offered to provide whatever counsel had carried him through all those years which he spent in opposition. Let me assure honourable senators that we on this side will not become disconsolate. We understand the reluctance which our friends opposite have shown in the past in remaining in office for any significant length of time.

I want to refer also to comments which Senator Macquarrie made about the Senate. He told us that the Senate was an integral part of our structure. One wonders whether the role of the Senate has been altered by the current political context. As far as I am concerned, the constitutional position and political stature of the Senate remains unchanged. No member of this chamber would suggest that the Senate should usurp the leading role of the House of Commons, or systematically obstruct the will of the majority in the elected body of Parliament. Certainly I do not approach my role as Leader of the Opposition from that vantage point.

However, as Senator Macquarrie also pointed out, there is an important question of mathematical strength. We do have numbers on this side; we have a strong Liberal majority. That Liberal majority has an enormous responsibility to exercise its role without disregarding the will of the people as reflected in the membership of the House of Commons, but the government minority in this chamber has an equal responsibility to take account of the realities of its minority position.

Every legislative assembly in our system operates on the majority principle, and the Senate is no exception. The majority will decide; the majority will prevail. That, of course, is not a calamity; it is not a danger. I certainly have had a great deal of experience operating as a member of governments which survived for years in a minority situation in the House of Commons. However, the management of such a situation requires a firm grasp and awareness of the realities. In 1979, as honourable senators will recall, the government decided to behave as if it had a majority in the House of Commons. Of course, that was an unhappy experience. I am sure that the Leader of the Government in the Senate will show a more subtle approach to the majority in this chamber.

• (1500)

Of course, the difference between us is not just in numbers. We differ in political philosophy. We are Liberals on this side

of the chamber, and we have a distinctive approach to public questions. We cannot behave as if that did not matter. We cannot become Tories just to make life easy for ourselves and our colleagues on the other side. That is a reality that has to be taken into account.

There are, in my view, two extremes to be avoided; on the one hand, confrontation, and on the other, automatic acquiescence to every wish of the government. There is a broad area of constructive possibilities in between which can permit us to make an effective contribution to the legislative process.

Honourable senators, on Monday last the Speech from the Throne was read in this chamber, and on Thursday the Minister of Finance delivered an economic statement in the House of Commons. It is difficult to deal with one without dealing with both of them together. Those two statements spoke of change: "a new era of national reconciliation, economic renewal, and social justice", "a fresh start", "a magnificent opportunity to build a renewed national consensus", and "a strategy for growth and jobs".

We certainly applaud the nobility of the sentiments contained in certain passages of both documents. In fact, I can find certain features, certain proposals in the Speech from the Throne, which would certainly command my support and the support, I am sure, of my colleagues, particularly those measures which are forecast to improve the social support enjoyed by citizens of Canada, especially the additional support that will be available to certain categories of citizens between the ages of 60 and 64. That is all to the good. One cannot fail to mention some of these loftier objectives and some specific measures before going on to a more analytical treatment of both of those documents.

I should add that those two statements, the Speech from the Throne and the economic statement, do strive to rewrite the history of Canada for the greater glory of the Conservative party. I should like to return to that theme later.

Many of the themes in the Speech from the Throne are familiar; we heard them during the election campaign. At that time we also heard talk of action. The favourite trilogy of the current prime minister was jobs, jobs, jobs. The Canadian public, day after day, was led to expect action on jobs. Canadians were told that the mere election of a Conservative government would result in the immediate creation of tens of thousands of jobs, that massive investment would flow into the country, and that entrepreneurs would be unleashed from the restraints of doubt and indecision.

That surge did not happen on September 5, and it certainly did not happen on November 9 in the wake of the statement by the Minister of Finance.

Some Hon. Senators: Hear, hear.

Senator MacEachen: The economic statement delivered by the minister deserves some scrutiny. The argument is carefully constructed to conceal a deep flaw. The Minister of Finance has presented an economic picture which glosses over certain basic assumptions about economic performance in the months and years ahead. That attempt must be exposed, and to do so we need only refer to the minister's statement and the supporting budget documents, or economic documents. One should not fall into the bad practice of calling a budget a budget!

The Minister of Finance included a set of projections for growth, inflation, unemployment and the deficit. Are those projections designed to forecast the future under the recently-announced policies of the Conservative government? No, not at all. There is no forecast for growth or unemployment under a Conservative government. The figures are what the Minister of Finance describes as a *status quo* projection. He paints the picture not of what will happen under the current government and the policies which it announced, but of what would happen if the policies of the government were frozen out to the year 1990; what would have happened if the former Liberal government's policies remained untouched and the economic environment unfolded under certain assumptions.

That means, honourable senators, that we cannot look to any of these documents to find any forecast, even any attempt to forecast, what would happen to growth and employment under the policies of this government. In fact, the Minister of Finance has given us numbers on only one aspect of the future; he has projected a figure for the federal deficit in 1985-86. He states that the deficit would have been $37.1 billion and that with his announced changes it will be $34.9 billion.

I must say that there is still a good deal of explaining to be done on how these figures were established, but at least we have a prediction of what the Conservative government means; it means cuts. It means, to quote the Minister of Finance, "controlling the deficit must be (the) priority for this year and for each year of the mandate."

So, we have the projection for the deficit. What about the missing elements? How can the public—how can Parliament—be content with a statement which specifically overlooks any attempt to forecast economic performance, especially unemployment, under the new policies of the Conservative government? The Minister of Finance is ready to project with apparent ease what the continuation of the *status quo* would mean, not just tomorrow, next week, next year or the following year, but out to 1990, but he is totally unwilling to say what the consequences of his cuts will be for jobs and unemployment six weeks or six months hence. He is totally unwilling to tell us the impact on these economic parameters as a result of the policies announced in the Speech from the Throne and in the economic statement of last week.

On Friday, of course, he let the cat out of the bag. He said in the House of Commons that he had run the data through the economic model of the Department of Finance. That means that he was given the numbers to show the influence of his announced cuts and other policy changes on jobs and economic performance. He has those numbers, but so far he has refused to disclose them. On the other hand, he is prepared to disclose numbers up to 1990 under a *status quo* projection related to Liberal policies. Why not add to the picture by giving us the full numbers at his disposal? He says that the influence on confidence cannot be measured on economic models. He has no problem producing figures for Liberal

policies to 1990, but he wants to keep the economic consequences of his own policies in total secrecy. If he were ready to live up to the rhetoric of open government, he would make public those numbers. Having made those numbers public, if he felt that they did not take sufficient account of the confidence factor, he should then say how many jobs are going to be created by this subjective process.

● (1510)

I submit that there is a more profound reason why the Minister of Finance does not wish to give anything more than a useless, and in many respects questionable, forecast of what a frozen set of economic policies would have meant. He is far more fearful about the future and more helpless in the face of it than the government is ready to admit. The Minister of Finance has failed to make any prediction for unemployment under his government because he fears that even his forecast of the frozen *status quo* is too optimistic. Why is he waiting until spring to bring in his first budget? There are important time and process factors in the preparation of a budget. That is not disputed. But I think there is a very important additional reason. The Minister of Finance realizes that the forecast for the Canadian economy in terms of jobs and employment under a Conservative government depends very heavily upon what happens to interest rates in the United States. That in turn depends to an important degree on the budget deficits of the United States. All of this is stated, and rightly so, in the minister's documents. In essence, the delay of a full budget until spring and the withholding of any economic forecast until then is related to the belief that the budgetary decisions had better await a clearer economic signal from the United States.

A close reading of his economic documents reveals that there is a good deal of anguish involved in this wait.

The minister was careful to point out the potential consequences if U.S. interest rates do not come down sharply in the period ahead. He said in his statement that he would be the first to acknowledge that there can be no guarantee that this would be the case, namely, that interest rates will come down. Mind you, the projection of the frozen scenario, if one might call it that, assumes that interest rates will average 6.5 per cent from 1986 to 1990. Any one of us can ask himself or herself whether it is realistic to expect interest rates to average that level by 1986, but those projections given in the economic statement depend upon that coming about. In his statement the minister said:

> —that there can be no guarantee that this will be the case. And if interest rates do not fall, our economic and fiscal situation would be even worse.

There is no guarantee that they will not fall. His statement continues:

> Growth would be lower and the unemployment rate could remain above 10 per cent for the balance of this decade. The federal deficit would continue to increase and could reach $50 billion per year by the early 1990s.

Those are the words of the Minister of Finance in his statement to the House of Commons.

In the economic documents we have this spelled out in greater detail. The following is stated:

> If, for example, interest rates were to remain at about current levels through 1985 and then decline slightly to about 10 per cent over the medium term, conventional analysis would suggest that real growth in 1985 would likely be under 2 per cent and could average about 1 per cent per year less over the remainder of the decade than is currently projected. The unemployment rate would not likely drop below 10 per cent at any time.

That paragraph ends by stating:

> A severe recession would be a distinct possibility.

That is all in the documents that we have received from the government.

This frankness is laudable because economic policy must take account of the potential hazards of the future. But now we can see emerging from behind all the rhetoric of jobs, jobs and jobs a deep-seated doubt in the mind of the Minister of Finance that the Conservative government will be able to deal with unemployment in any significant way. For the moment he has engaged in a first round of cuts but these, we have been told, are just a prelude—a starting point—while he awaits economic signals, mainly from the United States.

If I may summarize this effort to penetrate the shroud covering the minister's statement, I think that this is where we are in terms of economic policy at the present time under the new minister and under the new government.

We have an economic statement which fails totally to forecast economic performance under Conservative policies. There is no effort at all.

We have a Minister of Finance who will not reveal the data which show the job losses that will result from his announced economic measures. There has been speculation as to the impact of the cuts on jobs. Is 20,000 the figure? I do not know, but the minister knows and he will not tell us.

We have an explicit warning from the Minister of Finance that the economic picture might fail to improve in the years ahead. The warning is very clearly there.

We have a policy of waiting until spring for the unveiling of the next phase in the hidden Tory agenda.

Finally, and most importantly, when you strip away the rhetoric about confidence and consultation, and when you get down to the guts, the minister cannot disguise an aching doubt about whether Conservative economic policies will ever be able to provide the jobs, jobs and jobs promised to the Canadian people in the election. That doubt is very much there.

● (1520)

Honourable senators, I have already referred to what I consider to be the re-writing of history in the Speech from the Throne. In its large section on foreign policy, the new government, the Mulroney government, has attempted to show that it will restore the tradition of constructive Canadian internationalism; that it will "restore a spirit of goodwill and true partnership between Canada and the United States;" and that

under the new government "Canadian internationalism will again be active and constructive in the wider world."

If I may say so, honourable senators, the historical description that supports this fulsome rhetoric is simply nonsense. To assert that Canadian internationalism ceased sometime shortly after the founding of NATO, the early U.N. peacekeeping missions, and the booting of South Africa out of the Commonwealth, is blatantly wrong and will be seen to be wrong by any high school student or observer of world events.

Does the new government expect Canadians to obliterate from memory the major contribution that Canada has made in the past decade and more? As examples, I refer to Mr. Trudeau's central role in maintaining the cohesion and vigour of the Commonwealth especially at difficult moments in the early 1970s; Canada's leading role in the organizations of francophone states, most recently in the promotion of a francophone summit; the economic co-operation agreements with the European Economic Community, Japan and other states; Canada's membership in the Summit Seven; full Canadian participation in trade and economic discussions in the framework of GATT, UNCTAD and the International Monetary Fund; the major contribution to discussions of North-South issues at the CEIC conference at Montebello and at Cancun; and, of course, the most exacting and comprehensive peace initiative ever undertaken by a Canadian prime minister.

Some Hon. Senators: Hear, hear.

Senator MacEachen: All of that is wiped off the slate. The turning to China is obliterated. All I want to say to honourable senators opposite is that in these and in many other areas, Canadian internationalism was alive and well on September 17, 1984.

Some Hon. Senators: Hear, hear.

Senator MacEachen: Let us hear no more about the necessity of reviving it when, in reality, the current government, since taking office, has taken action to weaken rather than strengthen Canada's international position. I probably would not have dealt with this if it had not become such a prominent part of the Speech from the Throne, that is, restoration, revival, renewal. But what has happened in international affairs under this government?

I regret very much—and maybe we can hear an explanation—that the cabinet committee on foreign affairs and defence was abolished. That committee has operated within government for a long time. It was swept away.

The international trade portion of the Department of External Affairs now reports to the Economic and Regional Development Committee, chaired by Mr. Stevens, clearly diminishing the international thrust of the department's mandate and clearly diminishing, as does the abolition of the committee itself, the standing, the authority and the role of the Secretary of State for External Affairs.

In addition to all of this, we have the document from the President of the Treasury Board announcing that missions are to be closed abroad. Despite all the protestations about a new era of co-operation with the United States, we have decided to defer the construction of the new Canadian embassy in Washington. These are not signs of reviving internationalism; they are signs of withdrawal.

Probably, of all the examples I could mention, the most dramatic is what the government has done in the field of official development assistance. The new government has reneged on Canada's commitment to provide an expenditure of .7 per cent of gross national product in official development assistance by 1990. Here the gap between rhetoric and action is so large that it undermines the whole credibility of the government.

On September 25, 1984, a few days after the new government was sworn in, the new Secretary of State for External Affairs, Mr. Clark, made a major statement of Canadian policy to the United Nations General Assembly. It was a good speech, and I looked at it carefully because I wanted to find out whether the new government would maintain that Canadian commitment which is so important to Canadian internationalism. I found that Mr. Clark came through. He said:

> There are urgent questions of human suffering that must be addressed. Our new government intends to maintain Canada's commitment to reaching .7 per cent of the GNP by 1990 in official development assistance. Despite serious economic difficulties, we shall not turn our backs on the world's disadvantaged peoples.

I said, "Hear, hear." But that was the rhetoric.

Hon. Royce Frith (Deputy Leader of the Opposition): Now the facts.

Senator MacEachen: The Speech from the Throne contains a full paragraph about the importance of Canada's development assistance and the seriousness of economic problems in developing countries, all of this in apparent support for the so-called restoration of Canadian internationalism. The Minister of Finance also spoke about development assistance in his statement. He said that the government remained committed "to making steady progress towards attaining our target of .7 per cent of gross national product devoted to official development assistance." He apparently did not dare to be forthright with the Canadian people and the countries who look to Canada as a progressive nation. Perhaps he wished to spare his colleague, Mr. Clark, the Secretary of State for External Affairs, who had confirmed the commitment of .7 per cent by 1990. Tucked away in the economic document offered by the President of the Treasury Board was the full statement of the Conservative government's policy. The target of .7 per cent by 1990 has been abandoned.

Senator Frith: Shame.

Senator MacEachen: In its place is a target of .7 per cent by 1995—a full five-year delay. The new target for 1990 is .6 per cent.

What does this mean in aid dollars? If we take the GNP projection in the budget—the projection which the Conservative government says it will exceed—the change means $600 million in one year alone, 1989-90. Depending on the pattern in financial development assistance between now and that

year, the total cut in Canada's commitment comes to more than $2 billion. This drastic curtailment, I must say, honourable senators, I find unforgiveable in itself.

Some Hon. Senators: Hear, hear.

Senator MacEachen: But, more than the act itself, it repudiates the word of the Secretary of State, given before the General Assembly on September 25. Before the world, he stated that we would maintain our commitment; that we would not turn our backs upon the poor people of the world. Last week the President of the Treasury Board cast all that aside when he said that what Mr. Clark stated at the U. N. is no longer valid. Will Canada continue to have very much credibility at the United Nations?

● (1530)

A week or so ago at the United Nations, the new ambassador, Mr. Lewis, made an impassioned plea for the poor people of the world. After he had finished speaking, there were gathered around him all of the African ambassadors, saying, "Canada, we are proud of you." I wonder how Ambassador Lewis will feel now about talking to his colleagues from the Third World. Whatever benefits will flow to Canada from his appointment, they will not take the form of increased Canadian help to the Third World. So much for Canadian internationalism.

I find matters even more incredible when I turn to the defence field. The Department of National Defence has been given a reduced budget for next year, despite the Prime Minister's repeated and scornful references to the inability of the Canadian armed forces, because of inadequate financial resources, to fulfill Canada's commitments. We heard that sort of statement frequently during the election campaign. Yet for the year 1985-86, the budget of the Department of National Defence has been reduced by $150 million. We are told in the same economic document that, even with the reduced budget—even with $150 million less—and even with the Prime Minister's constant references to our inability to meet our commitments—we are still able to fulfill all of our NATO commitments. That is contained in the economic documents under the aegis of the President of the Treasury Board. Furthermore, this happens after the Minister of National Defence—obviously not aware of the intentions of his colleagues, the Minister of Finance and the President of the Treasury Board—went to Washington, went to NATO and told his colleagues that Canada intended to increase its defence spending. For the first full year of this government, despite these statements, there is a cut.

An Hon. Senator: More shame.

Senator MacEachen: So much for credibility and so much for Canadian internationalism.

I liked the emphasis in the Speech from the Throne on Canada-United States relations. Management of that relationship will require in the future, as it has always received in the past, the full attention of the government and especially that of the Secretary of State for External Affairs.

But I do find it inaccurate and, I must say, offensive to have the assertion made that it was necessary for the new government to restore a climate of goodwill between our two governments. It is not surprising that I should find that assertion offensive because, in this particular case, I can speak from some personal knowledge and experience acquired through handling our relations with the United States up until June 30, 1984, just a few months ago.

I want to say a few words about that. The first meeting between Secretary Shultz and myself took place in Ottawa in October, 1982, shortly after I had resumed the leadership of the department and, indeed, not long after Mr. Shultz had become Secretary of State. In fact, it was Mr. Shultz's first visit abroad to a foreign minister. He came to Canada because he wanted to attest to his interest in Canada and in the health of our relationship. It was an important meeting because at that time we agreed to meet quarterly in order to ensure that all ongoing bilateral issues were kept under review and to accelerate the resolution of disagreements and disputes.

At each of our subsequent meetings, we ticked off areas of progress and devised new ways by which to make progress when issues were stalled. More than once, both privately and publicly, each of us underlined the usefulness of these meetings and how they had served the quality of our discussions and helped the Canada-U.S. relationship.

It was under the framework of this institution of the quarterly meetings that Mr. Chrétien met Mr. Shultz in Bangkok, and Mr. Clark met Mr. Shultz in Toronto. I was delighted that that procedure had been followed because I believe that these meetings on a quarterly basis should be continued as a most important institution in Canada-United States relations.

I am afraid that the new government—and, particularly, the Prime Minister—seems to think that amiability is the chief element of diplomacy. Good personal relations have their place; there is no doubt about that, and I would not dispute it. When Mr. Shultz visited Ottawa in 1982, I received him as an old friend dating back to university days together in the fifties. However, it was clear that, while friendship created a helpful tone, neither one of us would or could "give" on important national interests simply to accommodate a mood of amiability. It cannot be done. Mr. Shultz, for example, never softened his opposition to certain aspects of the National Energy Program just to be nice or just to set a tone of friendship, and I certainly did not cease pressing for action on acid rain or on the Garrison diversion, just to be nice.

Some Hon. Senators: Hear, hear.

Senator MacEachen: Sometimes it may be that, if national interests are to be protected or advanced, you cannot always be nice.

In his speech in the House of Commons, the Prime Minister described the attitude of the Liberal government towards the United States as being churlish and vexatious. Well, that is invention; that is fiction. Neither word could be applied to the discussions which I held with Secretary Shultz over a period of almost two years, nor could they be applied to the discussions

which took place between the President and Prime Minister Trudeau, many of which I personally attended. It is not to Canada's advantage to try to rewrite history in this way.

Of course we have difficulties with the United States; we always shall. We sought—and I am sure that the government today will seek—to maintain a sound, frank and friendly relationship with the United States; one in which we attempted to serve Canadian interests and, together with the United States and other countries, to advance peace and justice in the world. We never felt that effusive expressions of friendship or subservience were likely to impress the American administration any more than they would other countries in the world.

When we look at the substance of Canada-U. S. relations, there is as yet no sign that the present government is making progress in the defence of Canadian interests. I know that Mr. Shultz gave precisely the same answer on acid rain to Mr. Clark in Toronto as he had given previously. There are important American interests involved and when they are ready they will move. They certainly were not going to move before the American election, because it was in their interests not to move. They may move now. We hope they will. But I do not think we will make them move by effusively declaring what might be viewed as our subservience to them.

● (1540

Some Hon. Senators: Hear, hear.

Senator MacEachen: Let me give another illustration, if I may. I refer to the Gulf of Maine boundary dispute. I could say a lot about that. I believe that we in the Senate should pay some attention to the finding of the World Court. It is a major issue for Canada. The decision of the World Court was announced and there has been hardly any public discussion. It has sunk out of sight as an issue, and I want to revive it.

Immediately after the decision by the World Court, the Minister of Fisheries told the media that Canada should not make a fuss as a result of the decision of the World Court because the United States might be unpleasant with us. To begin with, that attitude seems to indicate a naive departure from the cardinal principle of our bilateral diplomacy; that each item should be dealt with on is its own merits. To trade one item against another is to invoke the combined weight of the United States against Canada on all issues. That is bad enough. It is probably very damaging. But it has also the certainty of inviting distrust in Canada that particular interests are being sacrificed. The fishermen of Nova Scotia will certainly be angry if they discern a tendency to sacrifice their interests for the benefit of our general relationships with the United States.

Some Hon. Senators: Hear, hear.

Senator MacEachen: I have been wondering, ever since the decision of the World Court, why ministers of the government were so eager to express satisfaction with the decision when the result fell short of the strong claim that Canada had so laboriously prepared and so confidently presented to the World Court. I have wondered, why the immediate expression of general satisfaction with the decision of the World Court? Why such satisfaction with the result, when the scallop fishermen, for example, got less from the World Court than Canadian negotiators had won for them in earlier negotiations and which was set out in the 1979 treaty with the United States? The scallop fishermen got less than we had negotiated in the agreement to which the executive branch of the United States had consented. It was simply the activity of certain senators which prevented the ratification of that treaty. That treaty gave more to our scallop fishermen, and I ask why express satisfaction with a disappointing result when there is to be a further bargaining with the United States on a fisheries arrangement?

Some Hon. Senators: Hear, hear.

Senator MacEachen: It is a tactical blunder of the first order to expect that professions of contentment will strengthen Canada's hand with the United States negotiators, and particularly with interest groups in the United States which are already active in pursuing their interests against even the decision of the World Court. I can only suggest that this is an illustration of the harm that naive amiability can do to Canadian diplomacy and Canadian interests. What counts is results. The atmospherics of amiability are not a substitute for genuine progress on fisheries issues, acid rain, and so on.

Some Hon. Senators: Hear, hear.

Senator MacEachen: The Gulf of Maine decision leads to another important blind spot in the government's economic policy statements to date. Just as there was virtually no discussion of the economic implications of the World Court's decision for eastern Canada and for Nova Scotia—except on the part of Nova Scotia fishermen—so there has been virtually no mention of regional economic development in the statement by the Minister of Finance. I repeat, there is no mention of regional economic development. In the economic statement there is no attempt whatsoever to identify or deal with regional development concerns. There is not a single mention of any commitment to reduce regional economic disparities. There is no mention, for example, of the particular economic problems of Atlantic Canada, and what there is takes the form of bad economic news: PIP grant cuts of $250 million; Department of Regional Industrial Expansion cuts of $200 million; CN marine cuts of $37 million; Fisheries and Oceans cuts of $30 million—I repeat, Fisheries and Oceans cuts of $30 million. That is unbelievable. In addition to the cuts there is ominous talk in the economic documents about "consolidation of employment" in the fisheries. We know what that is. That is a code word for fewer jobs.

Senator Frith: Right.

Senator MacEachen: So, honourable senators, this is a preliminary reaction to the rich material for debate that is found in the Speech from the Throne and the economic statement. I have attempted to deal with a number of important issues, and I am sure that my colleagues will deal with others. I have taken time to put my comments together in the belief that an active, vigorous Senate, and vigorous debate in the Senate, can make an important contribution to public

policy. The Speech from the Throne and the economic statement by the Minister of Finance provide us with a wealth of material for scrutiny and debate. If we do our work well, as I am confident that we can, this chamber will merit greater public attention, public support and respect.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I admit the challenge that is posed to anyone who attempts to respond adequately to a well-prepared presentation by a very experienced public man, but this afternoon I shall attempt, in response to what I have heard, to offer a few comments which perhaps will shed a somewhat different light on the problems the Leader of the Opposition has exposed to this chamber. Of course, before I begin such an attempt, I want to follow the pleasant tradition of expressing our welcome—certainly, my own welcome—to our new Speaker, and also to the Honourable Senator Asselin, whose name has been proposed, for our consideration tomorrow, as Speaker *pro tempore*. I am sure that each will fulfil his role with distinction.

● (1550)

I should also like to say, without exaggeration, that I listened to the speeches of the mover and seconder of the motion for an Address in reply to the Speech from the Throne with real attention and interest. I feel that they provided a very satisfactory introduction to what is an important debate. I want to say to the gentleman who has just spoken that in the field of foreign affairs, where, I have to admit, he is an expert and I am a neophyte—he presents interesting arguments which may lay the basis for a more profound discussion of this whole area of national concern. I do not think that it is possible for me to equal his breadth of knowledge in this topic, because of my previous experience which has been in other fields. I can say that I do not think our foreign policy is going to fall apart because we will not proceed with the embassy in Washington. I really do not think that we are letting the nation down if we decide to close some of our posts and embassies in other parts of the world. It is quite possible that we would be able to pursue a good foreign policy even if those particular measures were put in hand.

However, I can say to the honourable senator that to me—a neophyte, an amateur, one who is no expert in the field—foreign policy in Canada has one overriding problem, and that is our relations with the United States of America. Connected with that association with that great nation is the question of trade between our countries, which is the lifeblood of my part of the country and, indeed, I suspect, of other parts of this nation. If anyone thinks that there is no possibility of improving our relations with the United States of America, I suggest that he think again. I suggest that if he thinks that having a conversation with the United States Secretary of State, Mr. Shultz, exposes the whole range of American concerns about Canada, he should think again. I have had the opportunity, as a member of the Canada-United States Inter-Parliamentary Group, of meeting annually with members of Congress, senators and representatives, to which a great area of authority in the field of foreign affairs of the United States has been entrusted. I can tell you from that direct and personal experience that, in the minds of members of Congress, the position of the Canadian nation with respect to relations with the United States leaves something to be desired. It is all very well to make a deal with the Secretary of State or not to make a deal with the Secretary of State, as the circumstances may be, but we know from our experience that that is not enough. The relationship is not like that existing in Canada, where you could make a deal with my honourable friend when he was Secretary of State for External Affairs and know that it would hold. In the United States we know that such deals do not hold unless we can carry the minds and the consent of the members of Congress of that nation. That is where relationships between our two countries need to improve.

By no means do I belittle what a former administration has accomplished in this country in terms of foreign affairs. I do not want to denigrate, downgrade or scorn their efforts because they were speaking as best they knew—and it was a pretty good best most of the time—for the Canadian people, and we have not been accustomed to too much argument on foreign affairs. But when somebody says or implies to me that we cannot improve our relations with the United States and that the government is wrong to try, I tell them from my experience that that is a mistake to make such an assertion. There is plenty of room for improvement. There is a crying need for us to make the effort, and I am pleased that the government of this nation under its present Prime Minister has agreed that this should be the case and that it should be an important part of our foreign policy. Relationships with the United States are critical to us in every way. Are they good? I hope so. Can they be made better? Undoubtedly. Is there scope for government policy in this connection? I believe there is. So, when I talk about foreign policy I think, first, of the United States of America.

The second thing I think about is peace. I am not one of those who belittle the efforts of the previous administration in that field. When Prime Minister Trudeau's peace initiative was before this chamber, I gave it my support. When he set up his peace institute, I gave it my support, and I know that members of my party did the same. Nor am I ashamed of the fact that Mr. David Lewis speaks for us in the United Nations.

Senator MacEachen: Stephen Lewis.

Senator Frith: David Lewis may be speaking for you in another place!

Senator Roblin: I am sorry, I got carried away. I am quite happy that Mr. Douglas Roche is heading up our disarmament effort. I think that they will set a very high standard. I think that the honourable senator who has just spoken will find that when all the facts are on the table and when the government's policy is fully announced, he will be reassured on any problem he envisages about Stephen Lewis keeping his word and our word in the United Nations with respect to special assistance to Ethiopia and to other people who need the kind of help we can give. I think you will find that provision will be made and that we will not be backing away from the pledges and

undertakings we have given in the United Nations with respect to these matters.

If I were to refer to a third leg on which our foreign policy rests, it certainly has to have something to do with NATO and defence. I admit that the government is reducing the defence budget by $154 million, and the honourable senator was right in bringing it to our attention. However, it is also fair to say that, because of the reduced costs in the operation of that department, in certain important capital expenditures in which they are engaged, we are able to live up to our 3 per cent in real terms, real dollars, in connection with our undertakings to NATO. That is the statement that has been made by the government. I believe it is correct, and I say that to my honourable friend. It does not mean—and he can examine the undertakings of the Conservative Party in the last election—that it ends there or that we do not intend to do more in this respect. The Prime Minister made it perfectly clear on August 28 that there is a time element to all this. So those members of this chamber who feel that we are going to let down our colleagues in NATO can set their minds at rest that it will not happen.

It seems to me that the great flaw or omission of the last several years—and I think our Special Committee on National Defence very appropriately underlined it—is the fact that we do not know where we are going in the area of defence. There has not been a study to establish a Canadian defence policy for years, and our own Senate committee has made it perfectly clear that that is the sine qua non, the thing that must be done before we do anything else in the way of spending money on defence—find out what we should spend the money on and what our defence policies and undertakings ought to be. We know from that committee and its studies that we are floundering in that field. Therefore, it seems to me not unreasonable that the government should ask for a breathing period in order to examine that problem of defence and to learn how we should spend our money, instead of going ahead under the present circumstances. So, in the field of foreign affairs, although I have not covered all the points raised by my honourable friend and I admit that at face value his criticisms certainly have some impact, I think that when one examines the fundamentals of our foreign policy and of what this government is attempting to do, one will find it a little more satisfactory than the analysis which he has just placed before us.

Let me turn now to another topic, that of cuts. Is there one man or woman around here, or any place in the Parliament of Canada, who looks at cuts in government spending with a smile on his or her face? Of course not. Everyone who is affected by a cut complains about it, and that is natural. Why shouldn't they? The thing is that it is up to us not to consider cuts in isolation, as affecting each one of us in particular or our particular interests, but, rather, to consider them in the wider context of the aims and goals that are being attempted and the reasons behind them. It is not good enough to complain about cuts. It is only satisfactory if you examine the

reasons behind the cuts, because that is the motive by which these things come to pass.

My honourable friend said that we were cutting the amount of money available for regional development. That is perfectly true. But what are we cutting? Did he take the trouble to look into it? We are cutting the grants that were formerly made to what are called Tier I, which refers to communities in Canada. At the present time the whole country is covered by the regional economic program. To anyone who has any sense of priorities, it is perfectly clear that some parts of the country need assistance more than others. The Tier I classification covers such cities as Winnipeg, Halifax and parts of Toronto. Can anyone seriously complain about that in the present atmosphere of economic difficulty? However, the grants which apply to Tiers 2, 3 and 4—particularly Tiers 3 and 4 which concern disadvantaged areas of the country—are maintained in full force and effect. I do not think anyone can seriously complain about that situation; indeed, it is something we ought to do.

• (1600)

My honourable friend made reference to budget cuts with respect to PIP grants, for heavens' sake. Some one-quarter of a million dollars have been cut from PIP grants and my honourable friend complains. Who receives PIP grants anyway? Most of the recipients of PIP grants are large international oil companies. After they have gone through adjusting for taxes, what does their investment in frontier areas cost them? Nothing—absolutely nothing. Sometimes they even make a profit because of what happens with the tax situation. Of all the billions of dollars being spent on PIP at the present time my honourable friend says that we should restore this one-quarter of a million dollars. I am not convinced that that would be a sound practice.

I wish to come back to what seems to me to be the gravamen of my friend's comments concerning the Speech from the Throne, and, coupled with that, the economic statement. I must confess, probably along with my honourable friend, that I have had some responsibility from time to time in the writing of throne speeches. I have to tell honourable senators that they are the product of fallible human beings. It really is not to be expected that we will be able to agree with everything we see in the Speech from the Throne. I believe that is a reality of political life. However, I think the present Throne Speech and the financial documents presented on Thursday require a different interpretation from the one my honourable friend has placed upon them. I am going to do my best to give that other interpretation.

The first thing we have to consider is why we have the economic statement at all. I find it hard to understand why my honourable friend did not applaud it. After all, in March of 1980 my honourable friend became the Minister of Finance and I believe he made a financial statement of his own in April. Thus, I think he understands what financial statements are all about. I believe he followed up his financial statement with his budget in October. I do not complain about that. That seems like a logical progression. For some reason he now finds

it impossible to understand what a financial statement is all about. He complains that we do not have a budget at this time. I simply say that perhaps he has learned something which he has not shared with us. However, that is the way he went about the task. I do not understand why he cannot see the economic statement for what it is.

The economic statement is necessary in order to lay before the public the present financial situation of the Canadian nation. It does no good to talk about budgets or what you are going to do if you do not know the basis upon which you stand and from where you plan to start. The purpose of the economic statement is to make clear where we stand and to clarify problems with which we are faced in this country, because there have been some surprises. I know that the statement of the Prime Minister that the cupboard is bare has not received unanimous approval on opposition benches.

Senator Frith: Because it's flim-flam!

Senator Roblin: I will try it on you and see if you still think it's flim-flam.

Senator Frith: He knew what the situation was.

Senator Roblin: My honourable friend says that he knew what the situation was. Let me give him one item to chew on, and after he has digested it I will lead him on to tougher material.

The first area I would like to deal with concerns the Petroleum Compensation Charge. Does anyone here know how that fund was getting along? I did not hear it being talked about during the election campaign. I did not hear any statements made by any Liberal candidates or leaders running in the election that the Petroleum Compensation Charge was running a deficit which is now close to $1 billion. Nor did I hear anyone say that it was growing at a rate of $140 million a month, which amounts to $1.68 billion per year. Who said anything about that?

Senator Frith: It was all in the government documents; you could have seen it.

Senator Roblin: My honourable friend says it was in government documents. Let him produce those documents and he can show me where it is. When we got our hands on the books it became clear that this was a program with a deficit of nearly $1 billion.

My honourable friends opposite smile when I make these statements. I suppose they are not much impressed with $1.68 billion. I find that a formidable sum when I consider it has to be raised somewhere and when I realize that it has a bearing on our economic posture. For myself, I find this to be the type of surprise which I find unwelcome.

However, the situation goes further than that. My honourable friend, the Deputy Leader of the Opposition, says that they knew. What did they know? According to him they knew that the budget deficit for 1984 would amount to more than $29.6 billion and that it would rise to $34 billion or thereabouts. If I am misinterpreting his view then he can correct me.

Let us suppose that the figures are correct and that they represent an increase of only $4.9 billion. What we did not know was what was to happen after that, since all we had to go on was the budgetary statement made by Mr. Lalonde in February of 1984. What did that statement tell us about the future we have heard so much about this afternoon? It told us that there would be a gradual decrease in deficits and that they would go down to $27.95 billion in 1985. It told us that in 1986 the deficit would decrease to $27.1 billion and that in 1987 it would go down to $26.15 billion. Those figures would lead one to believe that although the situation was not very satisfactory at least it was not getting worse. However, that is not the case. The budgetary deficits in coming years will be much worse than those predicted in the Lalonde budget. If nothing is done in the next year the deficit will be $37.1 billion. How much greater is that amount than the amount we were told we could expect? Only $9.15 billion. I will not burden honourable senators with all the figures, I will just give the increases. In 1986 the increase would be $7.2 billion. In 1987 the increase would be $8.55 billion. Thus, over those four years the budgetary deficit in this country would be over $30 billion more than anyone had been entitled to expect on the basis of the figures we were given in the debates which have taken place with respect to this matter.

Hon. D. G. Steuart: Whose figures are those?

Senator Frith: Did you get those figures from some cupboard?

Senator Steuart: Those figures are based on what the situation would be if nothing changed.

Senator Roblin: That is right. Thank God something is going to change. Thank God something has changed. My honourable friend had better get used to it because he will find that he will be a changed man when he sees the things that will take place in this country in the next while.

A general decline is what we were told we were going to get; instead we got a significant increase. These figures are based on what my honourable friend opposite has correctly described as optimistic forecasts that interest rates will decline. Today, in the budget of Canada, interest payments account for 50 per cent of all the money we borrow. We borrow money to pay the interest. If nothing is done by 1990, then 75 per cent of our borrowing will go to pay the interest. Anyone who has any sense of the reality of things knows that that is a dangerous situation, and it is quite unlikely that we will be able to carry on if that sort of thing happens. We are borrowing to pay the interest on the deficit; we are borrowing for operating costs on the deficit, not for productive purposes, which is the way in which private enterprise borrows. We are not borrowing for investment, and it is only investment that creates jobs in the long run. We are transferring the interest money to the holders of government debt, and who are we taking it from? We are taking it from the risk capital sector and we are taking it from labour; make no mistake about that. That is where that money is going, and it is going on a colossal scale. The debt is rising. Right now in 1984 the debt is rising much faster than the economy is growing. Just think about that for a moment. In

1974, the debt was 16.6 per cent of the GNP. In 1984, it is 45.6 per cent of the GNP. Therefore we find ourselves in a position where we have to run faster and work harder simply to stay in the same place.

● (1610)

Nobody was told that the situation was as bad as that. That situation was only discovered when the books were examined. However, that is the purpose of a financial statement—to tell you where you stand. And that, honourable senators, taking into account all of the errors that can find their way into these documents with which I am sure the member across the way is as familiar as I am, is the situation in which we find ourselves.

What is the alternative? Is the alternative a higher deficit? Some call for that. They say there will be a temporary job creation by government spending. I think that was the message that my honourable friend tried to deliver this afternoon when he was talking about certain cuts. However, if we go on borrowing, there will be more unemployment because in the long run, you cannot follow indefinitely the kind of course on which we had embarked. It leads to high interest rates, more taxes, and austerity. Look at Israel. Look at Argentina if you want to see what an uncontrolled debt policy can lead you to. On second thought, you do not need to look at these other countries; just look at Canada. For the last ten years, we have been in a situation of increasing government deficits and if those people who tell us that that is a good thing are right, there should be more people working; there should be less unemployment. The truth of the matter is that, during those ten years of increasing deficits, we have had ten years of increasing unemployment and, in addition to that, we have been afflicted with a style of government intervention which really has not been seen to work.

The plain fact is that the economic policies we have been following have not worked. It is clear that they have not been working since the deficit is rising and unemployment has not been reduced to reasonable levels. Therefore, I think it is the part of good sense and discretion to try a new policy. I am not alone in that belief because, on July 3 of this year, in his campaign for the leadership of his party, the present Leader of the Opposition in the other place, speaking to some students, made the very sensible remark:

> Your generation is going to be strangled if Ottawa continues to go into debt at the current pace.

I must say that that was a sound observation. I would like to hear it repeated today. It is one to which I can fully subscribe.

However, my honourable friend says that it is all right to have this statement; it is all right to tell us how bad things are or how good things are or what you think the numbers are. But then, he asks, where is the budget? Where is the solution that you intend to bring in to solve some of these problems? I think I should add a word or two here about the value of consultation, because that element of consultation is one of the reasons why we are not bringing down a budget at the present time.

[Senator Roblin.]

Senator Frith: You said before the election that you had consulted everyone and that you were never readier to govern. Your government does not look very ready.

Senator Roblin: I can remember "60 days of decision." I can remember that.

Senator Frith: Let us talk about this one—

Senator Roblin: I remember that my honourable friend's party knew what they were going to do. "If we are elected we will charge right in there and we will have 60 days of decision." Let me say that those days have gone forever because we do not intend to indulge ourselves in "60 days of decision." We intend to consult; and why are we going to consult?—

Senator Frith: Because you are not ready.

Senator Roblin: Because many of the areas which we want to take into consideration are areas in which we share an interest with the provinces. There has been some complaint already that they would have preferred a little more consultation before last Thursday's presentation, and that is understandable. How much more would they have had to complain about if we had attempted a budgetary operation?

The Constitution constrains consultation. That is one of the things that the gentlemen opposite did not learn or, if they learned, they forgot it in the last years in office. Their efforts at consultation, in my opinion, left something to be desired.

Another thing that I think indicates that consultation is a good idea is what I call the unintended consequences of what you do, particularly when you are dealing in the financial field. The unintended consequences of measures which, at first glance, look appropriate and suitable, sometimes become formidable and dangerous. If there is any man in the Parliament of Canada who should understand this principle I am enunciating of the unintended consequences of budgetary measures, it must be the honourable gentleman who has just finished speaking.

Senator MacEachen: I saw that coming.

Senator Roblin: If you saw it coming, why did you expose yourself to it?

Senator Frith: You waited a long time for that one.

Senator Roblin: I quite admit that charge. My honourable friend is right, but I have learned something. I do not know whether my friend has, but I have. I may be a slow learner but sometimes it gets through. One of the things that got through to me is the value of consultation, not only with the provinces but with other people as well. If you are dealing with matters of constitutional impact between the two levels of government, if you want to minimize the unintended consequences of financial measures which affect the wide variety of Canadian citizens, and if you want to keep faith with the labour movement, with women, or with other important constituencies of our community, then consultation is a good idea and I make no apologies for it.

I see that in his speech the other day, the Leader of the Opposition in the other place pointed out that, in the Speech from the Throne, the government said "consultations" seven times, "consensus" eight times and "co-operation" seven times, as if those were bad words. To my mind, this is the essence of the way to go in our country at this particular moment in its history.

Senator Frith: Why not start by consulting us about the number of jobs?

Senator Roblin: My honourable friend will have plenty of time to enter this debate when he wishes to do so. I am looking forward to what he has to say. He is always stimulating, always interesting—not always right perhaps, but stimulating—and I appreciate that kind of a speech. When my honourable friend speaks on this debate, I expect to be stimulated. My only regret is that this is my last chance to speak in this debate so I shall have to listen to what he has to say with a smile on my face, whether I like it or not. Be that as it may, I expect to be stimulated and I look forward to having him speak in this debate.

To return to my point, this question of consultation is an important one. It is a fundamental principle of the Throne Speech. It is a fundamental tenet of the present administration. I do not claim that we will discharge it perfectly, human nature being what it is, and at the end of the day, someone will have to decide. When that time comes, we will accept the responsibility for making the decisions. Between now and then, however, I think consultation is mighty fine and co-operation and consensus are goals that we should work towards and that we should speak for. I am not at all upset that there is no budget with this economic statement that was made in the house on Thursday last. I feel it is a wise thing that we are taking the trouble to investigate all of these matters before we commit ourselves to very important financial measures.

I must confess that I did not really "read" my honourable friend who has just spoken as accurately as I would like. I thought he was going to talk about promises, so I gathered lots of information about promises. However, no doubt someone else will—

Senator Steuart: That is all we will be getting for the next four years.

Senator Roblin: God willing, my honourable friend will be around here four years from now and, at that time, he might even find us worth supporting.

Another subject I wanted to talk about was unemployment insurance, but my honourable friend did not mention that, either. Perhaps we will get another chance at that. The question of jobs was another topic that I wished to discuss. Why is it when they come to jobs that they do not add both sides of the balance sheet?

• (1620)

We hear now that there will be fewer jobs in this country because of what the government is doing, and that that is terrible. They have the number of jobs lost up to 100,000 or more! They do not know the figure themselves, and I do not think anybody knows, in spite of what went through the computer.

Why not say "Yes, that is true, but the government is providing $200 million for the Canada Works Program?" There are 70,000 jobs involved in that program. Who mentioned that? Nobody said anything about that.

Senator MacEachen: I support that.

Senator Roblin: You support it. I am glad to hear that, and I hope that you support this, too: There is $1 billion of fresh money in the job creation fund, and over the course of the next days and weeks the ministers in the other place will be saying how that money is to be spent. If anyone says to me that there is going to be a loss of jobs because of the financial statement, I will tell them that they had better read everything.

Senator Frith: But there is.

Senator Roblin: I will tell them that they had better pay attention to what is being said in that statement. My honourable friend did not mention that; he did not mention the Canada Works Program or the addition of $1 billion, but why should he? He is a member of the opposition. If I were in his place I probably would not have mentioned that either, but the fact is that that is contained in the economic statement and must be taken into account if anyone is to make a fair assessment of the situation in which we find ourselves.

Hon. Jerahmiel S. Grafstein: A larger deficit means more jobs.

Senator Roblin: In that case, why has that not happened?

Hon. C. William Doody (Deputy Leader of the Government): In that case, bankruptcy must mean total employment.

Senator Roblin: We have been increasing the deficit in this country by leaps and bounds, and the unemployment figures grow perversely higher or, at best, perhaps, remain on the same level. The logic of my friend's argument is that if one borrows as high as one can, that is a good thing.

Senator Grafstein can make his speech when he is ready and he can tell me then what is wrong with my economics. He may be right; I am not going to say he is not. All I know is that we have turned Keynes on his head. Keynes said to us "borrow when times are bad and take care of the economy and provide jobs," but he also said "have surpluses when times are good and redress the balance."

We have had three years of recovery. I will admit that the recovery has not been that strong, but there has been a recovery, and what has happened to us in our economic affairs? Our budget and our deficit have increased monumentally in each of the three years of that recovery, and what has happened to unemployment—

Senator Grafstein: Will the minister's statement slow down that recovery now?

Senator Roblin: The minister's statement will improve the recovery in due course. My honourable friend is too accustomed to reading the quarterly balance sheet. He wants to read the company's quarterly statement and see a profit every

quarter. He wants quick results, but it is far, far better to go steadily and to lay the foundation and create permanent jobs. Government jobs are not permanent jobs; government jobs sometimes are not even productive jobs, but just some way of keeping some poor soul in possession of his faculties. Some government jobs just keep people sane and sober, and I cannot object to that, but I say that the long-term policy has to be one where long-term jobs will be provided, and they will not be provided by policies of a government that increases the deficit. I am convinced that that is not the case.

I am in favour of deficits under certain circumstances; I have always said that. But I feel that there are other circumstances, and I suppose I am a Keynesian on this ground, where I think we should be thinking of reducing the deficit or eliminating it altogether.

I apologize for being so long, but I have one final area to cover relating to the opening remarks of my honourable friend in which he adverted to the role of the opposition in the Senate.

I underline the fact that there are 21 of the good guys over here and 70 of the others; or, depending on where one sits, 70 of the good guys and 21 of the others. However you slice it, I cannot ignore the fact that my honourable friend controls the majority in this chamber. I am interpreting his remarks to mean that he intends to advise his colleagues to act responsibly. By that I mean that he does not intend to thwart the clearly-expressed opinion of the elected chamber, the House of Commons. That is merely common sense; I will go further and say that it is merely self-preservation.

I say to my honourable friend that that does not prevent him from levelling constructive criticism, or, even if it is not constructive, levelling criticism at what we do. That does not prevent honourable senators from asking for changes in or reconsideration of legislation that comes before us. By no means does it mean that. I cannot tell you what will happen to all those recommendations. I have had some experience in the business of this chamber, and I know that while some of them will be accepted, some will not, but that does not prevent senators from expressing their opinions, particularly in the work of the committees.

I tell honourable members on the other side that, speaking for myself—and I think I can also speak for my colleagues—we will welcome that because we have been in their position. You allowed us to make constructive suggestions. Sometimes you even supported them from time to time. That was appreciated. What we did was not done in a spirit of political rancour, but in a spirit of what we call sober second thought to try to improve legislation that came before us. We made constructive suggestions to make things better. Who can object to that? To do so is the role of the Senate in these days, under this Constitution, and in these circumstances. Ours is an advisory role, and an advisory role only.

I want to say to my honourable friends opposite that I expect them to exercise that responsibility in that function as we proceed with our deliberations in this chamber. I tell them that, while it may not be possible to agree, it will certainly be possible to welcome all the constructive advice and suggestions that come from such an experienced and dedicated body of public men and women.

So, for my money, I think we are off to a good start in this Thirty-third Parliament. I am sure that in the days to come there will be a great deal of material for us to get our teeth into. I welcome the co-operation—indeed, I need the co-operation—of all members of this house, wherever they sit. We, for our part, will try to deserve your goodwill and support.

Hon. Senators: Hear, hear.

On motion of Senator Rowe, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 14, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

THE CABINET

RESPONSIBILITIES OF LEADER OF GOVERNMENT IN THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate arising out of our proceedings yesterday. During Question Period there was a short discussion about the responsibilities of the Leader of the Government for various departments or matters, as a result of his membership in cabinet. He did tell us frankly that he was on certain cabinet committees but that, with reference to some matters, understandably he felt that he would be required to refer questions or at least consult those colleagues who were more specifically responsible for the matters that were the subject of the questions.

I checked, and I want to make sure that I am right in saying, that we can take it that there would be no need to consult colleagues or to not accept responsibility for questions relating to his cabinet committees, given that, in some cases, it would be necessary for notice to be taken. I am now talking about consulting others or referring questions to other members of cabinet.

Am I right in thinking that the Leader of the Government in the Senate is on the following cabinet committees: Government Operations; Legislation and House Planning; and, I believe, the Special Committee of Council?

Hon. Duff Roblin (Leader of the Government): Yes, that is correct.

Senator Frith: Then can we assume that, if we are asking questions dealing with government operations—for example, some of the cuts that might flow from the financial statement—it will not be necessary for the Leader of the Government in the Senate to refer that type of question to any other minister? In other words, as a member of that cabinet committee and the other committees I have mentioned, he himself will be able to deal with those questions?

Senator Roblin: Honourable senators, I think it is a useful point that my honourable friend has raised because it is quite clear to members who were in the last Parliament that there has been a substantial change in the situation with respect to the representation of the Senate in cabinet.

In the previous Parliament we were fortunate, I think, in that we had four senators in cabinet, three of whom held executive posts, and this chamber was the only one in which parliamentary questions could be addressed to the ministers who held those portfolios. That was an interesting feature of Question Period in the last Parliament.

I suspect the reason we had four senators in cabinet in the last Parliament—although I might get an argument about this—was because there were no members in the House of Commons representing the provinces those senators resided in and, in my opinion, it was a proper and, indeed, a convenient move that those senators should represent their provinces in that respect in cabinet by carrying the portfolios that they did.

Now the situation has changed greatly. The present administration has ample representation in the House of Commons from every province in the country and, therefore, the need for representation in the cabinet by members of the Senate is no longer present. Senate representation in the cabinet has been reduced to your humble servant. I am the whole, you might say, and I have to answer for 38 or 39 portfolios on which questions might be addressed in the chamber. So, it is obvious that Question Period will assume a different character.

The question asked was as to what questions I will be prepared to answer. The short answer is that I will answer any questions that come within my field of knowledge, and if I obtain any information on any of the committees to which my honourable friend has referred and which pertain to questions raised in this house, so that I can speak from personal knowledge, I will be pleased to do so.

If I do not have that personal knowledge, which possibly will be the case from time to time, then I shall beg leave to revert to the principle that ministers may take as notice questions which do not come within their direct portfolio or responsibilities.

Senator Frith: That is a direct answer to my question, but in order to make it useful to the chamber, perhaps the Leader of the Government will take as notice the following question: Will he give us his understanding of the subject matters that fall within the jurisdiction of the Cabinet Committee on Government Operations and that on Legislation and House Planning?

Senator Roblin: Well, I must tell my honourable friend that those committees have not met, so I am not at all sure what information will come my way.

Senator Frith: The question was: In order to help us frame and direct questions, will he tell us what areas of responsibility are assigned to the Cabinet Committee on Government Operations and that on Legislation and House Planning?

I understand that the Special Committee of Council is a committee that deals with Orders in Council, so perhaps we do not need the information on that, but we would like to have—and I think it is reasonable for us to ask for—a list of those matters that fall under Government Operations, and Legislation and House Planning.

Senator Roblin: I am not going to give my honourable friend the satisfaction he seeks; I am going to stick to the rule that makes it quite clear that ministers are responsible for what takes place within their portfolio.

Representation on committees is a feature which applies to many ministers besides myself. You will find that ministers sitting in the House of Commons are on three or four different committees, but only answer for those matters which come within their portfolio, and I think I will have to abide by the same rule here.

On the other hand, I do not intend to be a stickler about that, and if there is occasion when I have information which has come to me in the regular way and which can help to satisfy the curiosity of members and will answer questions, I will do my best to give that answer rather than take refuge in putting the matter off. So, I intend to be as co-operative as I can.

Senator Frith: That is not dealing with the question, as the honourable senator did earlier. I understand that he may often have to take questions as notice even when they deal with the subject matter of those committees.

What I am specifically asking is: Even though he may have to take the question as notice, will he give us the areas of responsibility of the committees on which he serves, namely, Government Operations, Legislation and House Planning, and the Special Committee of Council?

That does not in any way mean that he undertakes to answer all those questions on the spur of the moment, but will he give us that information, or are we to take his position to be the Wilson formula of "No, I won't give you that information."?

Senator Roblin: I will give my honourable friend any information I have. I have no information on that subject now. If I come into possession of it, I will be glad to share it with my honourable friend.

Senator Frith: I will ask that question each week, then.

Senator Roblin: I will give you the answer each week, too.

Hon. Peter Bosa: I have a supplementary question, and it relates to the fact that the Leader of the Government in the Senate is the only member of the Senate in cabinet.

In order to facilitate getting information in this chamber, would the leader consider appointing some of the senators on the government side of the chamber as parliamentary secretaries to some of the key ministers in the other place?

[Senator Roblin.]

Hon. Stanley Haidasz: With pay.!

Senator Roblin: That is a fascinating suggestion. Perhaps something should be done about it, but I have to tell my honourable friend that the matter of parliamentary secretaries is dealt with by a statute of Canada. It is not within my purview to appoint senators as parliamentary secretaries. That is strictly governed by a statute of Canada, and I am afraid that we will have to stick to that.

• (1410)

Senator Bosa: I was not suggesting that the honourable gentleman take unilateral action in violating the statutes of Canada, but I was asking if he would consider having a discussion with the Prime Minister or with members of the cabinet to ascertain whether some arrangement could be made whereby other members of the Senate, of his party, could be in a position to answer questions for those portfolios the honourable gentleman is not familiar with.

Senator Roblin: I think the proposition is unconstitutional unless we have a change in the law, and I am not prepared to propose a change in the law at the present time. I think we have more important matters to get on with.

THE ECONOMY

STATEMENT BY LEADER OF GOVERNMENT IN THE SENATE—REQUEST FOR CLARIFICATION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have another question for the Leader of the Government in the Senate. It arises out of the speech he gave in the Senate yesterday on the motion for an Address in reply to the Speech from the Throne, in which he echoed an expression that the Canadian people are becoming used to, namely, that the Conservative government is not going to be able to do what it promised because things changed "when we got our hands on the books." At page 37 of *Debates of the Senate* Senator Roblin used that expression: "When we got our hands on the books it became clear . . ." At page 38 he said: "That situation was only discovered when the books were examined."

I wonder if the honourable senator would, in his usual forthcoming way, tell us exactly what books it was that he or his colleagues got their hands on that changed the available information. Were they the blue books or the estimates books; and, if not, what books specifically were they?

Hon. Orville H. Phillips: The colouring books!

Senator Frith: Senator Phillips says "colouring books," and I would not be surprised. That sounds exactly like what they have been doing—colouring books.

An Hon. Senator: All blue.

Senator Frith: Exactly, all blue. The blue book I was talking about is the better-known blue book on the estimates. What books were not included in the budget and were not available to the public generally that the Conservative government got its hands on that changed everything?

My second question is: What did those books, that they say they did not have a chance to see before, disclose? Did they disclose, for example, spending that had not been disclosed in Mr. Lalonde's budget? Was there something different about the revenues? What were the books that changed the information that was available to all?

We must remember that in his first speech in the House of Commons—I am sorry, that is another question.

Hon. Duff Roblin (Leader of the Government): Go ahead.

Senator Frith: You want that one, too? Fine, I will go ahead with that one.

An Hon. Senator: Is that one coloured too?

Senator Frith: In his first speech in the House of Commons, Prime Minister Mulroney said, "Give us 20 years and you won't recognize this country." I think we are now starting to get an idea of what he meant. And during the election campaign, Prime Minister Mulroney said that the deficit is "$36 billion and rising hourly". Finance Minister Wilson, in his economic statement, said that the deficit would be $34 billion. Therefore, there is not that much difference between what they knew before and after the election. That is why I should like to know what books are being referred to by my honourable friend and all of his colleagues when they are giving excuses for not performing.

Senator Roblin: Honourable senators, my honourable friend has had the same opportunity that I have had to read the statements made by the Minister of Finance. If he wishes to refer to them, I believe that he will find all the information he needs to know. However, I notice that he is really not asking a question but he is favouring us with a portion of his contribution to the Throne Speech debate, and I look forward to hearing the rest of it in due course.

Senator Frith: Honourable senators, I thank Senator Roblin for that reference to the financial statement. I have consulted the financial statement, but it does not answer the question. Will he ask the Minister of Finance, or tell me himself if he knows, what specific books changed everything? It is not in the financial statement.

Senator Roblin: The answer to my honourable friend is that I will not ask that question of the Minister of Finance because I believe there is sufficient information in the public domain to support the statements I have made.

Senator Frith: What books was the honourable gentleman himself referring to? He cannot dodge that question. He said, "When we got our hands on the books . . ." What books was he talking about? Let us forget the Minister of Finance. What books was Senator Roblin talking about?

Senator Roblin: My honourable friend, as usual, thinks he is back in the Supreme Court of Ontario. I think he did appear there.

Hon. Raymond J. Perrault: It is a fair question.

Senator Roblin: I am not going to allow him to conduct a cross-examination at my expense. The Question Period in this chamber is a free-form affair, as we have all learned from previous experience, and I cannot really control the questions my honourable friend asks, but I can control the answers I give.

Senator Frith: Or don't give.

Senator Roblin: The answers I will give will be those that are appropriate in the parliamentary context.

Senator Frith: This has nothing to do with the Supreme Court; it is a very simple question. The honourable senator himself said, "When we got our hands on the books . . ." It is not cross-examination to simply ask, "What were the books?"

I guess I have to take it that, again, on the first two questions I have asked the answer is, "No, I won't give you that information."

Hon. Jacques Flynn: That is it.

Senator Frith: It seems the Wilson formula is going to prevail in the Senate as well as in the House of Commons.

Can you imagine what Mr. Wilson or Senator Roblin would have said if we had given those types of answers and had said, "No, we won't give you the information"?

Senator Perrault: Baffle speech, that's what it is.

Senator Frith: I still ask the Honourable Leader of the Government in the Senate to reconsider. Surely, if he is able to make a speech based on certain books that he had in his possession, there is no reason why he cannot tell us what those books are.

He will not. It is a stonewall.

Senator Flynn: Repeat it again.

Senator Frith: No. Stonewall.

Senator Flynn: Say it again and again.

Senator Frith: It is quite clear that we will do that. Even though we receive no answers, we will keep asking for them.

The pattern has now been formed. With a straightforward, simple question, the answer will be, "No, we won't get it for you."

Senator Roblin: It is a good answer.

Senator Frith: It certainly is, from the honourable senator's point of view.

IMMIGRATION

ENTRY OF SOVIET REFUGEES—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. In the *Globe and Mail* of November 12, 1984, reference is made to two Soviet soldiers, one Igor Rykhov and one Oleg Khlan, who apparently had defected from the Russian army while on active service in Afghanistan and had been granted asylum in Britain in June.

Apparently, these two Soviet soldiers had applied for immigration to Canada and have now been turned down based on a

sudden change in government policy decided by the Minister of Employment and Immigration, the Honourable Flora MacDonald, and the Secretary of State for External Affairs, the Right Honourable Joseph Clark.

According to this story, deeply disappointed, these Soviet soldiers were persuaded, by means we know not of, to return to the Soviet Union.

A similar case, involving six Soviet soldiers who, apparently, were fighting for the Soviet forces in Afghanistan, is referred to in the November 13 issue of the *Toronto Sun*. Their emigration to Canada had been negotiated by quiet diplomacy between officials of the Department of Employment and Immigration, officials of the Department of External Affairs, the Pakistan government, and the Afghanistan forces. This effort was led by the Canadian Ukrainian Immigrant Aid Society. These negotiations were being carried on by the Liberal government led by the Right Honourable John Turner and were, apparently, progressing very smoothly. However, according to this news report, the new Conservative government had—and I now quote an official from the Canadian Ukrainian Immigrant Aid Society—"double-crossed" these soldiers and had "backed off."

• (1420)

Could the leader of the Government in the Senate explain the reasoning behind this sudden change in, what I understood to be, bipartisan government policy that had established Canada—certainly under the successive leadership of Pierre Trudeau, Joe Clark and John Turner—as a refuge and a haven for the politically oppressed?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that Canada still is a refuge and a haven for the politically oppressed. In the course of my lifetime, thousands of people have come to this country. Nevertheless, my honourable friend raises in my mind a real concern about the subject. If one sheep is lost, it does not matter about the 99 that were saved.

Obviously, I do not know the answer to the question, since it is a departmental one. I will, however, provide my friend with whatever information I can obtain.

THE ECONOMY

MANITOBA—CANCELLATION OF CONSTRUCTION OF WINNIPEG RESEARCH CENTRE

Hon. Gildas L. Molgat: Honourable senators, my question is addressed to the Leader of the Government in the Senate. My honourable colleague, as a westerner, knows how important decentralization is to our region. As a member of the government, he is aware of the promises that were made regarding the need for more research and development in Canadian industry. As a former premier of the province of Manitoba, he is only too aware of the needs of that province for decentralization, more industry and so on.

Obviously, he is aware of the seriousness of the government's decision to cancel the National Research Council Centre in Winnipeg—a centre which was well on its way. The building is now under construction and two floors of a four-storey structure have been completed. The whole project was done in consultation with the Province of Manitoba, with industry and with labour. The decision of the government to cancel the research centre is, from the standpoint of the province of Manitoba—and, I think, from a Canadian standpoint—indeed serious. I am sure that my honourable colleague recognizes that.

Would the Leader of the Government in the Senate be prepared to assist those Manitobans who want to see this government decision changed? Would he be prepared to attend meetings in this regard?

Hon. Duff Roblin (Leader of the Government): My honourable friend has expressed the situation fairly and I thank him for it. Naturally, as a citizen of Winnipeg and as one who has taken some interest in the economic development of my province, I share his concern. I am, therefore, pleased to tell him that the Minister of Finance has offered to meet in Winnipeg next Monday, I believe, with a group of local citizens representing labour, the university, the city and all those who might have an interest in the matter in order to discuss it.

I do not know what the outcome will be, but I certainly will be hoping for one that is favourable to my community.

Senator Molgat: Honourable senators, I have a supplementary question. I noted in yesterday's *Hansard* of the other place that, in response to a question of Mr. Axworthy, the Minister of Finance did indicate that he would be going to Winnipeg within the next three weeks and would be prepared to attend such a meeting. Will the Leader of the Government in the Senate also be prepared to meet with those groups, with the Government of Manitoba and with those of us who are concerned about this matter?

Senator Roblin: According to the *Hansard* that I have in front of me, the question in the other place was asked not by Mr. Axworthy but by another gentleman, Mr. Keeper, but that is immaterial. It was asked and it was answered.

My answer is that I will do anything I can to assist in having this problem resolved in a manner that is in accordance with the desires of the citizens of my community. I have to say that I am bound by the principle of cabinet solidarity, but within those rules I shall certainly do my best.

Hon. C. William Doody (Deputy Leader of the Government): A reasonable man.

Senator Molgat: Honourable senators, I am referring to the *House of Commons Debates* of November 9. At page 121, under the heading "Cancellation of Winnipeg Research Centre," the speaker is the Honourable Lloyd Axworthy and his question concludes with the words:

> Is he prepared to come to Winnipeg next week and show us how he is going to replace the loss of all those jobs and, in particular, the loss of those job opportunities?

The reply of the Honourable Michael Wilson, Minister of Finance, reads as follows:

Mr. Speaker, I will be in Winnipeg in about three weeks' time, so I will be happy to do that.

Mr. Axworthy then stated:

We will set up a meeting for you.

The source of the question and that of the response is, I think, clear.

I recognize that the Leader of the Government is bound by cabinet solidarity. On the other hand, he does represent the province of Manitoba. Can we depend upon him to attend that meeting with the minister and to use his good offices to change the decision?

Senator Roblin: Honourable senators, I think I have already answered the question. However, I wish to be as courteous as I can to my honourable friend because he and I have had a long record of exchanging questions and answers on various topics. He knows me well enough to be assured that on November 26, the date on which I believe the minister will be in Winnipeg, I shall be available; and if my services are required, I shall be glad to render them.

FORESTRY AND FISHERIES

GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, I have a question for the Leader of the Government. May I say at the outset that those of us on this side understand the difficulties confronting the Leader of the Government who is placed in the position of attempting to answer for all departments. We cannot reasonably expect all of the information we seek to be available immediately. However, a number of questions have presented themselves since the election and they are causing great concern to the people of Canada. They deserve replies.

Two of Canada's important industries are forestry and fisheries. Certainly in British Columbia they are key industries, as they are in several of the other provinces. During the course of the campaign, spokesmen for the government party spoke in terms of a greater government investment—that is the way they described it—in the forest industry to make it productive—for example, more money to launch a major new reforestation program—and greater investment in the fishing industry to make that industry more productive and to restore the depleted salmon runs.

In a province where unemployment is approaching 14 per cent, that was a message of real hope for the people of British Columbia. I regret to say, however, that after only a few weeks of Conservative government there is a sense of betrayal. Both of those areas of economic activity in Canada—forestry and fisheries— have been savaged by this government. There has been an announced cutback of $30 million in the fishing industry, after all of the promises of investment to be made on the west coast by the present Minister of Fisheries and Oceans. Similarly, we have seen the forest industry savaged; yet forestry remains one of the most productive areas of Canadian endeavour, an important earner of export dollars.

This is 1984. Forty years ago the late George Orwell wrote a book of the same title—*Nineteen Eighty-Four*. In that book, he wrote of "Newspeak"—Newspeak means that Love means Hate and that War means Peace. Now we have Progressive Conservative Newspeak. A government that promised greater productive government investment, and instead is giving us Draconian, drastic and savage cutbacks in key industries.

Some Hon. Senators: Hear, hear.

Senator Perrault: We want the Leader of the Government to bring to us the rationale, the reasons why there has been this incredible shift in policy. Thousands of those who are involved in forestry and fisheries in my province and in the other provinces feel a great sense of betrayal after voting confidence so recently in the Progressive Conservative Party, a party which promised so much and which to this point is delivering so little in its "Newspeak" fashion.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I congratulate my honourable friend. If he had ever lost his vigour, he has obviously recovered it and has treated us to an excellent three-minute or five-minute speech. I know that we shall hear more from him in the same vein.

Hon. Royce Frith (Deputy Leader of the Opposition): We never put a clock on you, Duff.

Senator Roblin: I have not complained about it yet. I acknowledge it. It sounds very good. The only thing is, the honourable senator does not appear to have read the document "An Agenda for Economic Renewal", because if he did, he would find out what the government's policy is with respect to fisheries. He did not ask me a question. I presume he had one in mind when he rose in his place. I do not recollect hearing any question from him. Perhaps he will ask me one. However, I suggest that if he looks at the document "An Agenda for Economic Renewal" with respect to fisheries, he will find some comforting words.

Senator Perrault: We want more salmon. We don't want red herrings.

Senator Frith: That's "Oldspeak".

INDUSTRY

COST OF PETRO-CHEMICAL FEEDSTOCKS

Hon. H. A. Olson: Honourable senators, in directing my question to the Leader of the Government, may I say at the outset that I appreciate his statement that he is willing to answer immediately any question with respect to which he has the information. I appreciate that. I know that the question I propose to ask him concerning the cost of feedstocks for the petro-chemical industry is a subject in which he has taken a great deal of interest in the past. Therefore, he, no doubt, already has the information.

• (1430)

It is a critical question because, in light of the government announcement that there will be opportunity for reduced prices on natural gas going to the United States, unless there is

arrangement made for the cost of feedstocks going into our petro-chemical industry, which is based on natural gas, then the industry will lose its competitive position. Has the government obtained any assurances that the cost of feedstocks, particularly to agricultural fertilizer manufacturers, will also be adjusted so that those industries, for example, in Alberta and Manitoba, can maintain their competitive position after these substantial reductions in the cost of Canadian gas going to the United States?

Hon. Duff Roblin (Leader of the Government): I think I can assure my honourable friend that arrangements have been made to reduce the cost of feedstocks for the petro-chemical industry in Canada.

Senator Olson: Honourable senators, I have a supplementary question. The Leader of the Government gave a general answer and I know that there have been some cuts in the costs, such as in the ethylene industry. However, I thought I referred particularly to agricultural chemicals, which face acute competition in North America.

Senator Roblin: Unless I am mistaken, that industry is included.

CANADIAN BROADCASTING CORPORATION CANADA COUNCIL

EFFECT OF BUDGET REDUCTIONS

Hon. Stanley Haidasz: Honourable senators, I would like to ask the knowledgeable Leader of the Government in the Senate to enlighten us this afternoon on what cuts will be made in services, programs or policies in the CBC and Canada Council to the detriment of the development of Canadian culture, which is so essential for the Canadian identity, particularly in view of the $75 million cut in the budget of the CBC?

Hon. Duff Roblin (Leader of the Government): I am afraid I must tell my honourable friend that his question is not the sort that can be answered during Question Period with a short, pithy and informed answer. If he puts a written question on the order paper with respect to those matters, I shall do my best to get the information he seeks.

[*Translation*]

THE SENATE

PRAYERS AT COMMENCEMENT OF SITTINGS

Hon. Azellus Denis: Honourable senators, my question is directed to the Leader of the Government in the Senate. On November 6 of this year, Senator Bélisle expressed his dissatisfaction with our new prayer. You answered that you would get us further information. Can you tell us who the author is? Could you perhaps send us a copy so we will know what is what?

Finally, have prayers been changed the same way in the other place as well?

[Senator Olson.]

[*English*]

Hon. Duff Roblin (Leader of the Government): I am afraid I am not able to answer for the other place, so that part of the question will have to be asked in another quarter, but I can say that His Honour the Speaker made a statement yesterday with respect to the origin of the new prayer. If my honourable friend cares to look in the *Debates of the Senate* he will find the prayer set out there. I hope all the information he asks for will be found there, and if he needs anything more he can let me know.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the Leader of the Government. It was my intention to give the leader notice, but due to the pressing nature of the question I thought I would ask it today, and it can be taken as notice. I know that the Leader of the Government shares my concern with regard to the Garrison Dam Project.

In today's *Citizen* at page C-16 there is an article indicating that an American commission studying the project feels that the problems cannot be solved. I have not seen this interim report. The leader may be able to obtain a copy and enlighten me on the matter tomorrow. The article also says that the fish screen which is to be put across the Red River will be of no use. According to this article, once this commission has made its report, the Government of the United States is obliged to accept it.

Knowing the concern of the Leader of the Government in this regard and knowing the support he has given me in the past and since he is now in the cabinet and thus able to be of assistance, I leave him with notice that I will question him further on this matter tomorrow.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I assure my honourable friend that while sitting on this side of the house I am just as interested in this problem as I was when I sat on the other side. I am glad to have his question.

My honourable friend is quite right when he says that the study being conducted by the American government has resulted in an interim report which outlines 25 solutions to this problem. However, it does not state which one will be favoured. They have until the end of the year to come down with a recommendation.

I do not have a copy of the interim report. I believe copies of it can be obtained from the Manitoba Government's Garrison Focus Office. I plan to write that body today to request a copy for myself and one for my honourable friend.

There is another complication about which I should inform the honourable senator. A group of municipalities and associated people in the Souris valley issued a statement yesterday or the day before in which they favour an aspect of the Garrison project which is in controversy. I suppose I had better ask for a copy of that statement, too, when I make my

request to Manitoba. When we receive copies of those documents my honourable friend and I can sit down and exchange notes with respect to what should be done about the situation.

Senator Guay: Honourable senators, at the same time can the Leader of the Government look into the possibility of whether or not the Government of Canada is prepared to make representations to the Commission before it finalizes its report?

Senator Roblin: I am afraid that the hearings have been completed, although I am subject to correction on that point. It is now a question of dealing with the American government once the report is in.

My honourable friend shakes his head in the negative. He seems to think hearings are still going on.

Senator Guay: Yes, they are.

Senator Roblin: I will check into that matter and see what I can find out.

TRANSPORT

CN MARINE AND CN RAIL—REDUCTIONS IN SERVICE

Hon. Robert Muir: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. As usual, I have not sent notice of my question since, no matter what side of the house I sit on, I do not generally do that. However, I hope he will do his utmost to secure a reply for me. I recall that when Senator Olson was Leader of the Government in the Senate he always made the excuse that he was only responsible for certain matters. When Senator Perrault was Leader of the Government in the Senate he made the excuse that he was not responsible for certain matters. When Senator Frith was Deputy Leader of the Government he would oftentimes say that he was not responsible for certain matters I would raise.

I would like the Leader of the Government in the Senate to take it upon himself to answer my question, even though he has not received notice of it. My question concerns why there are to be drastic cutbacks in the operations of CN Marine, a crown corporation operating out of North Sydney to Newfoundland. Apparently, the number of ships to operate has been reduced from six to three. Can the Leader of the Government find out for me, at his convenience, how many men and women will be affected by this cutback? In other words, how many people will be laid off from their place of employment? Has any decision been taken with respect to the commencement of an early retirement program? When will the cutbacks be put into effect?

Because of high unemployment rates in Cape Breton and Newfoundland we can little afford any lost jobs. I would very much appreciate any information the Leader of the Government can obtain from the Honourable Don Mazankowski, or whoever is responsible for these cruel and serious cutbacks.

• (1440)

Hon. Duff Roblin (Leader of the Government): I learned long ago that when I hear from Senator Muir I had better step to it. I shall do my best to obtain the answers my honourable colleague requires. At the same time, I hope that I shall be able to make an announcement as to what might be done for those who may be displaced by these measures, to make sure that the impact is minimized.

[*Translation*]

Hon. Norbert L. Thériault: Honourable senators, I have a supplementary for the Leader of the Government in the Senate, in connection with a question put by my honourable friend, Senator Muir.

In today's *La Presse*, it says that the Minister of Transport will ask Canadian National to restrict its role to railway transportation only and to either sell or liquidate all other interests it now controls, including ferries.

Could the Leader of the Government in the Senate inform me whether this request includes the sale of ferries plying between Prince Edward Island and New Brunswick?

[*English*]

Hon. Duff Roblin (Leader of the Government): I shall take my honourable friend's question as notice.

THE ECONOMY

FISCAL OUTLOOK—UPDATED ECONOMIC PROJECTIONS

Hon. Allan J. MacEachen (Leader of the Opposition): I am encouraged to ask this question because the Leader of the Government is in possession of this document tabled by the Minister of Finance entitled *An Agenda for Economic Renewal*. I draw to his attention that in the annex at page 95 of this document there is set out the fiscal outlook and the changes in the fiscal outlook as given in the February budget. It goes on to say that the projections are based upon updated economic assumptions.

We are all aware that the Department of Finance updates its forecasting from time to time, and I would like to ask the Leader of the Government if he can tell us today, or at a later time, the date of these updated economic forecasts. Specifically, I am asking whether these forecasts were prepared and completed by the Department of Finance in August or September. The date is relevant to assessing a number of factors relating to the minister's statement.

Hon. Duff Roblin (Leader of the Government): I shall do my best to obtain an answer for my honourable friend.

THE SENATE

CLERKS AT THE TABLE

The Hon. the Speaker: Honourable senators, before proceeding to Orders of the Day, I wish to draw your attention to the presence at the Table of Madame Monique Grenier-Tomka, Director of Journals, and Mr. Gary O'Brien, Director of Committees.

Madame Tomka and Mr. O'Brien will be sitting at the Table from time to time to assist the Clerk and Clerk Assistant during our deliberations.

[*Translation*]

We are pleased with this opportunity to recognize their respective merits, and we think this event deserves some special mention since Mrs. Tomka is the first woman to sit at the Table of the Senate.

Hon. Senators: Hear, hear.

[*English*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the session.—(*Honourable Senator Rowe*).

Hon. Frederick W. Rowe: Honourable senators, I would like to begin my comments today by congratulating Your Honour on your appointment to the important post of Speaker of the Upper House of Canada. That appointment is an indication of the confidence that the government, your party and indeed your colleagues here in the Senate have in your ability to discharge the important and sometimes taxing duties that inevitably will come your way.

In expressing my congratulations, while I cannot hope to cover the whole roster, I do want to make particular reference to at least two or three of those amongst us who are beginning or, in some cases, continuing their duties here. I congratulate the Leader of the Opposition in the Senate, not only on his appointment but also particularly today on what most people, I think, considered to be the great speech that he gave yesterday.

I would like also to congratulate Senator Roblin on his appointment to one of the most important posts in the Senate. This, too, is an indication of the confidence that the government has in him. When I was in active politics, I had the pleasure and opportunity to attend what were in those days called federal-provincial conferences. Indeed, I attended every one that took place up until 1971. For approximately ten years during that period, Senator Roblin was Premier of Manitoba and, in that capacity, he too attended those conferences. I was always impressed by his ability to articulate ideas and by his ability to extract the essence of any particular matter under discussion. I was also impressed with his fair-mindedness and I am sure that these qualities will serve him well and serve the Senate well in the months to come.

May I also extend my congratulations to my fellow Newfoundlander, Senator Doody. I am sure I speak for all Newfoundland when I say that we are very pleased at this appointment, but not surprised. Senator Doody, as Minister of Finance a few years ago in the Moores administration, distinguished himself not only for his keen wit but for his analytical ability and his dedication to the work for which he was responsible.

In this connection, speaking of Newfoundlanders, I would hasten to include in my congratulatory remarks my further good wishes to Senator Petten who, we are all happy to know, is continuing in the office of whip, but now as opposition whip. I would also extend greetings to all of those new senators who have joined us in recent weeks.

Honourable senators, I would like to preface my remarks by saying that I have no reason to butter up the members of the Senate, but I say with complete sincerity that I believe at this particular time, and have certainly done so in the 13 years I have been in the Senate, that the Senate has never been so fortunate in its composition and has never been the possessor of more human resources than it is at this very moment in its history. This is not meant as an invidious comparison. I am conscious of the contribution that the Senate has made in the past, a contribution not always recognized by the people of Canada, but I am also confident that that contribution will be enhanced in the months and years to come.

The Speech from the Throne, while meant to be an optimistic document that raises people's hopes that a solution to our major problems can be found, is very often a depressing document which creates pessimism and frustration. It usually refers to a number of matters which have been causing trouble and concern to the government, or to governments over the years. It raises in the minds of many people hopes and expectations that solutions can be found to those problems and that, of course, is not always the case.

● (1450)

This speech is really a recognition of the magnitude of the problems confronting the people of Canada.

I will list some of those things that are directly outlined in the Speech from the Throne, or are inferential. They are as follows:

—a call for national consensus and reconciliation. That implies, of course, that we do not have a national consensus or a reconciliation;

—the relationship of Parliament with the people of Canada;

—the relationship between Parliament and the individual citizens;

—the matter of taxation;

—the relationship between Parliament and the provinces;

—the recognition of the need to preserve our cultural diversities and, in particular, the two founding languages of Canada;

—the problems of misuse and overuse of our physical resources, and I will have more to say about that later;

—the economic problems confronting us and the ever-pressing need for us to increase production *vis-à-vis* the rest of the industrial world;

—the national debt;

—the rights of women and children;

—the question of social security;

—our health services, and in particular, our great program of medicare;

—the matter of public safety and the criminal code. Most people in Canada are concerned with that matter and want something done, but not very many know what should be done;

—the question of international responsibilities;

—the special relationship that exists between Canada and the United States;

—and, finally, Canada's role as a peacemaker.

Sometimes we do not recognize just how serious the situation is. This world is almost as war torn now as it was during the two World Wars, and there is the fear of greater conflagrations in the months and years ahead.

To try to deal with all of these items in any detail would mean that I would have to monopolize disproportionately the amount of time available for this debate; therefore, I will confine myself to a few remarks on matters of special interest to me, and, no doubt, of interest to many other senators.

In addition, I shall say a word or two about several matters which, to my regret, are not referred to in the Speech from the Throne.

Since some of the items I will be discussing are not closely related, I apologize in advance if I appear to be disjointed and jumping around.

We have always taken pride in Canada's natural resources; there is, however, a growing need for our pride to give place to concern. Our natural resources, vast as they are, are not inexhaustible, and in fact some are already showing signs of approaching extinction. For example, we need to remind ourselves—we have to remind ourselves—that our mineral resources are not irreplaceable; they are very finite. There is an arithmetical limit to the mineral resources of Canada, and in many instances we have reached that limit. Eventually, of course, we will reach that limit as far as most of our mineral resources are concerned.

That fact has been brought home to us in Newfoundland in recent years. Over the past ten years or so, mine after mine has had to close down because of a shortage of economic ore. We have been mined out; that is what has happened. Bell Island once had the second or third largest mine in the world; today it is an economic ghost town. That, of course, is happening to a greater or lesser degree in other parts of Canada.

Just as serious economically is the rate at which we are using up our forestry resources. This fact might surprise you, but if one were to ask the average Canadian what industry is of the greatest value to Canada, I doubt if one out of ten could tell you that it is our forest industry. If we persist in ignoring the need for reforestation—and that is what we are doing—on a scale that is at least equal to our consumption of forestry resources, then we will be guilty of one of the most stupid acts of neglect ever committed by any nation. We must remember that the ordinary pulpwood tree needs anywhere from 60 to 100 years to mature, and if we are not replanting at a rate at least equal to our consumption, then we can anticipate disaster.

While it is not so immediately obvious as the depletion of our forestry resources, we have some difficulty in recognizing that Canada's agricultural resources are not inexhaustible. Year after year concrete, asphalt and urbran sprawl continue to destroy some of the best agricultural land to be found anywhere in the world. During my university days I lived in Toronto. A half an hour's drive from Bloor Street, from the heart of Toronto, one could find thousands of acres of rolling, productive farm land. Last week, my wife and I, while visiting Toronto, looked in vain for those thousands of acres of vegetables and fruits. They are gone; that irreplaceable topsoil has been destroyed. We have to ask ourselves how long we can go on destroying irreplaceable resources. Are we going to reach the point when it is too late to do something about that?

Proper protection of our natural resources—which incidentally is just as important as their proper utilization—is linked up with our economic problems, of which the most serious today is unemployment. Here, again, we have to be on our guard against rationalizing this continuing state of affairs. It is not enough for us to fold our hands in resignation and point out that most of the other countries in the world have similar unemployment problems. On that I make two comments:

● (1500)

There are a number of countries both large and small which have not had and do not have a rate of unemployment anywhere approaching the serious scale that we have in Canada. Surely, the people of Canada who in the space of just over a century were able to create a nation which could hold its own in almost every field of activity can do something more than simply pay out unemployment insurance, valuable and necessary as that activity is. God knows that nobody appreciates that more than we Newfoundlanders do.

I have just one other remark to make about unemployment. I hope you will excuse the personal reference here but it ties in with my remarks. I matriculated in 1929—that infamous year of economic history in the world. Therefore, I am in that group old enough to remember what the great depression was like. I remember what people all across Canada suffered and endured over that frightful decade which continued until the outbreak of World War II. I am not an alarmist, but I want to say with all the conviction that I can muster that our people, particularly our younger people, will not sit in resignation indefinitely because there is nothing for them to do. They will not tolerate that situation indefinitely. The decade of the eighties will be no different from the decade of the thirties if the economic conditions of Canada and, for that matter of other countries, continue to worsen; unrest and social turbulence will become routine unless we can do more than we have done in the past four or five years about unemployment especially as it affects Canada's youth.

During the past 40 years Canada developed and implemented some of the most progressive social welfare measures to be found anywhere on earth. It must be a matter of continuing

pride that we were able to devise such instruments as family allowances, universal old age security and medicare, just to name three of the most obvious. When times get rough economically and governments are at their wits end to produce acceptable budgets, that is the time of danger because almost instinctively those same governments will attack those social measures which did so much to make their countries great in the first place. This is one of the great anomalies of our times. I saw that happen repeatedly in the early 1930s when the Government of Newfoundland's first major action, following the onslaught of the great depression, in order to balance the budget was to halve the grant for education and eventually cut the salaries of teachers by two-thirds forcing some of them to give up teaching. As an example, in 1932 one of the measures adopted by the government was to shut down completely the only teacher training college we had in Newfoundland. Then they attacked the civil servants and then the dole rates. I am talking about able-bodied relief. Those rates were slashed and again and again to the unbelievable rate of six cents a day. I saw children go hungry for months on end. Those families had to live on six cents a day and try to survive one way or another. What the government at that time failed to realize was that putting teachers and civil servants out of work was bound to have a domino effect. Perhaps a snowballing effect would be a better term.

A fundamental belief of mine is that when a government, whether provincial or federal, starts to make serious attacks on its social, educational and economic programs developed over the previous decades, then that government is on the skids that lead to disaster. It has never been more important to keep that in mind than now.

To offer one concrete example, it is in time of economic turbulence and distress, such as we are experiencing today, that instead of butchering some of our educational programs we should do what some of the smaller countries of northern Europe did in the last century and, indeed, in this century as well. Instead of slashing educational grants, more help, both quantitatively and qualitatively, should be afforded to education at all levels. I regret that this is one of the items that was omitted from the Speech from the Throne. There is a passing reference to the need for technical training, but the problems of education at the moment are inseparable from the economic programs and, in particular, from the problem of unemployment. The little country of Denmark in the nineteenth century did not become one of the most progressive and prosperous countries in the world—which it still is—by cutting down on education and other social measures. Nor did New Zealand—half-way around the world from Denmark—create in less than 100 years one of the highest standards of living anywhere on earth by cutting social welfare programs.

In recent weeks we have been horrified by televised pictures of starving children in Ethiopia. I think that that situation shows outright hyprocrisy, because all the world knew years ago that there were millions of starving children not only in Ethiopia but in other parts of Africa, particularly in the Horn of Africa, who were starving and dying every day. It takes five minutes on a television program for everybody to get exercised. God knows I am not opposed to the help we are giving, but it simply is not enough, nor is it organized well enough. That organization should have been attended to four or five years ago when these crises in other parts of Africa, not only in Ethiopia, came about. That is when the organization should have been set up. The point I want to make, honourable senators, is that it should not have required five minutes of traumatic—and that is what it was—TV coverage to galvanize the more affluent parts of the world into action.

• (1510)

Honourable senators, I realize that what I am about to say is capable of serious distortion and misrepresentation, so I will choose my words as carefully as I can. If we, in the more prosperous countries of the world, which include Canada, are going to deprive Third World countries of the right and the means to practise family planning—and I am not including abortion in the term "family planning"—then we must assume the responsibility for such frightful conditions as exist today in more than half the countries of the world. The conditions I am talking about result in millions of children starving and dying agonizing deaths from deficiencies of one kind or another. Millions of children are abysmally hungry and cold.

Honourable senators, I do not want to be melodramatic about this, but surely we have to be horrified at the conditions which exist in over half the countries of the world right at this moment. If we are going to prevent or discourage those countries from trying to plan their population growth in a proportion equivalent to their economic growth, then we have, morally, no choice but to assume responsibility for the feeding, clothing and education of those children, no matter what country they live in. We cannot escape that responsibility.

In recent years, we have become more concerned about the abuse, especially the sexual abuse, of women and children. Nobody in his right senses would deny the need for action in those matters. This problem is not something that has suddenly emerged during the past two or three years; it is something that has simply become more evident. There is no doubt in my mind that we must do more than we have done to protect our women and especially our children from, for example, the brutality of sexual perverts.

In our legitimate endeavours to curtail the blight in our culture of violent pornography—and nobody would support those endeavours more strongly than I do—we must remind ourselves that there are those who are not so much concerned, no matter what they say, about protecting our children or our battered wives, as they are about taking it on themselves to dictate to you and to me what we should read, what we should say and what we should look at.

The ancestors of perhaps all of us here in this chamber this afternoon fought and, in some cases, were imprisoned or executed because they asserted the right to say and do those things which they felt free men and free women should be entitled to do as long as asserting those rights did not interfere with the rights of others. Honourable senators will remember

the old adage that says that I have the right to swing my arm, but that that right ceases before your nose begins.

Honourable senators, let me give you just one example of this. For a number of years in my life, I lectured in English at university. During that time I met many professors of English. I have never polled 1,000 of them, but I am left with the impression that, if we were to poll 1,000 professors of English literature—and I am speaking of those of the English-speaking world—as to what were the greatest three or four novels of this century, my own conviction is that the most votes would go to the following three or four books. One would be *Lady Chatterley's Lover* by D.H. Lawrence; another would be *Ulysses* by James Joyce; another would be the more modern novel, *Catcher in the Rye* by J.D. Salinger—still not made available by some universities on this continent; and the fourth one, a lesser known novel, would be *Tales of Hecate County* by the greatest literary critic of our century, Edmund Wilson.

What do those four novels have in common? They were all banned for decades. You could not get those books in Canada. I, and hundreds of others lecturing in English to adult students—young men and women in their twenties and in some cases older—could not discuss the effect of James Joyce's tremendous novel, *Ulysses*—one day in the life of one man—because they had not read it. It was not until 20 years after those books were published, or after they had tried to have them published, that you and I could read them. There are probably parts of Canada and, certainly, parts of the so-called civilized world where you still cannot read those books. They are not allowed to be sold there, and people can be imprisoned for so doing.

What was the objection to these novels? The objection was that they were "pornographic." Honourable senators, that is a word you could use for almost anything. Those books, I say, are not pornographic.

Just before today's sitting commenced, I was looking at yesterday's Ottawa *Citizen* where I noticed an article which said that Argentines flocked to watch banned films. Which films are those? One is "Last Tango in Paris," which has Marlon Brando starring in the lead role, and the other is "A Clockwork Orange." The latter film centres around one facet of life in London in the 1960s, I believe. Until this week, no one in Argentina—which has a population of what must be 40 or 50 million people—had ever seen those films because someone had decided they were not fit to be seen; they were contaminated; they were corrupt.

• (1520)

Honourable senators, I saw "Last Tango in Paris"—as a matter of fact, my wife and I saw it in Paris. I also saw Kubrick's "A Clockwork Orange"—coincidentally, in London, the very heart of the district wherein the events of the film took place. My wife and I found parts of those films distasteful and, perhaps, a little objectionable, but that does not give us the right to stop anyone else from seeing them. Some people in the world would now like to assume that right. Mr. Gerry Falwell would take it upon himself to decide that I should not see films such as those.

Honourable senators, I say that we have to be on our guard against those who go beyond claiming the right to protect our women and children. We all have that right—indeed, that responsibility—but we must be on our guard against those who are not satisfied with exercising that right alone, but who also wish to tell all of us what we can read, what we can look at and what we can say. Once again, the old but ever valuable cliché is applicable, particularly at a time when we are all concerned about violence, especially perverted sexual violence. It has never been more important for us to remember that the price of freedom is eternal vigilance. Thank you.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the most encouraging thing I can say at the present time is that I will not be too lengthy. I beg your indulgence and your endurance, and I will try to divest myself of a few words in speaking on this motion for an Address in reply to the Speech from the Throne.

I should first like to thank Senator Rowe for his kind comments. Whenever he mentions the fact that I was Minister of Finance for the province of Newfoundland, I feel even more warmly towards the Senate. The atmosphere in this chamber is quite different from that in other chambers, and the responsibilities and problems are not quite as onerous.

I should like to congratulate the mover and the seconder of the Address in this chamber. The two speakers who were selected were admirable choices.

My friend, the Honourable Senator Macquarrie, was in fine form, as usual. He once again regaled the chamber with the wit and wisdom which we have come to expect from him.

I first had the extreme good fortune to hear Senator Macquarrie in action at a St. John's East Progressive Conservative meeting back in the late 1960s. As I listened to him speak, I was in awe of his easy eloquence and envious of his depth of knowledge. In this regard, honourable senators, nothing has changed. I am still in awe of his eloquence and envious of his great knowledge.

The seconder of this motion for an Address in reply, the Honourable Senator Tremblay, is another colleague whom I have known for some years in his previous capacity as Deputy Minister of Intergovernmental Affairs for the Province of Quebec.

In fact, Senator Tremblay's tenure as deputy minister of that department coincides almost exactly with my own length of service in the cabinet of Newfoundland. I think we started in the same year, 1971. Senator Tremblay moved on to another incarnation in 1977. It took me a full two years more—to 1979—to retire from the provincial field. I elected not to seek to be re-elected.

During the years we served our respective governments, we had many occasions to work together. I admired him then, as I do now. I need hardly say, honourable senators, that I was extremely pleased to meet him outside the chamber on the day we were sworn in. It was comforting, indeed, to know that his experience and talents in intergovernmental affairs would still be available to the people of Canada.

I should add, honourable senators, that Senator Macquarrie was also inducted into the Senate on that same day, and, although modesty forbids my saying that that was a great day for Canada, I must admit that at least some members of our respective immediate families seem to think that this was the case.

May I also, honourable senators, take this opportunity to offer my congratulations and best wishes to another old friend who has risen to a well-deserved place of pride and prominence in this upper house of the Parliament of Canada.

I have known Senator Charbonneau for as many years as I have been a member of this party. I will long remember his valued assistance to me and my provincial colleagues in Newfoundland when prospects were dim and aid and encouragement were very scarce, indeed.

Senator Charbonneau was a gentleman then, and he is a gentleman now. I know he will fill his high office with dignity and distinction. I wish him well for many years to come.

I should like to add at this time, as well, a word of thanks and congratulations to Senator Charbonneau's predecessor, Senator Riel.

Senator Riel's tenure of office was overtaken by events over which he had no control. While I cannot say with any sincerity that I am sorry these events took place, I nevertheless do feel a sense of loss at Senator Riel's rather abrupt departure from office.

He showed a great deal of understanding of the role of the Speaker of the Senate, and was well on his way, I think, to raising the profile of the position of Speaker in this chamber. I feel certain that Senator Charbonneau can count on the advice and assistance of his predecessor as we proceed with the business of this place during the coming years.

As I offer my best wishes and support to my new leader in this chamber—who had the uncommon good sense to avoid listening to me; he has departed this place with a flock of his brethren—I am deeply conscious of the huge responsibility he has undertaken in filling the large shoes left vacant by Senator Flynn.

As has been pointed out, Senator Flynn has had and continues to have one of the most distinguished careers in the Parliament of our country—a career spanning both houses, several governments and many important positions.

Senator Roblin, his successor, is one of the few people with the experience and ability to assume Senator Flynn's mantle. After a distinguished career leading to the highest elective office in his province, Senator Roblin continues to serve his country well in the nation's Parliament. In congratulating Senator Roblin, I am fully aware of my own inadequacies as I take up my new job, and I beg the indulgence of my colleagues on both sides of the Senate while I learn the ropes, the intricacies and the parliamentary niceties that are necessarily part of this position.

Honourable senators, I will not refer to Senator John M. as a "father figure." As a fellow-islander, albeit from a far greater island, I know how sensitive these young fellows can be. I simply thank him for his many years of devoted service and look forward to working with him for many years into the future. His successor as whip, yet another distinguished islander from yet a third island off the east coast, has, at last, been given an opportunity to exercise the tact and patience for which he has become so famous during his many years on this Hill.

As I welcome Senator MacEachen to this place, I congratulate him sincerely on his appointment as Leader of Her Majesty's Loyal Opposition, and hope he retains the good health and patient endurance to serve his party and his country for many long and exciting years in that position. Honourable senators, I can think of no one with the ability and the qualifications to fill the job of Leader of the Opposition as well as Senator MacEachen. We are indebted to him for having taken on the job, and we hope he keeps it well into the indefinite future.

Senator MacEachen has, however, one great advantage which his counterpart on this side does not have—namely, a learned, experienced, competent deputy. We have all grown to admire and respect Senator Frith, and I am sure he will be every bit as successful in his new role as he was in the past. That is just a small vote of thanks for his not using the rule book yet. We have an accord.

Honourable senators, I should also take advantage of this opportunity to welcome the new senators to this chamber. I realize that many of our new colleagues are experienced parliamentarians from the other place. Others have distinguished themselves in other careers. I congratulate them on their appointments and on their timing. It was almost as excellent as my own. But regardless of background, I sincerely hope that each of the new members will come to enjoy and respect the Senate of Canada as I have during my brief five years here.

● (1530)

As I offered my welcome and congratulations, I almost passed over a fellow Newfoundlander and great Canadian who has worked hard and well in this chamber for many years in his position as Whip of the Liberal Party in this place. Except for that short interlude in 1979, Senator Petten has not had an opportunity to sample adequately the vantage point of an opposition senator. I am sure that he will not enjoy it any more than I did. I can only tell him that my respect and admiration for him will in no way be diminished by his change of address. I look forward with great anticipation to the arrival of some further colleagues to fill empty seats on this side of the chamber.

Some Hon. Senators: Oh, oh.

Senator Doody: Some honourable senators are getting restless. It is time to throw the herrings. I believe that the work of the Senate and of Parliament generally would be enhanced by a more even distribution of numbers in this house. The effort it now takes to man committees adequately and to have full and fair representation from the government party on our committees is an extremely difficult one, and I should like to apologize

to my colleagues on this side of the house if they find their workload to be both oppressive and excessive at this point. However, I repeat that we hope that some of the empty seats will soon be filled, and we shall then be in a position to spread the load more equitably.

When speaking of the necessity of increasing the numbers on this side of the house, I do so with some misgiving. Although it is necessary to increase the size of the Progressive Conservative representation, it is necessary at the same time to think of preserving this last stronghold of the Liberal Party in our country.

An Hon. Senator: Bless you!

Senator Doody: There is, as has been pointed out, no other legislative chamber in which that once great Liberal Party holds a majority, and while they get on with the difficult if not impossible task of rebuilding the party, it may very well be that the Liberal Party membership will play a crucial role in retaining at least the standing of official opposition by the party both in Ottawa and also perhaps in some of the provinces. It would be unfortunate indeed if the socialist party were to be given any greater role in the affairs of our country than it has at present.

Some Hon. Senators: Hear, hear.

Senator Doody: There are a number of reasons for my feeling that way, not the least of which being their stated desire to abolish the Senate.

Some Hon. Senators: Hear, hear.

Senator Doody: That is one of the major differences between the two socialist parties in Canada. My colleagues opposite believe in retaining the Senate.

Hon. M. Lorne Bonnell: The leader is back. You had better be careful.

Senator Doody: Are you going to participate today, Senator Bonnell?

Senator Bonnell: Just tell him to be careful.

Senator Doody: We have learned the discipline of power already. I am sure honourable senators will understand if I express some joy in the long-awaited establishment of a Progressive Conservative majority government in our country. It was a long time coming, but when it did so, it came with a resounding endorsement from every province and territory in this country. Even in the great Liberal bastion of Newfoundland, the province for which I had the delightful responsibility as campaign chairman, the seat of Burin-St. Georges, for long the personal fief of my good friend, the Honourable Don Jamieson, fell for the first time since Confederation. There was dancing in the streets of St. John's. Bonavista-Trinity Conception is now a Progressive Conservative riding for the first time since 1968. And so it goes all across the country. The mandate for change was delivered loud and clear; and, honourable senators, this government has taken up the challenge, as has been demonstrated by the message in the gracious Throne Speech and, more recently, in the well-reasoned, very necessary financial statement delivered in the other place by the Honourable Michael Wilson, Minister of Finance.

Hon. Raymond J. Perrault: He has a violin accompaniment.

Hon. Royce Frith (Deputy Leader of the Opposition): Do I hear a waltz?

Senator Doody: I can understand the difficulty that honourable senators are having. They are not experienced in having to listen to this type of speech. They have always sat and delivered. Let this be the first of well-intentioned and good humoured opportunities to bring them gracefully into an experience of being an opposition party. It is not a pleasant situation, but they must learn to grin and bear it; and I am being as pleasant about it as I possibly can. If you want to call for a recount—

Senator Frith: Not here we don't.

Senator Doody: Now, which province was I working on—

Senator Perrault: They are all suffering the same.

Senator Frith: They are all at the dance in St. John's.

Senator Doody: Perhaps we should send them pictures of honourable senators opposite, just to show them what they wrought. One of the many delightful messages given to Canadians in the Speech read by Her Excellency was the notice of a new era of national reconciliation, of economic renewal and social justice. The promise of a renewed federalism, of a reborn, co-operative federalism, is a welcome one indeed to all Canadians, but, more importantly, to those who reside in the less developed or have-not provinces. The anticipation of a quick and equitable settlement to the offshore question between the Government of Canada and the Province of Newfoundland is one that is awaited eagerly by the people of my province.

Honourable senators, it has been a long time since the economic fortunes of my province have been at such a low ebb; certainly not in my memory and perhaps not in that of anyone who has lived in Newfoundland since Confederation. I am not suggesting that the lack of resolution of the offshore problem is the sum and substance of the economic ills of Newfoundland and Labrador. I might be bold enough to suggest that a renewed effort to restructure, revitalize and renew the fishing industry may be even more important than the resolution of the offshore question. However, at the present time, the promise of a resolution of that festering sore will ensure my fellow Newfoundlanders that there is at least a place for them in Confederation, that they are Canadians of equal standing and stature, and that they do indeed have a place in Canada's future.

Another important and perhaps vital step toward the continuation of the Confederation of Canada is the commitment to bring Quebec into the constitutional accord and to work with the government of that province, no matter what its political stripe, toward a new place for that province within our country. I am struck by the promptness of this new administration in recognizing problem areas in the structure of our institutions. I note the immediate establishment of a task

force on House of Commons reform, structured with a view to making the role of private members of that respected house more meaningful in terms of their responsibilities to their constituents and to the people of Canada as a whole. I dare to hope, honourable senators, as that task force concludes—under, I might add, the capable chairmanship of that prominent parliamentarian, the Honourable James McGrath of St. John's East—

An Hon. Senator: Another islander.

Senator Doody: —that the Government of Canada, as well as the governments of the provinces, might see fit to start the process through which the reform of this institution in which we now sit can take place.

The concern expressed by the Mulroney administration with regard to child care in Canada is welcomed, and I would hope to see that important part of our social system—a great social welfare system, I might add—reinforced and enhanced. The government's commitment, above all, to rehabilitating the economy of Canada is welcome indeed. The proposal to hold a national economic summit involving government, business, labour and consumer groups, concerning Canadians generally, is a most welcome expression of intent. That expression in the gracious Throne Speech was reinforced dramatically by the magnificent financial statement in the House of Commons by the Honourable Minister of Finance. The demonstrated intent to reduce the deficit, to simplify the taxation system, and to enhance generally the economic climate in Canada will undoubtedly spur investor confidence in our country and start the so badly needed job opportunity process that our country has long awaited.

The government's concern with the defence of Canada and its NATO commitment has been expressed forcibly and is welcomed by all Canadians.

I note also the intention of the Solicitor General's department to tighten early prison release and introduce administrative measures the better to protect the public and police. Surely this is a matter which in recent years has concerned Canadians in increasing numbers, and early action in this sphere will be welcomed.

Honourable senators, I would be remiss if I did not mention my keen satisfaction in noting that the Government of Canada, through the agency of the Minister of Energy, Mines and Resources, is commissioning a study into the purchase of Petrofina. Honourable senators will recall that time after time, after time the then government representatives in this chamber were questioned by me and by others for details on the acquisition of Petrofina by Petro Canada. They were asked to explain why a seemingly inflated price was paid for those shares, a price inflated far beyond their current market value. We asked for copies of the report or study which was done and which reputedly justified the purchase at that price. No answers were forthcoming and no report was forthcoming. I would hope that this study commissioned by the minister gets under way quickly and reports back through Parliament to the people as to why this price was paid. It is a matter involving public funds and the public has a right to know.

• (1540)

Senator Frith: You might report on those job figures at the same time.

Senator Doody: In the same vein, I welcome the offering for sale of crown corporations. I have long felt that there are areas where government is not needed at all, or, at any rate, is no longer needed. I welcome the news from the Honourable Sinclair Stevens that certain crown corporations are being offered for sale, and the possibility is that further crown corporations will follow them on the auction block. This is not a fire sale. It is not a give-away. It is a reasonable transfer of business responsibilities to the business sector with a helpful addition to the revenues of our national treasury which so obviously is desperately in need of an infusion of funds.

Hon. D. G. Steuart: How do you know? No one has offered to buy them.

Senator Doody: Oh ye of little faith.

Senator Steuart: Oh ye of great experience.

Senator Doody: Yes, and look at you. I also take heart from the work being done on the disastrous national energy policy. It is welcome news, particularly to the west but, indeed, to all of Canada, that a rationalization of this disaster is being undertaken.

Honourable senators, let me say in conclusion that I welcome the initiatives taken by the new administration. The challenge is great. I am delighted with the speed with which the government has moved to take steps to correct the problems, or at least to face them. I look forward to a revitalized economy with the resultant job opportunitites so vital for the social and financial wellbeing of the people of my province and, indeed, of all of the Canada. I thank you for your tolerance and forbearance.

On motion of Senator Argue, debate adjourned.

COMMITTEE OF SELECTION

FIRST REPORT OF COMMITTEE ADOPTED

On the order:

Consideration of the First Report of the Committee of Selection—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, I move that the report be now adopted.

Motion agreed to and report adopted.

SECOND REPORT OF COMMITTEE ADOPTED

On the Order:

Consideration of the Second Report of the Committee of Selection—(*Honourable Senator Phillips*)

Hon. Orville H. Phillips: Honourable senators, I move that the report be now adopted.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not intend to speak about this resolution, but I missed the opportunity to speak on the first one, which refers to the motion making you, Your Honour, the Speaker *pro tempore* in this house. I would feel that I had neglected my duty and had thwarted my pleasure if I did not ask the consent of the Senate to add a word of congratulations to you on your appointment. We are all delighted to see you in the Chair.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Opposition): As honourable senators and Your Honour may have observed from the customary method of demonstrating our enthusiasm in this place, we echo the remarks made by the Leader of the Government, welcome you as our Speaker *pro tempore*, and congratulate you and tell you how glad we are that you are in that well-earned position.

The Hon. the Speaker *pro tempore:* I thank honourable senators for this vote of confidence and assure them that I will do my best to serve the interests of the Senate.

[*Translation*]

The Hon. the Speaker *pro tempore:* I wish to thank all honourable senators for the trust they have placed in me, and I can assure them that I shall do everything I can to perform my new duties responsibly and efficiently.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 15, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ADJOURNMENT

Hon. C. William Doody (Acting Leader of the Government), with leave of the Senate and notwithstanding rules 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, November 20, 1984, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

INDIA—DETENTION OF CANADIAN NATIONAL

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to bring to the attention of the Senate the case of Jonathan Mann, a Canadian journalist who has been arrested and incarcerated in India while in pursuit of his work of informing the Canadian public on the situation in Punjab State. In this respect, a number of questions are justified.

In view of the insensitivity of the government to the issues involved, and the ineffectual and passive role of the Secretary of State for External Affairs, my first question to the Acting Leader of the Government is as follows: In spite of the minister's original refusal to press for the early release of Mr. Mann, will the government now reconsider that position and call in the High Commissioner for India in Canada, press him for the early release of Mr. Mann and also request that treatment as favourable as that accorded nationals of other countries be accorded Canadian citizens in India?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, without accepting the substance of the preamble, as was the tradition of my predecessors on this side of the house, I certainly will refer the question to the appropriate department and obtain an answer for the honourable senator.

Senator MacEachen: I thank the acting leader for his undertaking to provide further information, but I can advise him that I have been informed that up to the present the Indian High Commissioner in Canada has not been approached by the Secretary of State for External Affairs with respect to this case. I believe that it really calls out for an explanation as to why the matter has been left to drift and why there is such neglect.

There is a second question arising from what I consider to be the incomprehensible attitude of the Secretary of State for External Affairs in this particular case. Mr. Clark is reported as saying as follows, referring to Mr. Mann: "The problem with Mr. Mann is that he broke Indian law and he must be treated like all people who break the law." I should like to know from the acting leader why the Secretary of State for External Affairs so seriously prejudiced Mr. Mann's case by condemning him before any hearing.

Some Hon. Senators: Hear, hear.

Senator MacEachen: Why condemn him when he is responsible for looking after his interests? What has happened to the principles of natural justice? Will the government even at this date—

Hon. Raymond J. Perrault: Shocking!

Senator MacEachen: —take some steps to repair the damage inflicted upon Mr. Mann by the Secretary of State for External Affairs?

Senator Doody: Honourable senators, in undertaking to obtain the information for the honourable gentleman, I should like to mention my recollection of the unfortunate incident. I understood that a fellow Canadian journalist, a lady who had accompanied Mr. Mann on that trip, admitted that they were in violation of certain edicts and restrictions that had been laid down by the Indian government. Be that as it may, I shall nevertheless pass on the request—

Hon. Royce Frith (Deputy Leader of the Opposition): She was not before an Indian court when she said that.

Hon. Jacques Flynn: We know she is not a witness. Don't be so stupid.

Senator Frith: Exactly. The minister constituted himself the court and decided to treat this as a legal admission.

Senator Perrault: It is more serious than that.

Senator Doody: As soon as the honourable gentlemen opposite restrain themselves, I shall finish my brief comment.

Senator Frith: And your side, too.

Senator Doody: I should take advantage of this opportunity to congratulate the Honourable the Leader of the Opposition on breaking the security blanket that surrounds the Senate in

getting the substance of his speech in the local and national press. It is quite a step forward for this chamber.

Some Hon. Senators: Hear, hear.

Senator Doody: Having said that, I shall undertake to find out what I can about the problem as enunciated by the honourable gentleman.

Senator MacEachen: I thank the acting leader for mentioning the breaking of the security blanket. With his co-operation, and with some information from him from time to time, we may be able to do it in the future as well.

The acting leader referred to the case of another Canadian journalist who made some comments about Mr. Mann's situation. What I should like to know from the government is whether they have made any representations or whether they will make representations to the Indian authorities, perhaps along the lines of those made in the case of a Swedish citizen who was apprehended and released very quickly with a warning, and ascertain why similar treatment was not accorded the Canadian journalist. Would the acting leader make a point of making a comparison between the two situations?

While I am on my feet, honourable senators, I should like to raise a couple of other questions. In view of the comments that were made by Jacques Abouchard, a French journalist, who was arrested in Afghanistan, spent some time in prison and was then released as a result of the representations of the French government, why is it that our government is incapable of doing something much less than was done for a French national by his government? He himself said, "It is a good thing my government did not react in the same way as the Canadian government, because I probably would still be in prison in Kabul." He further said today, on French television, that he was glad he was not a Canadian.

• (1410)

Senator Perrault: That is unbelievable.

Senator MacEachen: I am informed also, honourable senators, that this morning in Washington—and that will impress this government—the Foreign Correspondents' Association has criticized the Government of Canada for not taking action and has particularly criticized Mr. Clark for condemning this journalist without any hearing.

I would ask the Acting Leader of the Government, when he is talking to his colleagues in the government, when he is trying to get some action from Mr. Clark, that he also remind him of the necessity of taking some action to repair the damage to the image of Canada resulting from the rather ineffectual performance by the government in this instance.

Some Hon. Senators: Hear, hear.

Senator Doody: Honourable senators, I shall certainly try to separate the concern from the rhetoric and pass the concern on to the appropriate official.

Hon. Philippe Deane Gigantès: Honourable senators, 50 years ago to this day, I suffered the same thing that Mr. Mann is suffering today. The British government defended me even though I was not a British subject. They sent the Deputy High Commissioner to Amritsar to get me out of detention at the same place as Mr. Mann is. Why can't the Canadian government do for a Canadian what the British government did for a foreigner?

Some Hon. Senators: Hear, hear.

BURKINA-FASO—CLOSING OF CANADIAN DIPLOMATIC POST

Hon. Andrew Thompson: Honourable senators, I should like to ask the Acting Leader of the Government a question which I think he would also want to refer to the Secretary of State for External Affairs.

May I say, first, that I am sure all of us in this chamber have great respect for the decency and civility of this minister during some very trying times. Having said that, I think all of us on both sides would recognize that he does have a somewhat great propensity for making rather hasty announcements about such things as moving or closing diplomatic posts. This time around, honourable senators, I am not referring to Tel Aviv.

I should like to know what signal the minister feels Canada is transmitting throughout the whole of the devastated, drought-ridden belt of Africa—and today we are seeing on television so much of the human agony that is taking place throughout that area—by pulling down its flag in a little outpost in one of the poorest countries in the world. I refer to Burkina-Faso which was previously called Upper Volta.

That tiny nation has suffered the most horrible existence from starvation. As a Canadian, I was proud there was an outpost there over which the Canadian flag flew, and through which over $90 million of aid was being transmitted. We know how important it is to have on-the-spot supervision of the aid being given. Indeed, we realize that the minister is trying very hard to ensure that that will take place in Ethiopia.

My question is: What signal is the minister giving by pulling down the Canadian flag in this devastated little nation, and how much is he saving? Can he break the lease of our little outpost? How much are we losing face in Canada by closing down a symbol of hope to the millions who are starving in that area?

Hon. Jacques Flynn: Great speech.

Hon. D. G. Steuart: All true.

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I think we are talking about two different issues: the closing of the posts; and the particular post referred to. This signals an effort by this government to save money where it possibly can in terms of the general restraint program that has been announced. These closings will not seriously affect any of the Canadian programs in effect in these countries. The aid programs will be continued and, hopefully, increased.

We now have a group studying the Ethiopian situation seriously. There are plans to increase the level of aid to that

particular country, which is suffering such ravages at the present time.

Honourable senators, I do not think that Canada, under this government or under the previous government, need be in any way ashamed of its efforts in terms of aid given to the Third World. The problems associated with these particular small posts and embassies are simply ones of economy. In no way do they signify any Canadian intent to diminish interest in these countries at this time.

[*Translation*]

Hon. Pierre De Bané: I want to ask a supplementary question to the Deputy Leader of the Government about one of the embassies which will be closed, namely that of Ouagadougou, the capital of Upper Volta.

Since the government has decided to maintain its cooperation program with Upper Volta, which is one of the benefiting countries under the Canadian program, I cannot understand why that decision was made. The principal mission of our Ouagadougou embassy is to administer the cooperation program.

I would like to know how the Canadian government will save money by administering that cooperation program from Ouagadougou hotel suites rather than from our embassy. If I am not mistaken about the intentions of the government, there will be no cutbacks in the cooperation program.

Will it be cheaper for the government to find accommodation for its officials in hotels instead of in the embassy where they are now?

[*English*]

Senator Doody: Honourable senators, I really have no idea of how or where these people are going to be accommodated. I assume they will be looked after humanely as the Canadian aid programs are administered.

The honourable senator can be assured that the Canadian commitment to aid in these countries will be maintained. I will refer the question to the minister responsible and attempt to get further details for Senator De Bané, just as I will for Senator Thompson, who asked for the actual costing of the close-down. Other than that, I cannot supply information at this point.

IMMIGRATION

ENTRY OF SOVIET REFUGEES—GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Acting Leader of the Government. It concerns a misleading statement made yesterday by a minister in the other place. In answer to a question by Madame Lucie Pépin, the Honourable Flora MacDonald, Minister of Employment and Immigration, said that asylum had not been granted to six Soviet defectors because no requests for asylum had been made. This is false. Officials confirm that—

Some Hon. Senators: Order!

[Senator Doody.]

Senator Gigantès: —requests were made and were refused by this government.

Will the Acting Leader of the Government tell this house whether the Minister of Employment and Immigration remembered that she had refused these requests? Had she forgotten them? Is the matter of the lives of six people of so small import that it can be forgotten, or did another minister take this decision, bypassing Miss MacDonald's authority and responsibility to make it?

If that is not the case, could the acting leader find out for us whether the Minister of Employment and Immigration had failed to refresh her memory by consulting her officials? Was it that she wanted to hide from the Canadian people a cruel decision—

Hon. C. William Doody (Acting Leader of the Government): On a point of order—

Senator Gigantès: —not to grant asylum to six young people?

Hon. Orville H. Phillips: Sit down, you idiot.

Senator Doody: Honourable senators, I have to protest that particular type of question and the way in which it is phrased. Honourable ladies and gentlemen with any parliamentary experience know that it is completely unacceptable to question the motives or sincerity of a minister, or to say that a minister or member deliberately misled the house. That is just not acceptable. If it had been done in the other place, a point of privilege would have been raised immediately.

Honourable senators, I have every intention of being as co-operative as possible in efforts to obtain information, but I really cannot be expected to sit here and listen to that kind of abuse heaped upon a minister of the Crown.

Senator Gigantès: Would the Acting Leader of the Government then ask the minister to tell us why it was that, by her statement, she, in effect, hid from the Canadian people a cruel decision, that of refusing asylum to six young men who were trying to flee cruelty and get to freedom?

• (1420)

Senator Doody: I find myself in a difficult position. I appreciate the fact that the honourable senator may not be familiar with the decorum and deportment customary in a parliamentary forum, but I also appreciate the point he is trying to make. I will make some inquiries along the lines he suggests. However, I must go on record as deploring the form of the question and the language used in asking it.

Hon. Jacques Flynn: He doesn't know better.

Senator Gigantès: Honourable senators, as a supplementary, I do not believe that matters of decorum can take precedence over a matter concerning six people who wanted to come to Canada to save their lives. Since the Acting Leader of the Government does not want me to refer to ministers, perhaps he will be able to tell me why members of his party in the other house hooted and snickered when the minister gave her answer regarding the refusal to allow those people into Canada when

they needed asylum. Do his colleagues in the other house believe that the lives of six young people are a laughing matter, or were they laughing because they had been left in the dark by the government and did not know the facts of the case?

Some Hon. Senators: Hear, hear.

Senator Flynn: You will have loved that.

Hon. Royce Frith (Deputy Leader of the Opposition): I will applaud when we get an answer.

RESTAURANT OF PARLIAMENT

AVAILABILITY OF FRENCH APPLES

Hon. Raymond J. Perrault: Honourable senators, I am holding in my hand an apple. It is not a large apple, by Canadian standards. It is not an ostentatious apple by the standards of the Annapolis Valley, the Okanagan Valley or Ontario and Quebec. I do not expect the Acting Leader of the Government to have the answer to my question immediately. Can he inform the house why it is necessary for the parliamentary restaurant to import and sell French apples, as they are clearly marked here, in our parliamentary restaurant when Canadian apples are of world quality? They are in surplus in the Annapolis Valley, in the Okanagan Valley and in Ontario and Quebec. What elusive gourmet qualities do these Continental apples possess to make it necessary to fly or ship them in from France; or are imported apples part of a new parliamentary restaurant regime established since the new government took power?

On behalf of Canadian orchardists, who are having a difficult time these days, I should like an explanation. It is a fair question. Indeed, I know the Acting Leader of the Government would not approve of this practice if indeed it can be demonstrated that it exists. Are we simply apple polishing with foreign countries?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, on behalf of the orchardists in Newfoundland, I will do what I can to respond to that question. My impression—and I stand to be corrected—is that this matter is really not one that is the responsibility of the government and I am uncertain as to which minister this matter should be referred to.

An Hon. Senator: Get your teeth into it.

Senator Doody: Perhaps the honourable senator should think in terms of the Joint Committee on the Restaurant of Parliament, and the Speakers of both houses to whom that committee reports. Perhaps they are in a better position to deal with the honourable senator's distaste for foreign apples—

Senator Perrault: It is not a question of having a distaste for foreign apples or for foreign trade. It is recognition of the fact that orchardists in your part of Canada and mine are having a difficult time at the bank these days. We should buy Canadian apples whenever we can and even attempt to export some to France.

Senator Doody: It is refreshing indeed to realize that the honourable senator recognizes the problems that apple growers have in Newfoundland.

Senator Perrault: And the Atlantic provinces—Nova Scotia.

Senator Doody: However, I believe the matter should be referred to the committee that deals with the parliamentary restaurant.

ENERGY

PETROLEUM INCENTIVE PROGRAM—REDUCTION IN GRANTS

Hon. D. G. Steuart: Honourable senators, I should like to direct a question to the Acting Leader of the Government. I am aware that he is not a member of the cabinet, and I hope that he will be able to provide us with better answers than his colleague, the Leader of the Government, who is a member of the cabinet. I sometimes wonder if the Leader of the Government attends cabinet meetings. My question deals with a subject that is close to the heart of everyone in Atlantic Canada, western Canada and northern Canada. I refer to the oil industry. The Minister of Finance announced that there would be cuts in the Petroleum Incentive Program, PIP, to the tune of $250 million. Is this a real cut or does it amount to smoke and mirrors, to the effect that, if resource development does not increase over last year, this cut will take place, whereas if it does increase, this cut will not take place? If an increase in exploration takes place, will the government still cut $250 million out of this program? I am told by the oil industry that if there is more research and development in western Canada and the Atlantic provinces, the cut will not happen and that the government will have to pay out the $250 million. Is this cut real or illusionary?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, the intent of saving that amount of money was announced by the Minister of Finance in his statement. Therefore, I assume that the intention is to cut that much money from the Petroleum Incentive Program. Whether regulations, rules, laws, statutes or what-have-you have to be changed to achieve that end, I cannot say at this point. I can only tell you what was in the statement and that it is the intention of the government to save that amount of money in the Petroleum Incentive Program.

Senator Steuart: I have before me an article written by Thomas Walkom, which reads, in part:

> Mr. Wilson said he will cut $250-million from petroleum incentive program grants made to oil companies. Industry sources scoff at this, noting that PIP grants are still tied automatically to the level of petroleum exploration. All that has been cut, they say, is the oil industry's estimate of how much it plans to explore. If exploration increases again, so will the PIP grants and the saving will disappear.

Will this in fact happen, in spite of the promise made in Prince Albert that the oil industry, along with other industries, will step up exploration, with the election of a Conservative

government? Just as we had "jobs, jobs, jobs" promised in Prince Albert, does the government now think that exploration will not increase, and it has, therefore, made this cut which, in fact, is not a cut?

Hon. Royce Frith (Deputy Leader of the Opposition): Flim-flam.

Senator Doody: I appreciate the honourable gentleman's reading the newspaper clipping for us. It is helpful, but I can only repeat what I said earlier, that the intention of the government is to save that money. This intention has been enunciated loudly and clearly, and I can only assume that the government has every intention of fulfilling that commitment to save that money from the PIP grants. I cannot give any detail as to how this is to be done, but I can certainly pass the inquiry on to the appropriate minister in an attempt to get more detail for the honourable gentleman.

Senator Steuart: I am surprised that the honourable senator does not know. It looks as though some of the cuts will affect Atlantic Canada, western Canada and northern Canada but not central Canada. If oil exploration increases—which was a promise of the Tory party made while in opposition and during the election—will $250 million be cut from the program, or if activity in the program increases, which is our hope, will the government have to pay out that amount automatically? Has there been a change in the program, or is this just another illusion?

Senator Doody: As I said the first time I stood up—

Hon. Jacques Flynn: For the third time!

Senator Steuart: It takes at least three times before you can understand anything—in either language!

Senator Doody: I don't want to interrupt. You guys go right ahead.

Senator Flynn: You don't know what you are saying, so don't bother me.

Senator Steuart: You have been shoved aside, and it is a good thing. Now we can get some answers.

Senator Doody: I want to tell Senator Steuart that the first time I attempted to reply I told him that the intention of the government was to save the amount of money that has been mentioned. Whether it takes a change in the regulations, programs, specifications or law remains to be seen. Perhaps we had better wait for a budget or another statement. I do not have the details here. I simply understand the intentions, which were just as clearly read to me as they were read to the honourable senator.

Senator Steuart: But you will obtain an answer?

Senator Doody: I will certainly try, which is what I said five or six minutes ago.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, on this point, if it is the intention of the government, as the Acting Leader states, to achieve real savings through real cuts of $250 million, will he confirm that if there are, for example, applications for exploration on the coast of Nova Scotia, the government will turn down those applications in order to save this $250 million and deny those companies an opportunity to explore off the Atlantic coast?

• (1430)

Senator Doody: I can neither confirm nor deny that but will seek the information my honourable friend seeks.

Senator MacEachen: The Acting Leader cannot tell us in one breath that the intention is to achieve real savings, and then in the next breath say that he cannot confirm that there are to be real savings.

Senator Doody: I told the honourable gentleman earlier, and I repeat, I cannot answer in specifics with respect to how that achievement is to be attained. I can simply reinforce the desire of the government to save that amount of money in that program.

FOREIGN AFFAIRS

ORGANIZATION OF AMERICAN STATES—GOVERNMENT POLICY

Hon. Andrew Thompson: Honourable senators, in the interest of economy, since the Acting Leader of the Government in the Senate is sending a number of requests for information to the Secretary of State for External Affairs, perhaps I could ask him to include one more. My question is with respect to what was a rather puzzling announcement made by the minister when he first went to New York after taking office. I quote remarks made by the minister at a press conference which took place in New York. He said:

> The position of the party is that we should look very favorably upon joining the OAS. That . . . is not news. That was the position of the party . . .

He is referring there to your great party, the Conservative Party.

Hon. C. William Doody (Acting Leader of the Government): A great national party.

Senator Thompson: The quotation continues:

> That was the position of the party through the election campaign and nothing has happened to cause us to change that view.

I wonder if the government has taken into consideration that it will cost some $8 million to join OAS. There may even be other reasons why the government would not want to join the organization immediately. As we all know, Canada has an observer position in the Washington headquarters of OAS. Perhaps we felt that was a useful position to be in when we saw such events as the Falkland Islands crisis and other disputes arise within the organization itself.

I ask the acting leader if he could clarify for us whether or not Mr. Clark's statement represents the official position of the Conservative Party. Also, is it the official position of this government?

Senator Doody: Honourable senators, the honourable gentleman has obviously quoted the words of the minister responsible. Thus, he is in possession of the same information as I am at this point. I have no doubt that that very civil and trustworthy minister was explaining the facts exactly as they are. I have no reason to tell the honourable senator that it is an incorrect statement.

Senator Thompson: What I am concerned about is whether or not the statement from which I have quoted represents the position of the Government of Canada. I would like to have that point clarified.

Senator Doody: We can accept the fact that if a minister makes a statement he is speaking for and on behalf of the government. If there is a change in the position later on, I have no reason to believe that the minister, or some other minister, will not make a statement in that regard. I am obviously not in a position to contradict. Although I am not a member, I am a very fervent admirer and supporter of the government. Through some oversight I was not included in its formation!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to raise a point with respect to the Organization of American States. Senator Thompson has raised a very good point and I understand what the acting leader has said in reply. Can I ask him if at a later sitting of this house he will tell us whether or not the government has considered the question of Canadian membership in the Organization of American States and whether, having considered it, it has taken the decision to join or not to join? Can we have confirmation of the present situation, which is observer status in the Organization of American States? It is a question of information, and not of debate. I would like to know whether the government has considered this matter since it took office, and whether it has decided yes or no.

Senator Doody: I think I am safe in saying that the government has considered and is still considering the question, just as my friend across the way undoubtedly considered the question on many occasions over the past number of years. However, whether a decision has yet been made, I am really not in a position to inform honourable senators, but I shall certainly try to obtain the information as soon as it becomes available.

RULES OF THE SENATE

RULE 20—ORAL QUESTIONS—SUGGESTED AMENDMENT

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate, but since he is not in the chamber today I shall put the question to the acting leader.

Yesterday I asked the Leader of the Government if he was prepared to consider discussing with the leadership in the other place the question of appointing parliamentary secretaries from among government supporters in this chamber in order that someone else might respond to questions put by members of the opposition with respect to problems with which the Leader of the Government was not familiar. At that time, he responded that this was a prerogative of the Prime Minister and that he, the Leader of the Government in the Senate, was not prepared to recommend a change in the law at this time.

While I appreciate that my suggestion would involve a great deal of work and perhaps a great deal of parliamentary time to institute, nevertheless I am asking the acting leader whether he is prepared to discuss the matter with his colleague, the Leader of the Government in the Senate. I would point out that there are some changes that could be made to the rules of the Senate which do not entail a great deal of debate or a great deal of work. For example, he might perhaps consider amending rule 20 which deals with the manner in which questions can be put in the Senate. Rule 20(1)(a) states that a question may be put to the Leader of the Government in the Senate; rule 20(1)(b) states that a question may be put to a senator who is a Minister of the Crown, and rule 20(1)(c) states that a question can be put to the chairman of a committee, if it is a question relating to the activities of that committee.

Would the leader consider adding to that rule to provide for some designated persons from amongst government supporters who could speak and would be knowledgeable on certain topics that are of great interest to the Senate, particularly in the areas of energy, agriculture, natural resources and regional economic expansion. I wonder whether the leader would consider designating such spokespersons for these particular areas?

Hon. C. William Doody (Acting Leader of the Government): The honourable member's question raises all sorts of interesting thoughts, such as whether we will get some extra members to fill all of the posts that the honourable member describes.

Hon. Stanley Haidasz: There are five vacancies.

Senator Doody: The Standing Senate Committee on Standing Rules and Orders is the authority in the Senate to consider such a question, and if my honourable friend wishes to refer his question to that body, I see no way in which we can prevent him from doing so, nor indeed would we want to.

I would like to add that, with respect to the section of the rules to which my honourable friend was just referring, I happened to glance over that section a few minutes ago and I must say it contains a number of interesting points. However, I did not raise any of them when the questions were being asked.

Hon. Royce Frith (Deputy Leader of the Opposition): You read them for the first time today; you did not read them when you were on this side of the house?

Senator Doody: That is right. They were of no interest to me when I was on that side.

Senator Bosa: I have a supplementary question. The acting leader is making the suggestion that this matter should be raised in the Standing Senate Committee on Standing Rules and Orders. However, it is the Leader of the Government in the Senate who must respond to that suggestion. There must be the political will to carry through with that suggestion.

Also, the acting leader claims that there are not enough government supporters on his side of the house. As I look across the aisle from here, I see, both in the front benches and elsewhere, senators who are very capable of assuming such responsibilities.

Senator Doody: I must say that I agree with the honourable gentleman. The talent is certainly here. Senator Bosa and Senator Roblin had a good discussion on the topic yesterday, and I see no reason in the world why Senator Roblin and myself should not have an equally good discussion on the same subject tomorrow.

• (1440)

Hon. John M. Godfrey: Would you consider recommending to the Standing Senate Committee on Standing Rules and Orders that the rules of the Senate conform to the realities of the situation, in that there is no provision in rule 20(1)(a) for asking questions of the Deputy Leader of the Government in the Senate, although we always do so.

Senator Doody: I appreciate the comment; I knew that as well as the honourable senator, but this is the first time since 1979 that I have had any adrenalin pumping, so you would not want to deprive me of that.

Senator Frith: That is why you will be referred to in the *Debates of the Senate* as the Acting Leader of the Government.

LIBRARY OF PARLIAMENT
PRINTING OF PARLIAMENT

STANDING JOINT COMMITTEES—MEETINGS

Hon. Orville H. Phillips: Honourable senators, on Tuesday, November 13, 1984 Senator Godfrey inquired as to the last meeting of the Joint Committee on the Library of Parliament and the Joint Committee on the Printing of Parliament.

I am advised that the last meeting of the Joint Committee on the Library of Parliament was held on June 17, 1982, and that the last report of the Joint Committee on the Printing of Parliament was issued on June 21, 1948.

Hon. Jack Marshall: Who was in power then?

CANADA-UNITED STATES RELATIONS

TRADE—NEW APPROACHES—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): I should like to ask another question of the Acting Leader of the Government.

The Speech from the Throne placed a great deal of importance on trade relations with our trading partners, particularly the United States. I, of course, applaud that emphasis.

The Speech from the Throne went on to say that the Government of Canada is actively exploring new approaches with the United States in the field of trade. I was struck by the expression "new approaches". Certainly it would not be the creation of a free trade area, because that is not new; it would not be the introduction of sectoral free trade, because that is not new; so I have been very curious to know what the government has in mind.

Would the Acting Leader of the Government in the Senate be good enough to inquire and tell us, when he receives the information precisely what these new approaches are that are under active exploration with the United States?

Hon. C. William Doody (Acting Leader of the Government): I certainly will try to do that.

Hon. Jack Marshall: See how co-operative we are.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the session.—(*Honourable Senator Argue P.C.*)

Hon. Hazen Argue: Honourable senators, as have other senators who have taken part in this debate, I should like to congratulate Senator Roblin on his appointment as Leader of the Government in the Senate. I believe he will conduct himself in this chamber in a very commendable way and will bring a great deal of honour to the Senate and to the government. His deputy has already demonstrated his ability, yesterday and today.

I, too, wish to congratulate His Honour on his having been appointed Speaker of the Senate. We are all aware of his important contribution to this great country over the years and look forward to working with him as Speaker of the Senate.

I want particularly to compliment the Speaker *pro tempore* on his having been appointed to that important post. He and I have been colleagues in both houses of Parliament for a number of years, and I have learned to respect his sincerity, his ability and aggressiveness, and I am sure he will bring sound judgment and a great measure of fairness to that position.

I am also quite pleased that Senator Phillips has been appointed the government whip. I have known Senator Phillips for a long time, and I am sure he will continue to deal with his colleagues in the Senate in his usual fair and open-minded manner.

I congratulate the mover and seconder of the motion for an Address in reply to the Speech of Her Excellency the Governor General. Although the Speech from the Throne lacked many things, their speeches were excellent.

I am happy, on this side of the house, with the leadership that has taken responsibility for the Liberal Party. Our whip and our deputy leader come as no surprise, because both persons are eminently qualified for those positions, but I am not sure that the appointment of our leader was not a surprise; I really did not have any idea who that person might be. I

think that we are lucky on this side of the house; I think the Senate is fortunate; and I think that Canada is fortunate in that the leader of the Liberal Party in the Senate has the breadth, vision, experience and outstanding ability of the Honourable Allan J. MacEachen. I am very pleased to be in the same party and to have him as my leader.

It was announced today that the Minister of State for the Canadian Wheat Board, the Honourable Charles Mayer, has been given the responsibility of dealing with co-operatives and, in particular, the follow-up on the Co-operatives Task Force Report. That is a most welcome announcement.

I was pleased in my time in the cabinet to have been associated rather closely with the co-operative movement in this country, and I worked with the co-operative movement and my colleagues in the cabinet in bringing forward a new energy company, Coenerco, financed and managed jointly by the co-operatives and by the Government of Canada. The company is off to a very good start; it has an excellent balance sheet. I believe its assets are now something over $100 million. That company will grow, and I am sure that it will make a valuable contribution to the oil industry and to consumers.

I was able to bring before the cabinet in those days recommendations for certain changes in existing government legislation. It seemed to me that in our free enterprise system really one of the best kinds of free enterprise is the co-operatives, where many ordinary Canadians band themselves together, dig into their own pockets and put up money to operate particular companies.

I was happy that in that last Parliament the Financial Administration Act was amended so that credit unions could accept government deposits. Credit unions told me then that when Canada Savings Bonds went on sale over two years ago, they immediately lost more than $300 million in deposits. They now tell me that being able to have government deposits is a very good part of their business; that they are getting just about their share of government deposits. They have found that it is a money-making department of their operation. Therefore, I think that that was a move in the right direction.

• (1450)

I was pleased to see that towards the end of the last Parliament we were able to amend the Canadian Wheat Board Act to allow, for the first time, credit unions to supply credit to the Canadian Wheat Board. I think that that is an important step forward.

I understand, as I have said, that the Honourable Mr. Mayer will be responsible for dealing with the task force report on co-operatives. I hope that he will give that report the kind of consideration that it requires. We know, from the actions of the government and from studies undertaken by the former government and others, that this country has many problems for which many of the solutions are not readily available. It seems to me that, in trying to work out new solutions and new initiatives, the co-operative system has a great deal to offer. The task force report on co-operatives made special emphasis on the role that producer co-operatives might play in the future. They asked that special consideration be given to using co-operatives in providing community health services. They felt that the fisheries industry was one where co-operatives might play an enlarged role. They were particularly interested in the question of housing co-operatives and of ensuring that co-operatives had the opportunity to provide the housing needs of many Canadians.

The government has been in office for only a short time. I should like to make some references to the expectations that have been on the minds of Canadians but, particularly, of western Canadians. Western Canada has strongly supported the Conservative Party for a long period of time. In western Canada approximately 80 per cent of the ridings elected Conservatives in the last election. I am certain that people out west particularly were looking to the government to meet the commitments and the promises that had been made. One promise that has not been forthcoming was to provide additional funds for drought assistance. The drought assistance that was paid was $48 per brood cow in the main area of drought and half of that in fringe areas where the drought was less severe. Of course, that program was put in place by Prime Minister Turner and the current government has gone forward with that program. But the expectation out west was for much more. Premier Devine of Saskatchewan said that the federal government should be paying an additional $700 million for drought relief. That is something we have not heard about since. We certainly have not heard of any action by this government. Premier Devine has been strangely silent in prodding this government in the same way as he was prepared to prod the previous administration.

The farmers in the west were told that if they elected a Conservative government the fuel tax would be taken off. It has been announced that the fuel tax has not been taken off on farm fuel but that farmers can make an application for a refund at a later date. The farmers thought they were going to save money when they went to town to purchase their fuel or when it was delivered to their farm, but they did not think that they would have to go cap in hand and keep all of their records and apply for a rebate. They certainly were not fully aware or perhaps even suspicious, although some of us were, that the government would announce that the regime would be going to world oil prices immediately and that that very action would, in fact, take away virtually all of the benefits of the new policy with regard to the tax on farm fuel. That is an illusion and something which has not helped the farmers in the west in any major way.

The government was going to institute measures to remove capital gains on farm land so long as farm land was kept for agricultural purposes. That was a clear commitment. In the economic statement it is not clear that the capital gains tax on farm land will be removed. All it says is that a study will be made and before the study is commenced a government document will be produced dealing with that issue. Some of us who have had experience with government documents know that they can be shaded and weighted one way or the other, and that a government document could, almost by itself, be making

the decision or forecasting the decision that will be made. There is no longer a clear-cut decision to remove capital gains from the sale of farm land.

Another promise that was of major importance, in my judgment, as a result of the election was the clear commitment by Mr. Mazankowski and by Prime Minister Mulroney, who was then Leader of the Opposition, that a newly elected Conservative government would prevent the increase of grain freight rates being in effect this year. In other words, the farmers were told that they would save $60 million on freight rates on grain and that they would not be allowed to increase. They have increased and there is no indication that they are going to be rolled back. That is another indication of where the promises and the commitments have not been fulfilled. As these commitments are repudiated one after the other, the feeling will be prevalent in western Canada that despite the support for the present administration from voters in western Canada, western Canada is being repudiated.

I took a special interest in these matters because my responsibility was for the operation of the Canadian Wheat Board. I believe that history shows that it was a very successful operation that took place over those years. Now I am concerned about the attitude of the present government to the Canadian Wheat Board and to that marketing system and how it functions. There are alarming signs that the Mulroney government may damage the Canadian Wheat Board's effectiveness in exporting Canadian wheat, oats and barley. The new minister, the Honourable Charles Mayer, said that he has been reassured by the United States Secretary of Agriculture, John Block, that the United States blended credit that provides a portion of credit at zero interest rates has not hurt Canada. Mr. Block visited Canada and met with the new minister, and Mr. Mayer was reported as saying that blended credit has not hurt Canada. There is overwhelming evidence that United States blended credit has hurt Canada in certain important markets and has turned what were cash markets into credit markets. Obviously, if a country can get credit, some of which is at zero, there is a temptation for them, even though they have been paying cash in the past, to obtain credit at these lower rates. That statement by the minister is encouragement to the United States to continue its aggressive, harmful, blended-credit export drive.

● (1500)

In the document, "A New Direction for Canada", presented by the Minister of Finance, there is an obvious serious threat to our orderly marketing system, the Canadian Wheat Board. This document, at page 30, states:

> Also at issue is whether or not the government should make room for the private sector to provide competitive export financing services.

In another obvious threat, it states:

> It is timely to consider the ongoing role and mandate of Canada's export financing organizations.

That is, the Canadian Wheat Board.

[Senator Argue.]

The Canadian Wheat Board has proven to be the best possible system of marketing western grain. In each year of the last four years, we have broken every previous export sales record, and in that period of time Canada has been recovering its historic position in the world grain market. Financing is an important element in the Canadian Wheat Board's trade policy.

The attack on the Canadian Wheat Board in this document is very obvious. The Canadian Wheat Board is careful not to divulge its commercial operations, and, yet, this document spells out that 12 per cent of wheat sales last year were on credit terms. It informs the world of the total value of the credit. I would say that this statement casts a slur on some of our customers. Six of the ten countries which have purchased grain on credit from the Canadian Wheat Board have already rescheduled portions of their debt.

Hon. Lowell Murray: Why is that a slur?

Senator Argue: Because they are not named; because it is a blanket statement. I do not think they should be named. If the government wants to name them, then let them take that responsibility. If the Canadian Wheat Board names them, then that is fine. The main one, of course, is Poland, and that is public knowledge. Why slur all the rest? Most of the credit customers have been excellent customers, and, while this government may act differently, no government in the past has declared that any of this credit is such that it cannot be collected. None of it has been written off. Divulging this kind of information is not fair, because it is inadequate. It does not cover the whole situation. Most of those customers are excellent customers and have paid their credit when it became due.

Some years ago, I remember taking a recommendation to the cabinet for a very large guaranteed credit for Canada's biggest customer, the Soviet Union. There were people abroad and in this country who asked why we should provide credit to the Soviet Union. That credit was for a short time. It was the revolving type of credit. Every dollar of credit was paid on the due date and, since that time, this customer has purchased for cash only. I say that this is an excellent operation and should not come under the kind of attack set forth in this document. It was a Conservative administration that went along with the United States' partial embargo on the sale of grain to the Soviet Union that cost the farmers of this country hundreds of millions of dollars.

How is the financing done? Every dollar has been loaned at commercial rates of interest, and each proposed guaranteed loan, after careful scrutiny by the Canadian Wheat Board, by officials of the Grain Marketing Office of the Government of Canada and by the Department of Finance, has gone forward, with their recommendations, before the whole cabinet for final approval. I say that no system could be more careful, more painstaking and more successful for western farmers and the Canadian economy. It is nonsense to talk of opening it up to the private sector to provide competitive export financing, because the money has all been provided by the private sector, by Canadian financial institutions, as one would expect, namely, the Canadian chartered banks.

I want to serve notice on the Mulroney government that the Liberal members of both the House of Commons and the Senate will resist any tampering with and any threat to Canada's most successful business enterprise, the Canadian Wheat Board, now bringing revenues into this country in excess of $5 billion a year.

Some Hon. Senators: Hear, hear.

Senator Argue: It is a great success, and it is the best kind of business that I know, because it is a blend of the individual proprietor, the farmer, his marketing organizations—often the co-operatives—and the government through a marketing agency.

Hon. Royce Frith (Deputy Leader of the Opposition): It is a renewable resource.

Senator Argue: It is a renewable resource, and the farmers are so successful that they can get a bigger crop almost every year, at least by way of a trend.

I think this model could be applied to other Canadian industries. I think it could be used to a larger extent in the grain industry in western Canada. It is hard to convince enough farmers because private grain traders are constantly on the air pointing out imagined difficulties in this system. There are some farm organizations with a handful of members—financed in large part by the provincial treasury of the province of Alberta—who are continually attacking the Canadian Wheat Board system; but the people who are in trouble in a marketing sense are not so much the wheat producers—although their price is not nearly as good as it should be—as it is the canola industry because producers have no assurance of price. The crushing industry has no assurance of supply, and the whole western canola-crushing industry is in great danger of folding up, sometimes because of lack of supplies, sometimes because of promotions of a crushing industry in central Canada, and sometimes because of the lack of the kind of marketing development that is required.

The Wheat Board system lends itself to expanded markets; to guaranteed supplies; to orderly marketing, and the farmers respond to that kind of system.

Perhaps I could give some gratuitous advice to those who are concerned with the fishing industry. It seems to me that the Canadian Wheat Board model would have a great deal to offer the fishing industry. It could offer initial prices. It could put forward quotas. As I say, I am not an authority on the best way to respond to the needs of that industry. It could have control over the marketing, the processing and the storage of products. All parts of the industry, particularly the co-operatives and the fishermen, would have an important role to play. The government could go out and make long-term contracts and sometimes, perhaps, with guaranteed credits for the delivery and the export of Canadian fish.

When he was Minister of Fisheries and Oceans, Senator De Bané came to me one day and asked if I could have someone from the Canadian Wheat Board attend a conference where the government was to consider all the problems of the fishing industry. I told him that I would be very glad to ask Mr. Jarvis to attend. Esmond Jarvis, Chief Commissioner of the Canadian Wheat Board, participated in that study session with representatives of the industry and representatives from all aspects of government. Mr. De Bané reported that the star of the session was Esmond Jarvis, the Chief Commissioner of the Canadian Wheat Board. He told me that he thought the Canadian Wheat Board had a great deal to offer. I thought that he went overboard a bit when he suggested to me that the Canadian Wheat Board could obviously market fish in an efficient way. In his view, all they would have to do would be to set up a particular department within the Wheat Board system and to staff that department with people who understand problems involving fish. The Canadian Wheat Board has the expertise in marketing wheat internationally, and Mr. De Bané said that expertise could be used to market fish.

• (1510)

Honourable senators, I think that the Wheat Board system is a good one for western Canada. I think that it is a model that could be examined for use in other areas. I think that it is a system that not only deserves preserving, but should be looked at as a means by which to provide greater services to other parts of the country.

The government has created the expectation that, upon its election and simply because it is a new government, 200,000 new jobs will be created. When it was pointed out that the Conservatives, by tradition and by philosophy, might well step in and attack the social security system, the leader of the Conservative Party, Mr. Mulroney, said that that system is a sacred trust. He has continued to say that there will be no means test and that there will be no deterrent fees or extra billing in the delivery of medicare. But the message with regard to old age security is not nearly so clear. The social security system is going to be looked at. The question of family allowances and how they are to be paid is going to be looked at. I noted that the Prime Minister, at one point, made reference to a bank president earning $500,000 a year yet receiving family allowance benefits. You know, most family allowance benefits are received by the mothers, but in this case the bank president, the father, is getting it.

Senator Frith: How many bank presidents are there in the country, anyway, about 12?

Senator Argue: There may be 12; I thought there were only about five, but maybe there are a few smaller banks worth just a couple of billion rather than tens of billions of dollars. At any rate, isn't that a great argument? They will take the tax schedule to show that the bank president does not return in taxes the full amount of the family allowance. Perhaps we might think of putting in a one per cent surcharge for family allowances or for old age pensions, just to make sure that the bank presidents—all 12 of them—pay enough to understand that there are others in the country who need that kind of payment. But the great danger here is that the system may be altered in such a way, that universality is removed. In such a changed system all of the old age pensioners and all of those receiving family allowance benefits would be divided into two categories: one made up of the well-to-do and the other made

up of those with low incomes. I am fearful, honourable senators, that, as soon as the Conservative government has created those two categories, the poor will then be under attack—under heavy attack.

I have been around Parliament Hill a long time, now; I was first elected in 1945. I have participated in the debates on and have been part of the ongoing process of providing a system of old age security without a means test. I think that system has a great deal to offer. Everyone reaching the age of 65 receives the old age security pension. Out in my little hamlet, people look forward to getting that old age security pension. To that extent, they are all equal; they are all in the same boat and they like it that way. Then, for those who have very small incomes, there is the particular provision by which they can get the guaranteed income supplement. That is accepted and appreciated. But I do not think anyone would appreciate the eliminating of the old age security pension by means of taking away its universal application.

Honourable senators, the system that we now have is a good one. I hope and expect that it will be maintained. I do not think that any kind of attack is going to remove the universality of the application of old age pensions and of family allowances because I think there is just too much support for universality. The element of universality was introduced by the administration of the Right Honourable Louis St. Laurent. I remember seeing him in the late afternoon, perhaps, strolling away from Parliament Hill, going to his apartment unaccompanied by any security guards—how times have changed! We were all kind of proud to know that the Prime Minister of this country was prepared to accept an old age pension, and, in accepting it, removing whatever stigma there might have been attached to pensions in the past. Pensions are universal; everyone receives one.

Honourable senators, the way to deal with those people earning high incomes is through the income tax law. If you want to take it away from them, okay, and through the tax system is a better way to do it. You can, if you wish, tax five times as much away from them through the income tax provisions, yet still keep on paying them pensions. The general public of this country would support that kind of policy.

Today, all over Canada, there is an attack on the poor. I do not think there are too many spokesmen for people who are living on low incomes. Saskatchewan has been said to be as wealthy a province, per capita, as any other in Canada, although it is now said that there is less unemployment in Manitoba than there is in Saskatchewan; I will not get into that. The Devine government of Saskatchewan decided that it was going to tackle the welfare system. It brought in changes. I will tell honourable senators how far those changes have gone. Those changes have gone so far as to reduce the income of a single person on welfare to between $125 and $135 per month, over and above the cost of shelter. Shelter is provided; the rent is paid; presumably it is a warm place where one could have a comfortable sleep. With this new régime in Saskatchewan, those people can look forward to a month's expenses which cannot total more than $4 a day—$4 a day for food, clothing and drugs. God help them if they smoke—that $4 a day would have to include the cost of tobacco and the cost of a cup of coffee. Honourable senators, I say that that is an absolute disgrace to any part of this country and to any government in this country. I say that that kind of situation should be changed.

[Senator Argue.]

I know that in the former administration the federal government stood ready to pay 50 per cent of the cost of the welfare programs. But in Saskatchewan, a Conservative government has been the chiseller and has put the people of that province into what I think can only be called terrible circumstances. There is hunger around the world and there is hunger in Canada. Sure, maybe the bellies of Canadians are not flattened against their spines; maybe people are not as thin in Canada as they are in other places; but there is hunger, there is malnutrition, there are soup kitchens and there are food banks. What is provided by a food bank? It is just high-grade, reclaimed garbage. That is what it is—the food stores, towards the end of the week, will call in the people who operate the food bank and will say, "Here is what we have. Some of it may not be in the best of condition, but if you can use any part of what we are going to throw in the garbage, we are prepared to give it to you." God bless them—isn't that great?

The Conservative government in Saskatchewan has said: "This is a province that is open for business. This is where initiative is important. We are going to starve them into jobs even if there aren't any jobs available." Now, I'm not fooling. I see that Senator Marshall has put on the order paper a question dealing with incomes across Canada, particularly related to low income people. I will be interested, indeed, to learn the results of that inquiry.

Honourable senators, when we are looking at the whole economic system in this country, let us look at it from the point of view of helping those Canadians who have such low incomes. Let us keep our programs without stigma. Let us make sure that the wealthy pay their share—and, perhaps, even more than what some may think should be their share—into these programs so that all Canadians can receive the benefits with their heads held high. Let us try to make sure that no one feels ostracized because of being poor.

• (1520)

This was supposed to be an open government. The day of secrecy was to have passed. We were no longer going to hear about patronage "Because, you know, those Liberals made former members of the House of Commons judges and one or two of them ambassadors". Well, I had something to do with operating under the patronage system. I was in the cabinet for a few years. We did not go around checking those lawyers who wanted to become judges, to see how many Conservatives we could appoint. I am quite frank about that. But people who should know have said to me that in the period during which I had some responsibility the equality and effectiveness of the judicial system in Saskatchewan was improved.

Some Hon. Senators: Hear, hear.

Senator Argue: I have no personal knowledge of whether or not that is so, but that statement was made to me by people who, I believe, knew what they were talking about. Okay, so there have been one or two patronage appointments as ambassador, and those appointed have now been dumped. Now, of course, there will no longer be any patronage appointments. At least, that is what the government has said. Appointments will be made solely according to merit—except in ministers' offices. A sum of $80,000 per year has been mentioned for an executive assistant, or a new commissar, or whatever he or she is supposed to be. I brought a young man to Ottawa as my secretary many years ago. He was a capable young man, who went on to become my executive assistant and was paid, I guess, less than half the figure of $80,000. We did not find it necessary to pay $80,000 per year for that position. Perhaps Liberals come cheaper than Conservatives. Perhaps Conservatives earn more money in private life than do Liberals and therefore $80,000 is necessary.

I hear that ministers do not appoint their own executive assistants, the commissars. That is done by the Prime Minister's Office. We thought that the power of the P.M.O. might be decreased with the new government, but, oh no, the power has been strengthened. Ministers now have commissars in their offices who have been chosen by the Prime Minister. Then there is the policy of no press releases. One has to "check with Eric", as the Minister of Justice has admitted.

The Department of External Affairs received special treatment. There will be no press releases. No person working in the Department of External Affairs must associate with the press. I suppose that if a minister were attending a function one evening and a member of the press was on the dance floor, he would be unable to say hello; they could not associate together, and presumably the minister would have to leave right away. And this was going to be an open government! We now see the largest concentration of power in the hands of the Prime Minister that this country has ever seen, and I suggest that is not a good omen. Patronage will continue to exist. The government says "We shall remove all of the difficulties with the premiers". Well, they are almost doing that. But, you know, they have lots of plums. The premiers are probably wondering "Will I have a shot at the Governor General's position when the next appointment comes along? Should I retire early so that the political burden is off my back and I can come in from outside and be less partisan?" And they wonder which one will eventually qualify. Some of the cabinet ministers who are lawyers may want to become judges. What a masterful method of seeing that they all get along. It is not quite a one-party state. We do not want that. But the nearest thing we have to a one-party state came through the democratic process, and the Canadian public will soon find out what they have elected and will be exceedingly disappointed.

I hope that the current drive against those people in responsible positions having the opportunity to fully exercise their responsibilities will soon be changed. There have been reports in the press on this matter. I am not certain whether they are accurate, but they have not been denied. Apparently an edict has gone to ministers to the effect that they must check their press releases through the Prime Minister's Office—I guess through a man named Bill Fox. In my opinion, that is shameful, disgraceful and undemocratic, and will be a sure way of undermining the credibility of this government. I hope that when the net is cast more widely, members of the other place, irrespective of the party they represent, and members of the Senate, will resist the obvious drive by the Prime Minister and certain bureaucrats to cut services in connection with the operation of both houses of Parliament.

An Hon. Senator: Why?

Senator Argue: I believe that the facilities that are required by members of the other place to function well should be preserved, and when a government is in office with such an overwhelming majority extra steps should be taken to ensure that members of the opposition in both houses are able to discharge adequately their responsibilities. No one on this side of the house is looking for a car and a chauffeur, but we would simply like to have some of the tools that will help us in the work we have to do.

Senator Frith: Only NDP leaders get those.

Senator Argue: I have made quite a few positive statements on the subject of co-ops, of the Canadian Wheat Board, and of our social security system. Some of my statements were positive and others were critical. The present government may even regard some of my statements as having been negative. In my view, the major challenge for Canada is to get the unemployed back to work. We need an expanding economy. Governments should present programs that will ensure that happening, instead of adopting, as the present government is doing, short-sighted policies to cut down on some necessary programs, and by so doing increase unemployment in this country.

Hon. Nathan Nurgitz: Honourable senators, I am pleased to have the opportunity to contribute to the debate on the motion for an Address in reply to the Speech from the Throne. I undertake to make my speech shorter than those of several of the previous speakers. Also, I shall keep away from some of those heady economic topics that have already been dealt with and will be further dealt with by subsequent speakers. My only comment on the economic statement is to echo the words of that great Canadian, Mr. Garneau, who thought that Mr. Wilson's statement was courageous. I applaud him for that. I also undertake not to be as witty or as partisan as my colleague, the Acting Leader of the Government; nor will I be as averse as the previous speaker to asking questions and examining programs, although I would say to the honourable senator, on behalf of all Manitobans, that we are delighted that he, as a Liberal, did not seek to comment on Manitoba's employment problem, the problems of out-migration and in-migration.

Senator Frith: Don't push it any further.

Senator Nurgitz: May I first congratulate His Honour the Speaker on his appointment to the Chair. You, sir, have had a long and distinguished business career which, I am sure, will

prove to have been a valuable experience and will, I am sure, serve all members of this chamber well.

I also want to mention our former Speaker, who served us so well in the short time he was in office. Senator Riel, who is a distinguished lawyer, brought to the speakership an interest in the traditions of the office of Speaker. He is a worthy member of that group of men and women who have occupied the Chair with distinction and, I am sure, we are indebted to him. I would like to congratulate my mentor and friend, Senator Roblin, the new Leader of the Government. Senator Roblin distinguished himself in this chamber as Deputy Leader of the Opposition. I have known him for some 30 years, since the days when he resurrected a political party in my home province and went on to serve with great distinction as premier. Frankly, I think that he brought my home province of Manitoba into the twentieth century. I do not think that my province has ever been served, before or since, as well by any premier as it has been by Senator Duff Roblin.

• (1530)

I congratulate the newly appointed Deputy Leader of the Government. I am sure all honourable senators who heard him today responding in his own inimitable fashion, in neither of the two official languages—

Hon. William J. Petten: I understood him.

Senator Nurgitz: Yes, all his answers were directed to Senator Petten. Senator Doody brings a certain wit and charm that has endeared him to all of us over the past five years and, as well, a certain sensitivity and intelligence which will be valuable to him and to all of us in discharging his functions as Deputy Leader. I should not pass over the question of appointments without commenting on the new government whip, my dear friend Senator Orville Phillips. I might say on behalf of all my colleagues on this side that we are somewhat alarmed at the seriousness with which he is taking that job. But we do wish him well and he is keeping us all in line. On the subject of whips, I want to pay tribute to Senator John M. Macdonald who has contributed so much to this chamber and to his native Nova Scotia over the years. The other day during what I thought was a brilliant piece of oratory by Senator Macquarrie, I was tempted to interrupt him but I thought I would wait for this moment to make the correction. During the course of his speech he spoke of that famous Cape Breton trio that we now have in this chamber, namely, Senators Muir, MacEachen and Macdonald, which is not a bad ballroom trio. But had he added that other very distinguished senator from Cape Breton, Senator Graham, he could have converted that ballroom trio to a ballroom quartet.

Hon. Allan J. MacEachen (Leader of the Opposition): What about your deskmate?

Senator Murray: Grenville-Carleton.

Senator Nurgitz: In any event, I wish Senator Macdonald many years of continued service and thank him again for the kindness and help he has extended to me.

[Senator Nurgitz.]

On the subject of Cape Breton Islanders, I should also like to take this opportunity to wish the new Leader of the Opposition well. While preparing these notes I had in mind that I would wish him a long term in office, but Senator Doody stole my thunder. I am sure, though, with his meagre number of supporters and the able assistance of one of the most skilled debaters in the house, Senator Frith, as his deputy, he will provide effective opposition in this house.

Honourable senators, I was pleased to note in the address of Her Excellency the Governor General, that mention is made of the need for Parliament to deal more effectively with several matters relating to the Criminal Code of Canada. The Speech from the Throne made reference to such matters as impaired driving, computer crime and sentencing, among others. There is probably not a community in this country that has not experienced the tragedy of a person killed in a dreadful automobile accident involving an impaired driver. I think there is a crying need for Parliament to deal with this problem. Computer crime is also becoming a problem in the business community. I suspect that as computer technology expands and becomes more sophisticated, there will be more such crime, unless we become more future-minded and identify categories of offences that will deal with the problem. I am reminded of the last session when the Legal and Constitutional Affairs Committee, chaired by Senator Neiman, dealt with a bill updating Canada's evidence laws and how disappointed we were when the Department of Justice, whose lawyers worked for a year or more putting the bill together, provided us with one that did not have one piece of information on new evidentiary law dealing with proving matters in this computer age. I see that Senator Frith is looking at me. Perhaps it had one or two items, but it did not deal adequately with this problem. The department agreed on this point among others, and the bill was withdrawn.

Sentencing was also mentioned in the Speech from the Throne. I suspect that there is a public demand for the upgrading of matters relating to sentencing. There is a growing concern that some sentences are inconsistent with others, and that the law does not provide for adequate sentencing. One example I can think of deals with a section of the Criminal Code which is familiar to all of us in this chamber. I am speaking of Section 110, which deals with fraud perpetrated on the government or Parliament. The maximum penalty for that offence is five years, whereas the maximum penalty for theft of an item of $200, which is not very much these days, is ten years. I think there is a demand out there that we reconsider the punishment for such offences in such a way as to meet community standards. I do not think you could get away with any attempt to justify why the former offence should incur a penalty that is one half that applicable to the latter.

I would like to deal with the subject of corrections, which was also mentioned in the Throne Speech. I think this problem concerns a small number of inmates in federal institutions. The total number of inmates is between 30,000 and 40,000. However, here I am dealing with a comparatively small number, which I consider to constitute a very serious social problem.

While they may be small in number, they create a problem which is large and troublesome. The court system provides for an inmate to seek parole after serving one-third of his term. I shall not go into the question of how you arrive at the one-third but, indeed, the term is even less than one-third. My view is that we should be considering applications for parole for certain inmates even sooner than on completion of one-third of the term. I think there are many prisoners for whom the process of investigation, trial and initial sentencing is all the penalty they need. I am of that school of thought that believes that a great many of the first offenders will not be back. The problem I want to deal with is one which was dealt with by the Legal and Constitutional Affairs Committee—the question of mandatory supervision. Under this heading we are considering an inmate who has been refused parole. We should understand that he has reached the stage where he has served two-thirds of his sentence.

• (1540)

In or about 1970 Parliament, in its wisdom, decided it was better to have an inmate out on the street with some conditions placed upon him so that he could better integrate himself into the community, as opposed to having him serve to the end of his term and then putting him out cold turkey. In the cold turkey situation he is free and unfettered and is more likely to get into trouble since he is not required to report to a parole officer.

Senator Frith: Plus there is the alleged value to the system of his earning his parole.

Senator Nurgitz: Yes. That is a point I did not make a note of. I am glad Senator Frith has raised it, because it brings to mind the time when we examined officers of the Solicitor General's Department at Laval, which has a reasonably tough group of inmates. Our examination showed that the number of days spent in the hole, that is solitary confinement, ran into the hundreds of the total number of days involving all prisoners. It ran into the hundreds over a given period of time, although I do not recall exactly what period of time that was. The number of deductions—that is with respect to people who were docked days for reasons of behaviour—amounted to about four days. The reason for that, given by the people who have to administer the system, was that there is no way you can run an institution such as Laval and be docking days. In the view of the tough inmate population that is definite a "no-no". I take it if you are an administrator at such a prison, it is best to turn a blind eye to the situation rather than have to deal with the consequences of deducting earned remission days. The system we have does not lend itself to the deduction of earned remission days except on rare occasions. I suppose that is a failing of that part of the system.

Hon. Andrew Thompson: Is that because of the fear of violence?

Senator Nurgitz: Yes, fear on the part of the administration that there will be violence to staff members. Looking at the records of Laval we saw that there was a tremendous amount of disciplinary action taken. As I have said, my recollection is that there were hundreds of days spent in solitary confinement while only four and a half or seven and a half days were deducted from earned remission.

Senator Frith: That is hard to believe.

Senator Nurgitz: Yes, it is.

Senator Frith: I am not saying that I do not believe what you have said, but that it is really very surprising.

Senator Nurgitz: I apologize for not having more accurate statistics on this point. I might say, honourable senators, that I had no difficulty in understanding the explanation given, and I am sure no one here would have difficulty understanding it. I am referring to the difficulty of dealing with an inmate. Thus, we have the question of an inmate who is a problem in an institution and who is refused parole. He reaches the two-thirds stage of his sentence and is then put out on the street.

I would like to cite an example from late 1979 of an inmate released from Millhaven penitentiary who was charged two weeks after his release, and ultimately convicted, of first degree murder of a two year old girl whom he sexually molested and killed within steps of her home. The accused was a 20 year old Millhaven inmate who had a history which clearly indicated he had a diseased mind. Why was he on the street? The short answer is that the law says he must be on the street.

Dr. Nuffield of the Solicitor General's department, who is an expert in this field, when asked about this particular case said, and I quote, "Let's face it, everybody knew this guy was weird." The Chairman of the National Parole Board, Mr. Outerbridge, had this to say about the case:

> The bottom line is we can't do anything about it . . . We can't stop this person from returning to the street.

I do not cite these comments to advocate complete abolition of early release. As I have said earlier, I am in favour of even earlier release in the case of some individuals. Perhaps the reason for the law is a good one. I believe it was well intentioned; it was meant to integrate inmates into society with some conditions placed upon them.

Honourable senators, reasonable people out there are asking questions about the corrections system. The notion of a sentence being a sentence and being required to be served within an institution is a notion that has been raised. However, a more serious question is that raised by some people as to whether or not it is time we took steps to stop the flow of these dangerous prisoners to the street, which has consistently caused terrifying results and tragedy after tragedy.

Everyone who refers to these terrible incidents always comes back to the Clifford Olson case. I believe he committed six of his murders while out on various mandatory supervision release periods.

A Solicitor General's report which followed the careers of people such as Clifford Olson was completed in 1981. It covered the five-year period from 1975 to 1979 inclusive. In that period of time some 52 persons were killed—more than one a week—by prisoners released under mandatory supervi-

sion. During this same period of time there were 11 convictions for attempted murder by other persons released under mandatory supervision, not to mention 62 rapes or sexual assaults. The study also indicated there had been a significant number of crimes of violence by those released under mandatory supervision. Between 1975 and 1979, inmates released under mandatory supervision committed: 31 murders; 21 manslaughters; 11 attempted murders; 25 rapes; 23 other sexual assaults; 153 other assaults; 15 kidnappings; and 394 robberies.

Senator Frith: Out of a total of how many released?

Senator Nurgitz: I will deal with it on a percentage basis since I do not have the total number.

The report goes on to indicate that in that five-year period, in reviewing all inmates released, both on parole and under mandatory supervision, 391 crimes of violence were committed—324 of them, or 83 per cent, by persons released under the mandatory supervision program.

On the one hand, we hear public outcry for abolition of that system, while on the other one must ask oneself if that is too harsh? I read with interest that a newly elected member of Parliament from Toronto, the Liberal Party critic of the Solicitor General's Department, Mr. Nunziata, indicated that in his view the mandatory supervision program is an experiment which has failed and, not inconsistent with a view expressed by the new Solicitor General, all cases of release should be reviewed by the National Parole Board. I am not so sure that just a simple change in legislation should just wipe it all away. I lean toward some type of judicial review. In this way the reasonableness of allowing a prisoner out can be looked at.

Senator Thompson: You have raised some very interesting points. If the mandatory supervision period were to be removed it would just be a matter of time before the prisoner is released anyway. You have referred to the diseased mind of one prisoner. Certainly remedial treatment of these people should be considered.

● (1550)

Senator Nurgitz: I shall comment on that. That is an argument that one hears frequently. When I was on the other side, I was constantly visited by our colleague, Senator Hastings, who made that very point. He felt that all that was being achieved was a delay in the process. My reply to that is: Surely if we are delaying it, aren't we saving some lives? The logic of that escapes me.

Hon. Orville H. Phillips: If the provision were not there in the first place, you would not need to delay it.

Senator Nurgitz: Having said that, I must tell you that this is not meant to be an expression of my best redneck form, saying that that is the only method. I think we do have to deal with the cause and look at it as we go along.

Senator Frith: Could we hear a little more from Senator Phillips on this point?

[Senator Nurgitz.]

Senator Nurgitz: As I said in my earlier comments, I was pleased that the Throne Speech dealt with this aspect of a matter that, in fact, our own Senate committee has spent some time on. Although I do not have the temerity to do it, I would like to issue something of a warning to all parliamentarians. I think that those of us who hold some moderate views on this issue have reason to be concerned. If the government does not act quickly and if we do not respond quickly in allowing for the passage of this kind of measure, those who are advocating more drastic or draconian measures will have their day. I have as much concern about that aspect of the matter as I have about the other.

That is not to say that we do not need to find more innovative ways to deal with offenders, nor does it mean that we can ignore our obligation to get to the root of this dreadful social problem. I know the argument is made that we have had prisons for hundreds of years, and all that we have ever proved is that we need bigger and larger prisons. Nevertheless, there is a need to examine the whole situation.

Honourable senators, I would point out that there is an unhappy and restless society out there, not feeling secure or safe. In fact, it is feeling, I think, somewhat at risk. People are demanding of their legislators that they be protected from what many consider to be the obvious. For example, in this Millhaven case that I have mentioned, it was virtually known what type of offence this person would commit. Therefore, honourable senators, I welcome, as I am sure you do, this kind of initiative on the part of the government as it was outlined in the Throne Speech. Thank you for your patience.

Hon. Peter Bosa: Would the honourable senator consider a question?

Senator Nurgitz: Sure.

Senator Bosa: What was the rationale that led to establishing the system of mandatory supervision in the first place?

Senator Nurgitz: Perhaps I was not successful in explaining that, Senator Bosa. The rationale was very simple: If you kept a man in until the end of his sentence, you let him out unfettered, with no conditions or anything else. It was considered that it was better to take a man at two-thirds of his sentence and say to him: "These are the conditions; you do not drink and you do not carry firearms and you do not do any of these things that are set out. You do not go to establishments that dispense alcoholic beverages." Then in that way, for the last third of his sentence, he would be on the street with this kind of control. However, one should understand that, at best, that control works by having the inmate report to a parole officer who says: "Did you have a drink?" I suspect I know the answer, as I suspect you do, because he knows that if he violates the terms of his mandatory supervision, he can be—and very often such people are—put back in to serve the remainder of the term.

Senator Frith: There was that additional rationale that we touched on in committee. It was said there was some value to the administration of the prison for an inmate to know that he received a certain amount of automatic benefits. I am sure

Senator Nurgitz will remember that the committee heard about that, and you have already commented on how effective you thought that was, particularly in the Laval case. For the record, it should be added that when we heard the rationale for this doctrine, that was given one of the elements; that they would receive automatic benefits not dependant on the administration's giving those benefits to them.

On motion of Senator Petten, for Senator Gigantès, debate adjourned.

NATIONAL DEFENCE

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

Hon. Paul C. Lafond, pursuant to notice of Tuesday, November 13, 1984, moved:

> That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;
>
> That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to adjourn from place to place within Canada, and to such places abroad where members of the Canadian Armed Forces may be stationed;
>
> That the Committee have power to sit during adjournments of the Senate;
>
> That the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee; and
>
> That the papers and evidence received and taken on the subject before the Committee during the Thirty-second Parliament be referred to the Committee.

He said: Honourable senators, this motion does not seem to require lengthy explanations. I still believe that a permanent body within the parliamentary structure of Canada should be concerned exclusively with matters of defence. However, this is not the time to press that point.

Your subcommittee and later the Special Committee on National Defence have performed their mandates most creditably during the last five years. However, there are still many areas of our territorial defence requirements and capacity to be explored and drawn to the attention of Parliament and the people of Canada. This is one of the areas where the committee has achieved some success and which should continue to be pursued.

As most senators know, when Parliament was dissolved we had reached the stage of a draft report, which has been more or less in the oven ever since. It requires the approval of the committee prior to tabling in the Senate. In view of that, if the motion is approved, I would like to suggest to the Committee of Selection that those members of the Senate who did the work on that phase of the report which is now almost ready, should be re-appointed to the committee to complete the last phase and give final approval to the report for tabling. Once that report has been tabled, then through the normal process provided for by the rules, the leadership on both sides or the whips can re-arrange the membership of the committee according to their wishes.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to ask the mover of the motion for clarification on one point. Do I understand that the motion to reconstitute this special committee is not merely for the purpose of completing the report to which the mover referred, but is also for the purpose of conducting further studies by this committee?

Senator Lafond: The motion, as drafted, is substantially the same motion that I moved during the last session of the last Parliament and provides for studies on matters relating to national defence to be continued.

Senator Frith: So I can assume that the powers that are being sought, for example, the power to adjourn from place to place within Canada, and to such places abroad where members of the Armed Forces are stationed, are powers that the mover wants the committee to exercise for further studies, and not just for the purposes of completing a report that, as he has stated, has been in the oven for some time. We are not voting on a motion simply to complete a report, but to continue the work of the special committee after that report is prepared..

Senator Lafond: Precisely, and I do not think the committee abused the power to travel in the past. It is just power to be held in reserve should we at some point during our inquiry be required to visit our major base in Lahr, as we had occasion to do once when we visited NORAD Headquarters in Cheyenne, Colorado. It is just a matter of keeping the powers in reserve should they be required. The Deputy Leader of the Opposition should note that such travel abroad, as requested, is limited to where Canadian forces personnel are stationed.

Senator Frith: Yes. I did not mean to focus on that for the purposes of saying that that is a power the committee ought not to have, but simply to illustrate the fact that obviously the request is there so that the committee can carry on its studies after it has issued the report referred to.

With that clarification, I move the adjournment of the debate, and, by way of explanation, I move the adjournment so that I can have an opportunity to consult with my colleagues on the subject of this motion.

It is not the fault of the mover of the motion that I request an adjournment because he gave us adequate notice; I simply have not had an opportunity to consult with my colleagues on the matter.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, November 20, 1984, at 2 p.m.

THE SENATE

Tuesday, November 20, 1984

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

POVERTY IN CANADA

POVERTY LINE UPDATE, 1983

Hon. David A. Croll: Honourable senators, I ask leave to table the twelfth Poverty Line Update, which includes estimates for 1984. I ask that it be printed in the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The document follows:*)

POVERTY IN CANADA
SENATE REPORT ON POVERTY

POVERTY LINE UPDATE—1983

POVERTY LINE REVISIONS: BASED ON CALCULATIONS WHICH INCLUDE ADJUSTMENTS FOR DISPOSABLE PERSONAL INCOME, FAMILY SIZE AND CHANGES IN THE NUMBERS OF FAMILY UNITS OF VARIOUS SIZES IN CANADA EACH YEAR.

COMPARISON BETWEEN SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA LOW INCOME LINES BY FAMILY SIZE FOR 1983

Family Size	Senate Committee Poverty Lines 1983 (nearest $10)	Senate Committee Estimated 1984	Statistics Canada Revised Low-Income Cut-Offs 1983*
1	$ 8,540	$ 9,140	$ 6,973 to $ 9,429
2	$14,240	$15,240	$ 9,113 to $12,440
3	$17,090	$18,290	$12,203 to $16,641
4	$19,940	$21,350	$14,106 to $19,176
5	$22,790	$24,400	$16,403 to $22,346
6	$25,640	$27,450	$17,908 to $24,406
7	$28,490	$30,510	$19,731 to $26,863

*The Statistics Canada cut-offs (base year 1978) vary with degree of urbanization.

The Senate Committee poverty lines are based on a formula which is updated annually on the basis of a measure of disposable personal income in Canada and changes in the distribution of families of various sizes.

THE SENATE POVERTY LEVEL is approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product. For families of sizes 2, 3, and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

STATISTICS CANADA: Poverty Level Lines are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are differentiated by size of area of residence.

NUMBER AND PERCENTAGE OF FAMILY UNITS WITH INCOMES BELOW THE SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA REVISED LOW-INCOME CUT-OFFS FOR 1983

1983 Family Unit	Senate Committee Poverty Lines 1983	Statistics Canada Low Income Cut-Offs for 1983*
Unattached individuals	40.3%*** (1,068,000 persons)	41.1% (1,088,000 persons)
Families of two or more persons	21.8%** (1,438,000 families)	14.6% (967,000 families)
All persons	23.4%** (5,621,000 persons)	17.8% (4,269,000 persons)

* 1978 base for revision
** Senate poverty lines include more families
*** Senate and Statistics Canada almost similar

1982		
Unattached individuals	36.0% (960,000 persons)	27.7% (739,000 persons)
Families of two or more persons	21.8% (1,434,000 families)	10.9% (716,000 families)
All persons	23.5% (5,835,000 persons)	

According to Statistics Canada figures, the lowest 20% of families and unattached individuals (lowest income quintile) received 4.4% of total income. In contrast, the highest 20% of families and unattached individuals (highest income quintile) received 43.4% of total income. These figures thus indicate a greater disparity than in 1982 when the comparable figures were 4.5% for the lowest quintile and 42.7% for the highest quintile.

SENATE REPORT ON POVERTY
UPDATED
1974—1984

POVERTY LINE REVISIONS: BASED ON CALCULATIONS WHICH INCLUDE ADJUSTMENTS FOR DISPOSABLE PERSONAL INCOME, FAMILY SIZE AND CHANGES IN THE NUMBERS OF FAMILY UNITS OF VARIOUS SIZES IN CANADA EACH YEAR

Family Size	Senate Committee Poverty Line 1974	Senate Committee Poverty Line 1975	Senate Committee Poverty Line 1976	Senate Committee Poverty Line 1977	Senate Committee Poverty Line 1978	Senate Committee Poverty Line 1979	Senate Committee Poverty Line 1980	Senate Committee Poverty Line 1981	Senate Committee Poverty Line 1982*	Senate Committee Poverty Line 1983**	Senate Committee Poverty Line 1984
	$	$	$	$	$	$	$	$	$	$	$
1	3,100	3,490	4,660	4,770	5,300	5,860	6,610	7,370	7,940	8,540	9,140
2	5,130	5,810	7,760	7,940	8,840	9,760	11,030	12,300	13,240	14,240	15,240
3	6,145	6,970	9,310	9,530	10,610	11,710	13,230	14,760	15,890	17,090	18,290
4	7,200	8,140	10,860	11,110	12,390	13,660	15,440	17,210	18,530	19,940	21,350
5	8,200	9,300	12,410	12,710	14,140	15,610	17,640	19,670	21,180	22,790	24,400
6	9,970	10,470	13,960	14,300	15,910	17,560	19,860	22,130	23,830	25,640	27,450
7	10,970	11,630	15,510	15,890	17,690	19,510	22,060	24,590	26,470	28,490	30,510
10	14,000	14,612									

SENATE REPORT 1982* — POVERTY LEVEL is approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product.

SENATE REPORT 1983** — POVERTY LEVEL for families of sizes 2, 3, and 4, is almost half of the average income for families of those sizes.

[The Hon. the Speaker.]

NUMBER AND PERCENTAGE OF FAMILY UNITS WITH INCOMES BELOW THE SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA REVISED LOW INCOME CUT-OFFS FOR 1983

1983 Family Unit	Senate Committee Poverty Lines 1983	Statistics Canada Low Income Cut-offs for 1983 *
Unattached individuals	40.3% *** (1,068,000 persons)	41.1% (1,088,000 persons)
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All persons	23.4% ** (5,621,000 persons)	17.8% (4,269,000 persons)

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Produced by
Senator David A. Croll
November 1984

Poverty in Canada
Updated Poverty Lines

ACCESS TO INFORMATION

PRIVACY

On the tabling of documents:

Hon. Royce Frith (Acting Leader of the Opposition): Honourable senators, if my honourable friend will yield for just a moment, I am sure honourable senators have noticed that a great many of the reports the Leader of the Government is referring to are reports required by the Access to Information Act or the Privacy Act. We can anticipate many of these, because I believe virtually every organism of government is required to report under either one or, as Senator Roblin has shown, in some cases, both of these acts. The Leader of the Government has also referred to some annual reports, including financial statements, which, of course, are not in the same category.

I can assure him that certainly we on this side will be quite satisfied if he just says that he is filing reports "of the following organizations pursuant to either the Access to Information Act or the Privacy Act." He can simply list the names of the organizations because, in all cases, they would be effective as of March 31, 1984, under either or both of those acts.

Hon. Duff Roblin (Leader of the Government): My honourable friend is endeavouring to be helpful, and I appreciate that, but I think I should continue to report these various tablings.

Senator Frith: I agree, but differently organized.

Senator Roblin: I should do so in order that our action in this chamber be appropriate. I have asked for permission to refrain from quoting the statutory authority. That has the advantage of reducing my task by about 50 per cent.

I have only three or four more pages and, if my honourable friend agrees, I would like to complete them because they do not all relate to the Access to Information Act or the Privacy Act, and I have not sorted out the ones that do.

• (1410)

Senator Frith: Honourable senators will understand that I am not suggesting that we dispense. I suggest, simply, that all those to do with access-to-information and privacy legislation be put into one group.

Senator Roblin: This happens only once a year, so I ask that honourable senators have the patience to listen to them all.

[*Later*]:

Senator Roblin: That completes the tabling of these documents, honourable senators. I think, however, that the honourable Deputy Leader of the Opposition has put forward a good

idea. It might be appropriate, in the future, to group these items together so that they can be covered by one set of explanations rather than umpteen dozen. I would therefore ask those responsible to take into account my friend's suggestion. If it is in accordance with legal form and procedure, I suggest that it be looked into.

THE GREY CUP

CONGRATULATIONS TO WINNIPEG BLUE BOMBERS ON WINNING CANADIAN PROFESSIONAL FOOTBALL CHAMPIONSHIP

Hon. David A. Croll: Honourable senators, I wonder whether the Leader of the Government would confirm or deny the report that last weekend a football game was played in which the Winnipeg Blue Bombers participated.

Hon. Duff Roblin (Leader of the Government): Oh, my honourable friend knows how to stroke a guy. He has gone right to my heart. He has asked me to say whether or not the Blue Bombers won the Grey Cup, and I am happy to confirm that that is so. Are there any other Manitobans present who would like to corroborate the evidence I bring before this house?

Honourable senators, there was, indeed, a game on Sunday. It was a marvellous game. It did not even take place in Winnipeg, but in Edmonton, which makes the victory all the sweeter, I think. The victory was undisputed, much like the victory of Brian Mulroney in the general election. We had a decisive score. I am happy to join with all of my colleagues in saying that two good teams fought a very good game. And I can say the same thing about the general election: two good teams fought a very good game. In my opinion, the best team won and I am perfectly satisfied with that result.

THE ESTIMATES 1984-85

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on National Finance be authorized to examine the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1985; and
>
> That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

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

Hon. Senators: Agreed.

Motion agreed to.

[Senator Roblin.]

VETERANS AFFAIRS

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO REVIEW SENATE COMMITTEE REPORT ENTITLED "THEY SERVED—WE CARE"

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, November 22, 1984, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to review and update the recommendations contained in the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981, and to enquire into any matter related thereto; and
>
> That the papers and evidence taken on the subject and the work accomplished during the First Session of the Thirty-second Parliament be referred to the Committee.

QUESTION PERIOD

[*English*]

THE ECONOMY

STATEMENT BY LEADER OF GOVERNMENT IN THE SENATE—REQUEST FOR CLARIFICATION

Hon. Royce Frith (Acting Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government, but, first, I must say that I believe I owe him an apology. It will be recalled that last week I asked him for information as to what books he was referring to, and that were in his possession, which had caused the picture to change. I thought my question was a reasonable one, but the Leader of the Government refused to answer it. I have since done some research on the question, and on the subject of questions addressed to the government, and was encouraged.

During the campaign the Prime Minister asked for our trust. Referring to secrecy in government, he said:

> Not since the last war have Canadians had a government so obsessed with secrecy as they have today.

Further, he said:

> Secrecy and stonewalling—

He said this in a speech at Kingston.

> —have become a habit with the Government of Canada and we will never break the habit until we change the government.

Some Hon. Senators: Hear, hear.

Senator Frith: I trusted the Prime Minister. He then said:

> The differences between the present administration—

The then Liberal administration.

> —and a new Conservative Government is simply this: The present government believes you have only limited rights to know: Conservatives believe you have every right to know.

Some Hon. Senators: Hear, hear.

Senator Frith: He continued:

> Why should Canadian taxpayers have to tolerate a situation where the Auditor General of Canada—the people's instrument through Parliament to watch over the taxpayers' money—where the Auditor General is now in a federal court pressing the Government of Canada to release information on a major crown corporation.

Honourable senators, that was the reference to trust with which I opened my question to the Leader of the Government, and the reason why I was disappointed and somewhat disillusioned when he refused to answer it.

On the matter of why the Auditor General should be refused information, over the weekend I read some papers, among which was the headline: "Tories deny auditor general access to cabinet papers." The article said:

> The government has no intention of letting Auditor General, Kenneth Dye have access to cabinet documents he says he needs to do his job, Justice Minister John Crosbie said Monday.
>
> The decision marks another shift in the Conservative government's attitude toward access to government documents.

I then read another headline.

An Hon. Senator: It gets worse.

Senator Frith: Yes. Honourable senators can see how my whole attitude toward Senator Roblin was changing over the weekend. This headline reads: "Nielsen to ask for oaths of secrecy." Here is another one: "Ottawa invokes secrecy rules on Cabinet ministers' flights."

• (1420)

An Hon. Senator: Question!

Senator Frith: I am still in the middle of my apology. This article is headed: "Role of deputy prime minister too secret to make assessment." They cannot even make an assessment as to how secret the deputy prime minister is because even his role is too secret. This article is headed: "Gag order tougher than first thought."

Hon. Lowell Murray: You are only looking at the pictures and reading the headlines.

Senator Frith: Do not tempt me or I shall read the whole thing, and I can guarantee that you will not like it. But ask me again and I shall be glad to. Here are some statements the Honourable Joe Clark made out west:

> We're running the most open government in the history of the country with a broad series of public hearings on economic policy, opening up the consultation process with the provinces, opening up the discussion of foreign policy.

In the same speech Mr. Clark indicates that he is worried about an elite which opposes Conservative government measures. Apparently, it consists of columnists Richard Gwyn, Douglas Fisher, Geoffrey Stevens and others.

Here is an article which uses an expression I used when I was unjustly disillusioned by Senator Roblin and said that he was "stone walling." This article is headed: "The great stone wall." Another is headed "It's secrecy time: paranoia stalks Parliament Hill."

Honourable senators, I apologize because I did not understand how widespread this gag order is. It goes right up to the Deputy Prime Minister and the Secretary of State for External Affairs, and is spread throughout the entire organization. No one is allowed to speak to the press or to give out any information. Mr. Wilson refused to give out information on the government's policy on jobs. Over the weekend, yesterday and today, I have come to realize that the situation is widespread and that this Conservative government is the most secret, having defeated the record it said the previous administration had set. How unjust I was in expecting that the mere Leader of the Government in the Senate would escape this gag order.

My question is—

Hon. C. William Doody (Deputy Leader of the Government): Is the Senate ready for the question?

Senator Frith: In the opinion of the government leader, is there any hope that these gags—which make the cabinet and government look somewhat like gagged bank employees struggling to the phone—will be removed; and, if so, can we expect that they will be removed from the Leader of the Government in the Senate at the same time as they are removed from the others?

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): I accept my honourable friend's apology.

Senator Frith: Considering how sincere it is.

Senator Roblin: I expect that it will not be the first apology I will receive from him. Whenever he talks to us about secrecy and a good many other topics of like character, he knows that he must bear in the back of his mind the record of his own administration.

Senator Frith: So that is your way out. It is a similar reply to, "When we got our hands on the books."

Hon. Nathan Nurgitz: Perhaps he wants to save you, Duff.

Hon. Jack Marshall: We will be better than you at everything.

Senator Roblin: I allowed my honourable friend—perhaps I had better change that expression. I did not "allow" him to make a speech; I could not stop him. There are 70 of his kind opposite, and if he wants to make a speech he is going to do it.

Senator Frith: Like I said, we never put a clock on you.

Senator Roblin: That is right, and I am not going to put a clock on you. However, I can restrict myself to answers that are appropriate to parliamentary traditions. One such tradition is that you do not ask ministers of the Crown to express opinions. You ask them questions which involve facts. So far as opinions are concerned, I will not give any in response to the

honourable senator's question. If he has a question which concerns facts, I shall be glad to entertain it.

So far, I have listened with pleasure—perhaps I should be more accurate—

Senator Frith: More frank.

Senator Roblin: —with interest to his perusal of the opinions of columnists. I think these gentlemen perform a worthy function and I do not denigrate them in any way, though I may not agree with their opinions. However, I do not think that my friend would like to put himself in the position of endorsing the opinions of every columnist he reads. He certainly did not do that in the past.

Senator Frith: Honourable senators, it is true that I asked for the leader's opinion, and if he does not wish to give his opinion he does not have to. May I ask if he will furnish us with the following fact, should that fact ever become true: When it becomes a fact that the government drops its stonewalling and its secrecy and when the fact is that the gags are removed, will he let us know? This information will help us during Question Period to know whether we will get any answers to our questions.

Senator Roblin: If the facts were as alleged by my honourable friend, I would have something to answer. However, the "facts," as he alleges, are not "facts".

Senator Nurgitz: Don't call us; we'll call you.

Senator Frith: Yes, that is what I think will happen. We will have to continue asking and get the facts on record that way.

IMMIGRATION

PROPOSED REDUCTION IN QUOTAS

Hon. Peter Bosa: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. Over the past 30 years several studies have been conducted by various government departments with respect to the impact immigration into Canada has on both the labour force and the Canadian economy as a whole. Those studies show that immigration into Canada is beneficial since immigrants create jobs and bring capital with them.

I should like to know what the rationale is behind the present government's announcement to reduce substantially the previous government's three-year projections on immigration from 110,000 a year to 85,000, to 90,000.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I agree with my honourable friend that immigrants are a great source of strength to this country. Both he and I are immigrants and, thus, living testimony in our own persons that we endeavour to add something to our nation. As immigrants in our point of origin we expect to see others follow in our footsteps.

In answering my honourable friend's question, I must tell him that in 1982 the federal government imposed a freeze on some applications for independent immigrations to take into account the state of the economy and the need for jobs. That policy has been more or less followed since.

In 1983 there were 89,000 immigrants allowed into Canada. The new quota provides for something between 85,000 and 87,000. While there is a reduction with respect to the numbers it is not a significant reduction from the number of immigrants admitted into Canada in 1983.

The government is anxious to do what it can for immigrants, particularly for those who are refugees, as questions in this house on previous occasions have underlined. As soon as economic conditions make it possible we will be glad to see what can be done about changing the present quotas.

I should point out to the honourable senator that the projections about which he speaks are fixed for a limited period of time. A report being compiled now, initiated some time ago, with respect to the whole question of immigration into Canada, will provide us with some guidelines as to where we go in the future. The quota which has been set is a temporary one and will be revised and reviewed when the guidelines are available for study and exmination.

Senator Bosa: Honourable senators, the honourable gentleman stated at the beginning of his answer that both he and I are immigrants into this country. I would just like to observe that I am more readily taken for an immigrant than my honourable friend is.

Does the Leader of the Government have any information with respect to consultations having taken place with the Province of Ontario in connection with the reduction in immigration figures?

Senator Roblin: I have no information on that point.

INTERNATIONAL TRADE

EXPORTATION OF GRAIN TO PEOPLE'S REPUBLIC OF CHINA

Hon. Sidney L. Buckwold: Honourable senators, my question is for the Leader of the Government in the Senate. We in this chamber are well aware of the importance to the entire Canadian economy of the export of grain to the People's Republic of China. Therefore, I was somewhat dismayed to read recently that China is not taking the full quota of grain from the United States it has contracted for. There was a long-term commitment of six million tonnes. However, the indication is that the commitment is now for 4.3 million, of which 2.9 million will be delivered in 1984.

• (1430)

My question is: Will the Canadian situation be somewhat similar? I hope that the Leader of the Government understands that I am not expecting an immediate answer.

It is interesting to read in this article that China has so improved its productivity in agriculture that they have had a surplus of some crops, but not necessarily wheat. I understand that soya beans and some of the other crops are involved, and it may be that they still need wheat. It is of concern to me and certainly to the farmers of western Canada that we be able to

maintain our Chinese market, which has really been very important and very much appreciated by Canadian farmers.

I would therefore ask the Leader of the Government in the Senate to inquire of the minister in charge of the Wheat Board, the Honourable Charles Mayer, and to report back to us on this situation, as to whether China is fulfilling its commitment to Canada, and what the future situation appears to be.

Hon. Duff Roblin (Leader of the Government): The honourable senator has raised a question which is also very close to my heart, as I am sure he understands. While I do not have the facts before me, let me say that my impression is that Canada has not been subjected to the same degree of cutback in their exports of wheat to China as has the United States.

However, the fundamental point that my honourable friend raises is correct. There has been a very large increase in the production of the agricultural sector in China, including the production of wheat, ever since the present government of China decided to introduce a modified form of capitalism, making it available to the farmers of China in order that they could earn a little money by farming their farms. Indeed, it has had a startling and dramatic effect on production and, undoubtedly, it has reduced the demand for food grains by China. I fully anticipate that that is a problem that we will have to consider in the future.

I shall undertake to obtain what information I can from my honourable friend, the Minister of State for the Canadian Wheat Board, in order that, as far as possible, we may clarify the situation.

THE ENVIRONMENT

GOVERNMENT POLICY RE EMPLOYMENT

Hon. Len Marchand: Honourable senators, I have a question for the Leader of the Government in the Senate. As a descendant of the original citizens of this country, I have some concerns with respect to the discussion and the debate that is presently going on relating to the environment. Having been a Minister of the Environment and having been in charge of the Canadian Wildlife Service and such organizations, I am rather disturbed about the apparent attitude of this government, in that they intend to sacrifice the environment for jobs. In other words, it appears that there will be job creation at any cost to the environment. I would like to ask the Leader of the Government in the Senate if it is the policy of this government to sacrifice a healthy environment to create jobs.

Hon. Duff Roblin (Leader of the Government): I think I may safely say to my honourable friend that that is not the policy of this government. I think I may also safely say to him that the policy of the government will be to try to achieve an equitable balance—because a balance there must be between the natural environment and the job-creation situation in this country. After all, our country has reached its present economic situation, however you may think of it, by dealing with the natural resources of the country. It may well be true that we have not always done so in a manner sufficiently sensitive to the needs of the environment. I understand the point that my honourable friend is making, and our effort will be to try to see that we come to a just balance between two legitimate and competing claims on our natural resources.

Senator Marchand: I am pleased to receive the reply of the Leader of the Government in the Senate, and hope that he passes on to his cabinet colleagues the suggestion that they should carefully review the cuts they are making, especially those cuts relating to the Canadian Wildlife Service. Some of the work that has been done by those outstanding scientists has been among the finest done anywhere in the world. I say that specifically with respect to toxicity levels in the Great Lakes. That work has led to the acquiring of a fantastic amount of knowledge about our environment and the work required for recovery of the Great Lakes. It would be a great loss if the government were to blindly cut expenditures relating to that type of work. That would result in a great loss to our future knowledge of the environment, and a great loss to our knowledge of health matters in this country.

Senator Roblin: I can tell my honourable friend that this subject was raised in the other place, and if he has not already read *Hansard* on that, he might find it interesting to do so.

I do not think it can be said that in respect of the environmental situation with regard to the Great Lakes there have been blind cuts made. There have been cuts, but relatively minor ones and, to the best of my knowledge, they do not in any way disturb the main thrust of ensuring the environmental safety of those waters.

EMPLOYMENT

JOB CREATION—GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: My question is addressed to the Honourable Leader of the Government in the Senate and is a factual one.

The Right Honourable the Prime Minister said that the Leader of the Opposition was being critical of the Prime Minister in the house for saying that the swearing-in of the new government would produce tens of thousands of new jobs. The Right Honourable the Prime Minister said:

> That of course was a literal interpretation of what I said so I suppose I could respond literally this morning.
>
> The unemployment figures are down by half a point; 32,000 new jobs have been created since our swearing-in;

I looked at this matter and found that the Right Honourable the Prime Minister was referring to the difference in the numbers of Canadians employed in September and those employed in October. In September there were 11,163,000 Canadians employed. In October, only 11,153,000 Canadians were employed.

Will the Leader of the Government in the Senate tell me which is which?

Hon. Duff Roblin (Leader of the Government): I think the Right Honourable the Prime Minister has dealt with that general question, not only in the other place but also in public

interviews reported in the newspapers. His replies are in the public domain; I feel that there is nothing I can add to them.

Senator Gigantès: I have a supplementary question. The Leader of the Government does not seem to be aware of the fact that the Prime Minister was probably referring to seasonally-adjusted figures, which are figures worked out to relate the employment rate to the different seasons, and if one does work out the difference, indeed there was a theoretical increase of 32,000 jobs as between September and October.

My question is: Why has the magic of a Conservative government produced so paltry an increase when the seasonally-adjusted increase for June, when Mr. Trudeau was the Prime Minister, was 49,000, and for July, when Mr. Turner was Prime Minister, 86,000. Is the magic not working?

Senator Roblin: I think my honourable friend is entitled to draw any conclusion he likes from the figures he has given me. I do not intend to comment on them.

Senator Gigantès: Maybe the Leader of the Government in the Senate will comment on something else that concerns him personally—

Hon. Royce Frith (Acting Leader of the Opposition): It is doubtful he will have anything to say on that.

• (1440)

Senator Gigantès: We'll see.

The Right Honourable the Prime Minister said, as reported in the *Citizen* on November 15:

> One of the problems with the previous administration is that for 20 years good people in other political parties, be it the NDP or the Conservatives or others, were totally excluded from the opportunity to serve in government and receive appointments—

All of us in this chamber know that the Leader of the Government must be included among the good people. Since he is sitting as the Leader of the Government he must be included among the Conservatives. Does the Leader of the Government know whether the Prime Minister now considers him as a Liberal, as no good, or should we adjust the Prime Minister's statements seasonally?

Senator Roblin: Honourable senators, knowing my honourable friend as I do, I know he is going to adjust them any way he likes, so I am going to let him indulge in that practice for as long as he likes, but I am rather flattered that he should think that my appointment by a Liberal administration should be sufficient to purge the former Liberal government of all its errors, sins of commission and of the appointment of his own followers to a multitudinous variety of posts that I cannot even begin to name. If the simple fact of my appointment redeems the Liberal party when in government from that accusation, then I must say that I am not only surprised but flattered.

Some Hon. Senators: Hear, hear.

[Senator Roblin.]

[*Translation*]

AGRICULTURE

MARKETING OF POTATOES

Hon. Eymard G. Corbin: Honourable senators, I have a question for the Leader of the Government in the Senate.

I read in the press that the Government has decided to get rid of the Commission of Enquiry on the Marketing of Potatoes for the provinces of Eastern Canada, including Ontario.

I consulted the Government's official documents, especially those tabled in the House of Commons by the Minister of Finance on the occasion of his economic message the week before, and I have been unable to find a single reference. I even made enquiries on the subject, and no one has been able to confirm or deny that the Government has actually done away with this commission which was set up last spring and was to be presided over by one of the judges.

The Leader of the Government in the Senate is probably aware that the potato growing industry, especially in Eastern Canada, is subject to some rather serious upheavals every two or three years. I should be grateful if the honourable senator could provide official information to the effect that the Commission has indeed been abolished and also enquire as to the reasons why the Commission was abolished. Furthermore, could he perhaps inform me whether another agency will be responsible for examining what is wrong with this industry, which has been suffering serious losses every two or three years, either due to a world glut or to poor harvests in Canada or to the companies that have a monopoly in the processing sector.

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I had cherished some hopes that those recruits to this house who had been subjected to the rules of Question Period of the other place might teach us a thing or two about the traditions of Parliament that have developed over these 300 years or so as to what is acceptable during Question Period. I am rather saddened to see that my honourable friend on his first question that I have the honour to accept has fallen right into the worst of our habits in the Senate. I say our habits because I have not forgotten the past altogether.

Hon. Royce Frith (Acting Leader of the Opposition): You made them up.

Senator Roblin: Not altogether. The situation then was such that we had four cabinet ministers in the Senate, but now we have one poor fellow.

The short answer to his question is that I am not aware of the answer because it has to do with the Department of Agriculture. I shall ask that department what reply they would like to make to my honourable friend.

CANADA-UNITED STATES RELATIONS

GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. In light of the declaration made in the Throne Speech of the intention to conduct a full review of Canada's foreign policy, has the government frozen all negotiations on bilateral matters with the United States?

Hon. Duff Roblin (Leader of the Government): Honourable senators, to the best of my knowledge those negotiations are proceeding, although I should like to have the opportunity of consulting with the minister in order to give an answer that is precise and accurate.

Senator Grafstein: I have a supplementary question. If those bilateral negotiations are not frozen, could the leader then, following his discussions with the minister in the other place, outline to the Senate those bilateral matters that are under active negotiation with the American officials and the state of each of those negotiations at the present time?

Senator Roblin: I cannot give an undertaking to answer that question because it involves matter of policy—

Hon. Royce Frith (Acting Leader of the Opposition): Oh, oh, here we go.

Senator Roblin: Furthermore, it is not susceptible to the sort of answers that could be given during Question Period, because I would have to make a speech in order to answer those questions. I do not intend to do that.

Senator Frith: Why not?

Senator Roblin: If my honourable friend wants to place a written question on the order paper, then that can be considered.

Senator Grafstein: If I may, I should like to ask a further supplementary question. Is it the government's intention to continue the bilateral sector-by-sector negotiations that were undertaken by the previous government?

Senator Roblin: The same answer applies.

Senator Frith: Which is no answer.

Senator Roblin: It is a proper answer. It is a parliamentary answer.

Senator Frith: We now know that no answer is what you consider to be a proper answer.

Senator Roblin: That is your opinion.

RULES OF THE SENATE

RULE 20—ORAL QUESTIONS—SUGGESTED AMENDMENT

Hon. Peter Bosa: Honourable senators, in the absence of the Leader of the Government in the Senate on November 15, 1984, I put a question to the acting leader concerning parliamentary secretaries, amending the Rules of the Senate in order to enable knowledgeable persons from government supporters to answer questions on subjects with which the Leader of the Government may not be familiar. Changing Rule 20 does not require a change of the Statutes of Canada nor does it require the consent of the Prime Minister. This measure falls entirely within the prerogative of the Leader of the Government in the Senate and members of the Senate. By adding a further subsection, subsection (d), to Rule 20(l), the leader could designate certain persons from amongst government supporters who could give replies to quite a number of the questions that are put to the leader daily. This is not inconsistent with what the Senate has been doing for the past several years.

In the Thirty-first and Thirty-second Parliaments, because of some electoral anomalies, the Senate filled a very important need. Senators were appointed ministers of the Crown to represent in the cabinet areas that did not have government representation in the House of Commons. This difficulty was experienced in 1979 by the government to which the honourable gentleman belongs and in 1980 by the political party to which I belong. Due to the fact that the election produced such a staggering majority of government supporters in the other place, there is now a need that the Senate could fill by providing government supporters who can respond to questions put by opposition members in this chamber.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has given me another version of the idea that he was good enough to present last Thursday, and I read the *Debates of the Senate* of that date and took note of his version on that occasion. I think he misunderstands the nature of the situation. If you expect replies from the government, only persons authorized by the government can make those replies. Under our present Constitution that is limited to ministers of the Crown or, in some cases, to parliamentary secretaries, but it cannot apply to any private member of the Senate. While I appreciate that his ideas are intended to be helpful, I am sorry that I cannot accept that proposition.

Senator Bosa: I have a supplementary question. It would not necessarily mean that an answer given by a government supporter in the Senate would be binding on the government, but, at least, it would provide on-the-spot information and we would not have to wait too long for the detailed answers. I do not see why the Leader of the Government in the Senate would not at least consider this matter a little further and perhaps experiment with it, because this is a constructive and innovative suggestion which, while there is no precedent, I believe ought to be further explored.

● (1450)

Hon. Royce Frith (Acting Leader of the Opposition): Then the Leader of the Government would be the only one refusing to give information.

Senator Roblin: My honourable friend is always helpful. I thank him for his contribution. He may speak up any time he wishes.

I have to tell my honourable friend that I am afraid I still cannot accept his proposition because, on that basis, any

private member could start answering any series of questions on anything. Private members are simply not privy to the kind of information that is needed in order to answer questions. Questions can only be addressed to ministers in respect of their own portfolios.

That does not apply only to the Senate; it applies to Parliament. Therefore, there is no point trying to make a distinction between the Senate and the House of Commons in this respect. It is a nice idea, but I am afraid it won't work.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some information in which Senator Guay may be interested regarding the Garrison. I should like to bring him up to date on the latest developments.

I am sure my honourable friend knows that there is a Canada-United States joint consultative group on the Canadian side, which is composed of representatives from both the federal government and the Government of Manitoba, whose views on the matter are identical, so that there will be a joint approach to this matter.

This consultative group is to meet in Washington tomorrow, when it will take the opportunity of meeting with the American government to offer the written submission of the Consultative Committee on the various options that the Garrison Dam study group has now placed on the public record.

The United States administration will have the responsibility to transmit our views with respect to the recommendation of the committee for incorporation in their deliberations before they report.

Hon. Joseph-Philippe Guay: Honourable senators, as I mentioned last week, a commission has been set up in the United States, the Garrison Diversion Unit Commission, which, as the Leader of the Government well knows, has to report by December 31. I am concerned that that commission's report, notwithstanding anything else, has to be adopted by the Government of the United States of America. That government cannot deviate from that report.

As I understand from the Leader of the Government, there will be representation from both the provincial and federal governments to the United States. Is that in order to formulate an opinion whereby they will make representation to that commission? If that is not the case, then it should be for the simple reason that the commission, based on the information I gave the honourable senator last week, stipulates that the Government of the United States must act on the recommendations. My concern is that they should not refer to the report which will be made on December 31, 1984.

If Canadian representation is to be made to Congress, it can only be effective if it is made at the hearings which will end shortly. The Government of the United States will then have to act on the report of December 31, 1984.

[Senator Roblin.]

Senator Roblin: I would add, honourable senators, that, when the Secretary of State for External Affairs met with Mr. Shultz last October, he received his agreement and was told that before the recommendations of the Garrison Commission were "set in stone," the Canadian government and the Manitoba government would have an opportunity to deal with the recommendations they were making or proposed to make; and that that would be done by presenting their views to the American government who, in turn, would pass it on to the Garrison Commission.

Nobody knows what that commission will report, least of all me; but I do know that the responsibility for living up to the rules of the Boundary Waters Treaty Act is still intact, and it is still the responsibility of the American government to live up to their part of the Boundary Waters Treaty Act. It seems to me that nothing will be recommended or done which, in the opinion of the United States government, offends against that act.

To that extent, we can be assured that consideration will be given to the impact of this discussion on the terms of the Boundary Waters Treaty Act. In my opinion, that ought to be sufficient to save us harmless. We will have to see what happens.

Senator Guay: It was my intention to inquire privately of the Leader of the Government as to whether there was a possibility that the federal government could make representations in Minot on December 13 of this year, which is the date of the final hearing of the commission. I am caught short today since I do not have all my papers pertaining to the Garrison with me at the moment, but, if I had, I would point out that it was stated that, when the commission reports on December 31, it was understood that the Government of the United States would act upon the report as presented to them. I am concerned that they act contrary to that since they have now appointed their own men to that commission. When they appointed that commission, they said that they would definitely act on the recommendations of that report.

I would again ask the Leader of the Government to look into the possibility of both the provincial and federal governments making representations at Minot on December 13. I would be pleased if they made representations there.

[*Translation*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the session.—(*Honourable Senator Gigantès*)

Hon. Phillippe Deane Gigantès: Mr. Speaker, allow me to congratulate you on your appointment. Through you I would also like to congratulate the Honourable Guy Charbonneau.

I am sure you will be an ornament to this Chamber, as were your predecessors.

Honourable senators, we are a majority of Liberals in this Chamber, and of course we are all aware that the Conservatives are on cloud nine right now.

I would urge them to enjoy their euphoria as long as it lasts, until the cares of power fall heavy on their shoulders. I want to congratulate them on their splendid victory.

I also wish to congratulate Senators Macquarrie and Tremblay on their erudite and elegant speeches.

[*English*]

Speaking of elegance, my special felicitations go to Senator Macquarrie for his kilted vestimentary splendour on the evening of the Governor General's ball. He was a dazzling package. The wrapping was almost as impressive as the content. I contemplated wearing a Greek kilt on the next state occasion so as not to be outshone, but my wife pointed out that I did not have Senator Macquarrie's knees, so you will be spared.

[*Translation*]

I would now like to comment briefly on the Throne Speech and the economic statement made on November 8 by the Minister of Finance. This is not a partisan speech. We are all Canadians first and Party members second.

There is no doubt that Canadians have voted massively for this Government. It means that the Government has an almost fearsome responsibility and also a splendid opportunity to do the right thing. A Conservative Government, supported by business, has a better chance of dissipating certain harmful myths that have confused economic thought and lead to the trials and tribulations we are suffering today.

• (1500)

[*English*]

To believe that, in a situation of high unemployment, low inflation and grave under-utilization of our resources, growth will result from cost cutting is to ignore the facts. Cost cutting reduces the incomes and profits of some people and therefore reduces demand. The worst effect, of course, is the loss of confidence. There is no better booster of confidence than a long line of customers at the door. That long line of customers signifies demand. Decrease the demand in the economy and confidence will plummet.

If honourable senators want an illustration of how cuts in income will damage the economy by reducing confidence, consider what would be the reaction of the country's retailers if they were told that all of their customers would have 5 per cent less to spend this coming Christmas season. Consider, also, the figures for 1982. In that year, the gross national income per capita went down by 4.6 per cent and, inevitably, retail sales declined by 7 per cent. We have not yet recovered from the consequent decline in confidence.

To start reducing deficits and the growth in the national debt, some people propose a cut of 5 per cent to the federal payroll. This seems to be a popular pastime. If we were to include in this payroll the salaries paid to crown corporations, the public service and the armed forces, it would amount to about $15 billion per year. Five per cent of that payroll amounts to $750 million. That "saving" would pay off our 1984 national debt in 240 years, if, of course, we suspended payments on interest and paid only the principal. Suppose we did not cut the salaries of the armed forces or the employees of crown corporations, but only those of public servants. The cut would then amount to $300 million per year and would eliminate the national debt in six centuries, again suspending payments on interest and making payments only on the principal.

The point I am trying to make is that such cuts, which are advocated by some, would be futile. What is worse, they would be a sop to those who have been terrorized by the myth about the debt. The government would have pandered to and given new life to this damaging debt myth.

In what I am about to say, honourable senators, I must acknowledge my intellectual debt to such eminent economists as Dr. Ruben Bellan of the University of Manitoba and Dr. David McQueen of Glendon College, York University, Toronto. The first thing to note about Canada's debt is that 97 per cent of it is owed to Canadians. Since all Canadians and Canadian businesses who own government bonds are liable to federal income tax, Ottawa receives back about 35 per cent of what it pays to bond-holders in interest. Therefore, our real payment in interest does not amount to $20 billion a year, but to $13 billion. Further, to a substantial extent, according to Professor Bellan, the people who pay taxes are also those people who own the bonds. Therefore, the government is taking the money out of the bond-holders' left pockets through taxation and putting it back into their right pockets as interest.

For Canadians who own the bonds, the debt is an asset and the interest payments constitute income, not liabilities. I confess to some puzzlement when I hear people who collect good interest on Canada Savings Bonds cry all the way to the bank.

Federal deficits will only have an inflationary effect—which is one of the big fears about federal deficits—if they occur when the economy is producing as much as it can. If the honourable Leader of the Government will forgive me for correcting him, Keynes never said that a government should resort to spending cuts as the economy is growing back to full employment of its resources. Such spending cuts should be made only when the resources are being used as much as possible, Keynes said. If, at such time as the resources are being used as much as possible, the government spends more than it takes from the public through taxation, it will be adding to a national total of spending that is already sufficient. But, if the private sector is buoyant and the economic outlook is bright, then businessmen will want to borrow a great deal in order to build additional plants and so on that promise to be profitable. At such a time, the government is likely to have little or no need to borrow. If tax revenue is bountiful, as it would be, then there is no need to borrow and the expenditures of the government on unemployment, welfare and job training will be low. That, however, is not our present situation.

If a deficit is incurred when people are unemployed, when the country's productive capacity has not been fully used—and

ours is only being used at the rate of about 76 per cent—then a deficit need not have an inflationary effect. So long as deficit spending serves to put unemployed people to work, it need not cause a rise in the price level. Suppose an unemployed person who receives the present $162 per week in unemployment insurance benefits, finds a job paying $300 per week, then, for so long as this person produces goods or services worth $138 per week—which is the difference between $300 and $162—the effect will be deflationary. For a spending increase of $138, there would be an increase of output worth more than that amount. We would be producing more for less. Prices could fall. By the way, employed Canadians produce, per capita, services or goods worth over $700 per week.

Therefore, if governments borrow at a time when the economy is not fully employed, there need not be an increase in interest rates. There need not be any reduction in the amount of money that is available for private enterprise to borrow, with a consequent increase in interest rates.

Honourable senators, this is mere common sense. Let us forget, for the moment, the theory. Allow me to present some facts, which have been confirmed by contemporary experience and historical record in both Canada and the United States. In the United States, the deficit rose from $73 billion in 1981 to $180 billion in 1983. At the same time, the inflation rate dropped from 10 per cent to 3 per cent. Interest rates declined from 14 per cent to 11 per cent. In Canada, the federal deficit grew from $13.6 billion in 1981 to $31.4 billion in 1983. The inflation rate, meanwhile, went down from 12.5 per cent to 4 per cent, and interest rates went down from an average of 19 per cent to approximately 11 per cent. An increase in the federal deficit, therefore, did not produce the increase in interest rates that would have been the result of crowding out.

Honourable senators, there was no crowding out of private borrowers. Business firms, unable to sell anything like the full output of their existing plants, had no reason, and were in no mood, for expansion. They were not crowded out—they did not want to come in.

From 1930 to 1935, during the great depression, the Canadian government's deficits averaged 3.2 per cent of the gross national product and were therefore equivalent to contemporary deficits of about $15 billion. Remember the howling, not so long ago, when the deficit hit $10 billion? Far from there being any inflation in the thirties, because of the high deficit there was actual deflation. The consumer price index fell by 19 per cent between 1930 and 1935, and interest rates were in the 3 to 4 per cent range. During the war years, from 1942 through 1945, the average federal deficit was 22 per cent of the gross national product. In today's terms that was, therefore, equivalent to $100 billion. Meanwhile the consumer price index rose by less than two per cent per year, while interest rates stayed at about three per cent. That is the record, not the theory.

● (1510)

The United States had much the same experience both during the depression and during the war period. As a result of the government's immense wartime borrowing, the national debt increased more than three-fold between 1941 and 1945 both in Canada and the United States. The same sort of experts—bankers, tax lawyers, accountants, stockbrokers—who today predict bankruptcy if we do not cut the deficit, then predicted a similar fate during and after World War II, both here and in the United States. Yet in neither country did the huge wartime deficits have damaging economic consequences. In both countries the quarter century after 1945 was probably the most prosperous, stable and progressive ever known.

Obviously we must find ways to keep increases in wages and profits from exceeding the growth of the economy or productivity, because such excess contributes to inflation. But we must never again fight inflation by deliberately plunging the world into a recession. There are better ways that have worked elsewhere. To curb inflation by drastically cutting the money supply and causing recession is like trying to cure someone's bad breath by asphyxiating him.

Businessmen will hire additional persons only if they expect to sell a lot more than they are actually producing. More jobs will come into being only when an increase in spending in the country is expected. If no such increase is anticipated, there will be no increase in investment or in employment. If the federal government is to reduce unemployment, it must bring about an increase in investment by increasing demand, either by increasing its own expenditures and/or by reducing taxes to promote an increase in private sector spending. I favour the latter, as honourable senators will see.

Of course, non-productive expenses must be cut—those that do not mean an increase in employment. But through tax cuts, or more government spending, employment and demand can and must be increased, and if that increases the deficit, then that is too bad.

Let me quote Lord Macaulay who in his "History of England" in 1855 wrote about the growth of his own country's national debt by 1600 per cent in one century. He said:

> At every stage in the growth of that debt. . . it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet the debt went on growing, and still bankruptcy and ruin were as remote as ever.

To quote him further, he said:

> It can hardly be doubted that there was some great fallacy in the notions of those who uttered and of those who believed a long succession of confident predictions, so signally falsified by a long succession of indisputable facts.

Again he said:

> The prophets of evil erroneously imagined that there was an exact analogy between the case of an individual who is in debt to another individual, and the case of a society which is in debt to a part of itself; and this analogy led them into endless mistakes.

Lord Macaulay was describing in 1855 reaction to the 1600 per cent increase in the English national debt from 50 million pounds in 1713 to 800 million pounds in 1815. Those were gold sovereigns.

That was two centuries ago. Now let us look at what happens elsewhere today. The United States has done better than Canada because President Reagan has done what he tells everyone else not to do. He put through three massive tax cuts and increased public spending—and damn the deficit. That is why the U.S. economy has been growing better than ours recently. Unfortunately, nagged by the people to whom this government is now listening, the Liberals did as President Reagan was saying, and not as he was doing. I admit that. We increased taxes, cut costs and slammed the brakes on the recovery. That is what the Minister of Finance is proposing to imitate, and I beseech him not to do so.

Incidentally, the endless moaning and gnashing of teeth about our deficit being higher per capita than that of the U.S. is grossly misleading. Dr. Peter Dungan, who heads the Institute for Policy Analysis at the University of Toronto, points out that according to most forecasters an increase in employment in the U.S. would not decrease their deficit by much. A similar increase in employment in Canada would decrease our deficit by much more. In other words, the U.S. deficit is more structural.

I will not go into the technical discussion of the structural versus the cyclical deficit; but most experts agree on this. Ours is more cyclical. In other words, growth in employment will cure the deficit here but will not work as well in the United States. Their deficit-cutting will be harder than ours. But the important point is that the deficit in the United States has not stopped that country from doing better, because it expanded demand, which stimulated growth in investment and employment.

Of the industrialzed countries, the one which has done best, by all economic indicators, is Japan. We all admire Japan. The Prime Minister has a senior economic advisor who is an expert on the Japanese economy—I hope. In Japan the government accords absolute top priority to full employment and the fastest possible rate of economic growth. The government keeps constant watch over the economy and is prepared to increase its spending and reduce taxation by whatever degree is required to ensure that the country keeps achieving those paramount objectives, namely, growth and full employment; and it accepts whatever budget deficit results.

Japan's national debt, as a proportion of its gross domestic product, is 67.7 per cent for 1984. That is what it is estimated to be. Ours is projected to be 58.1 per cent. Both figures include the entire debt incurred by all levels of government.

The performance of the Japanese economy since 1974 indicates that, to say the least, it has not suffered on account of its government's deficits and the increased indebtedness to its own banks and its own people. Japan has also known the lowest inflation rate over the past four years. Much lower inflation than France, whose national debt represents the smallest proportion of the gross domestic product among the principal industrialized countries—somewhere in the order of half the Japanese debt. Yet it is France which has had the highest rate of inflation growth between 1981 and 1984.

Which country has experienced the greatest growth in unemployment between 1981 and 1984? Great Britain, of course, where the government has been most savagely orthodox in effecting cuts and shunning expansionist policies. There, the rate of unemployment increased 93 per cent since 1980. I am speaking of the rate. In other words, it nearly doubled.

In British Columbia, which has tried to emulate Great Britain's policy, unemployment rates grew even faster in the past four years. They more than doubled. That is to say, they grew by more than 100 per cent. In Canada as a whole, during the same period, the unemployment rate grew by only 50 per cent. There is a lesson in that. Those are facts, not theories. What should we do?

• (1520)

One wise man has told us:

> There are hundreds of millions of dollars worth of waste in present government spending that can and must be cut. But that kind of saving will make no effect whatever upon our annual deficits of $30 billion or so. Economists who argue that the way to reduce the deficit is to reduce spending are locked into the past. The only way to do it—the economy could not stand tax increases—is by economic growth which will both increase revenues and reduce social spending.

To make sure we understand, this man adds:

> ... Government has to create an expansionary economic climate within which businesses can expand ...

Who said this? Not I, though I wish I had. Not Mr. Broadbent, not a labour union leader. Not a flaming socialist. The author of these statements is none other than the Honourable Sinclair McKnight Stevens, Minister of Regional Industrial Expansion, speaking to Richard Gwyn, as recorded in the Ottawa *Citizen* of October 14. I have been critical of Mr. Stevens in the past and I hereby pronounce my *mea culpa*. I hope that the government will listen to him.

Without even increasing the deficit or taxes, we can have an expansion in demand, which will lead to an expansion in consumption and, consequently, in investment, production and employment. Here are some avenues for the government to explore: Cut the dependent child and spousal deductions which are regressive because they help those who have high incomes and have high tax brackets much more than those who are in the lower tax brackets. Increase by an equivalent after-tax amount the personal exemption. This will cut everyone's tax. That will increase demand. For the poorest, who pay little or no tax, explore a negative income tax. Those on the lower rungs of the economic ladder are more likely to spend what money the tax system puts in their pockets. There is a myriad of things such people need to buy. Demand will grow. Investment will result. Employment will rise.

I suggest that we increase the personal exemption even further, and offset this by taking money from the $18 billion that is given to business in tax concessions or grants. Consider abolishing all tax concessions to business and use some of those

funds to reduce the corporate profits tax. Some grants may still have to go to businesses that do not make enough profits to pay tax but deserve encouragement, as the Honourable Sinclair Stevens said. But if grants are still given to business, let the recipients have to prove they are creating jobs. The Minister of Finance talks of unleashing the private sector. Indeed, remove the multi-billion-dollar golden leash of concessions which holds back business: cut its taxes. If personal taxes are cut, as suggested above, it will make more profits because demand will increase. Government revenues will increase. Government expenditures on unemployment insurance, welfare and job training will decrease. The deficit will decrease. This government has the clout to take such action. For all our sakes, let it act.

The Honourable Sinclair Stevens did not only advise an expansionary policy. He also said:

> In the past, those who run our businesses have often acted as if they had only a limited responsibility to their workers and to their communities when they have to close plants or restructure them. I am a strong believer in free enterprise. But if our free enterprise system is to survive it is going to have to face up to its social responsibilities and rank those higher than short term greed.

This is a point I wish the Minister of Finance had explored fully. This point is central to what will be happening to Canadians for years and years to come.

We have a technological revolution. New machines now replace not only muscle power but, to some extent, brain power. It is fashionable in certain circles to say that new jobs are automatically created for people who are replaced by machines. But that is only part of the picture. In the past 100 years in industrialized countries, many manual jobs were lost. We need only look at agriculture as an example. One hundred years ago half the population tilled the land to feed us. Now, less than 4 per cent of the population works the fields and produces much, much more. And, yes indeed, the agricultural workers displaced by machines found jobs in other sectors, but only after a long, cruel wait. We must not overlook the fact that in the past century the length of the working week has been halved. In other words, to accommodate those workers whom machines displaced, the economy had to share what work was available. This is not theory. This is what happened and this is what will happen. If the average work week were today what it was 100 years ago, half our labour force would be out of work.

We must start thinking about changes in the legislation that will give part-time workers the same benefits proportionately as are given to full-time workers. This will make it easier for those who might wish to shift from full-time to part-time work and pay. It is not inconceivable—in fact, it is a certainty—that with an increasing use of machinery our gross domestic product, the wealth we produce, will increase faster than our population. That is the record of history and it will continue. But, surely, this wealth must not benefit only those who own the new machinery.

I would like to recall here a conversation on robots between the late Walter Reuther, then president of the United Automobile Workers and Henry Ford II: "These machines, Walter," Mr. Ford said, "will not need coffee breaks, will not go on strike, will work 24 hours a day, will not give lip to the foreman and will never ask for wage increases. Increasingly, they will replace more and more of your workers." Mr. Reuther replied: "Yes, but will they buy automobiles?"

I should like to call to the attention of honourable senators the *reductio ad absurdum* argument of a great economist, Wassily Leontieff. If we replace all workers in manufacturing and services by machines, which is not inconceivble, he says, we could be living in a paradise overflowing with goods and services in which human beings would be starving, and neglected, because they will have no wages with which to pay for all those goods and services. I did not hear the Minister of Finance address this major problem of our time and our future, which is how the wealth of our economy is to be distributed.

Hon. Duff Roblin (Leader of the Government): You did so.

Senator Gigantès: The other problem is how to produce more wealth. We know how. We can increase production if we do not close our minds to the facts. But we have not yet tackled the problem of distributing this wealth so that people displaced by machines will have money to buy the products of these machines. We cannot shirk our responsibility to solve this problem as a society. No hoary myths should stand in our way.

I am also puzzled by the fact that those who complain about the national debt cannot follow the example of any intelligent businessman who considers his debt in relation to his assets. Yes, we do have a national debt, but it has paid for half our school and university buildings, half our hospitals, all our ports and much, much more. If a businessman buys a robot, he pays money for the education that has been put into that robot as well as for its metal and plastic flesh. He then houses it so that it will operate in optimum temperatures. He looks after its health by having repairmen around. He feeds it electricity and even makes provisions for its old age and retirement through amortization. He does all this because he considers his robot an asset to be counted when calculating his debt-to-assets ratio.

The most sophisticated robots that have ever existed or will ever exist are human beings. They should be considered assets, too, worthy of the best in education, health care and pensions. If the wonderful Canadian people are counted in the debt-to-assets ratio of our country as robots are, then I am not sure we have a debt problem at all.

● (1530)

That is just economic common sense. It is traditionally overlooked by those who think that the national debt will lead us to catastrophe. A government with so huge a mandate as the one the Conservatives have received has a duty to educate and to preach common sense. I have not heard it do so yet and I bitterly regret that, as will the nation.

Unless the government dispels the fashionable misconceptions about the national debt, we shall never be able to solve our economic problems. Dispelling these misconceptions is, in my view, the government's first priority. Let me give it some help in dispelling some of these misconceptions.

In 1939 our national debt was $4 billion and our interest payments on that debt were $135 million. In 1984 our national debt is projected to be $180 billion and our interest payments $20 billion. Accounting for growth in population and inflation, that means our national debt per capita is 3.5 times greater than it was in 1939 and our interest payments 10 times greater. If the growth in the national debt is such a disaster then, of course, we should be much worse off today than we were in 1939. However, we are immeasurably better off.

I would like to cite some statistics to show just how much better off we are. In 1939, the rate of infant mortality among children under one year was 61 per 1,000. Today the figure has dropped to nine per 1,000. In 1939, life expectancy for males was 62 years; today, it is 72 years. In 1939, less than 5 per cent of the population in the 18 to 24 year age group went to post-secondary institutions. Today, some 22 per cent of people in the same age group attend post-secondary educational institutions. In 1939, our economy could only manage to provide jobs for 26 per cent of our population. Today, 44 per cent of our population is employed. In 1939, less than 35 per cent of all households owned automobiles. Today, 77 per cent own them. In 1939, some 50 per cent of households had flush toilets; some 99 per cent have them today. In 1939, less than 40 per cent of all Canadian households could afford the telephone. Today, the figure is 98.5 per cent.

Throughout World War II financial experts warned that the country was assuming a burden of debt which would prove to be absolutely crushing and which would bankrupt us. It has not. The view of financial experts with respect to the dangers of deficits was then and is now as it was in England in the seventeenth, eighteenth and nineteenth centuries.

In 1939, Canada's gross national income in constant 1971 dollars was $1,579 per capita. In 1983, also in constant 1971 dollars, it was $5,400—three times greater. Today, Canadians are three times richer than they were in 1939, despite deficit spending or, rather, because of deficit spending to promote demand, investment and employment.

I beseech the government to look at the facts and to teach those facts about the need for expansionary policies for the sake of growth. I beseech the government to preach the need for labour and management not to seek profit and wage increases which exceed the economy's growth—that causes inflation.

I beg for help for those who need it most in order that that wonderful Canadian asset—their skills—can be put to work. That is not only decent but good sense and good business. Enlightened self-interest should prevail over myths and dogmas. Yes, Mr. Wilson, please unleash not only our businessmen, unleash all our people.

Hon. Senators: Hear, hear.

Hon. William M. Kelly: Honourable senators, I might say that the acclaim on this side of the house is on the basis that I promise to be brief. Honourable senators are reminding me that I have promised to be brief.

First, I must say that I have suffered the same bad luck I always suffer each time it is my assignment to speak in this chamber. Today, I have to speak after someone as eloquent as Senator Gigantès. I remember that last year I had to speak after Senator Roblin. I wish that I would be allowed to speak first or, at least, not put so close in the speaking order to speakers of their calibre.

I would like to add my voice to the voices of those who have been heard before in welcoming the new senators to this chamber. Among other things, they have succeeded in removing me from the bottom of the list of senators and have made me feel like somewhat of an old hand, although I will always remember how pleased and excited I was on my first day in this chamber. That was just two years ago. I think 20 years from now I will still remember what a great experience it was. I know a few of the new senators, and I must say that they measure up to the usual high standard of appointments to this chamber. I wish to reassure them on that point.

I wish to congratulate our new Speaker, Senator Charbonneau, although he is not here today. I have known the good senator in many capacities over the years and I must say that the role of Speaker suits him well. He has taken on a certain air of dignity and has even managed to develop that rather unique glazed expression which Speakers of this chamber seem to develop as they glide up the centre of the chamber to take their place in the Chair. In all seriousness, this chamber has been graced with a long line of eminent Speakers. I know that Senator Charbonneau will be no less.

I was delighted to hear of the appointment of Senator Asselin as Speaker *pro tempore*. The recognition is well deserved.

Hon. Senators: Hear, hear.

Senator Kelly: I would like to congratulate our two new leaders. They will both have to work hard to live up to the examples that have been set for them by their worthy predecessors, and I know they will.

I would also like to congratulate and offer best wishes to the deputy leaders and to the whips. In so far as the whip on this side of the chamber is concerned, I have good reason to believe that I am going to miss Senator Macdonald. He always treated me gently and with some kindness, which is in sharp contrast to the pushing around I have received recently from Senator Phillips. I will try to live with that, since I do not have much choice in the matter.

Honourable senators, I was fortunate enough last week to have been invited to attend the NATO meeting in Brussels. Therefore, I missed the beginning of the debate on the motion for an Address in reply to the Speech from the Throne. However, I have read the *Debates of the Senate* carefully, and I must say that the subject has been thoroughly and eloquently covered, certainly up to and including today, by Senator

Gigantès, and particularly by the two leaders in this chamber whose ability with thoughts and words I could not match and will not try to.

I will say that, in my opinion, what seems the most significant commitment by far in the Speech from the Throne is the commitment to consensus, to consultation, to harmonizing policy among all levels of government, to attempt to achieve togetherness among governments, business, labour and Canadians as a whole.

The problems we face in Canada today are not unique. Last week I listened to representatives of the 16 member nations of NATO. I heard all about deficits and interest rates. I heard about sagging economies, high unemployment, particularly among young people, excessive government intervention and so on.

While our problems are not unique in the world, they are nonetheless our problems and they must be dealt with. I believe the Mulroney government has set out certain clear objectives in the Throne Speech. If it follows through with its commitments to bring all sectors together in consensus and if it is successful, then we shall have taken a giant step toward solving many of our problems. Whatever we do, I firmly believe we must do it together.

In his economic statement on the Thursday following the Speech from the Throne, the Minister of Finance created a considerable stir and perhaps some unease in his announcement of an immediate process of review of government programs. In my opinion, the review process is aimed at discovering ways and means of reducing expenditures, and does not necessarily suggest that worthwhile programs will be diminished. It might simply mean that the process of delivery of those programs is streamlined and more cost effective.

● (1540)

Honourable senators, government is a huge institution involving massive bureaucracies often addicted—albeit well-intentioned—to a certain commitment to the status quo. When any large institution, whether it is government or private sector, comes under new management—and this institution did come under new management—the first thing the managers do, if they are prudent, is exactly what is happening now, they review the way in which the institution is doing its business. For example, although there was some joking about it, I was pleased with the symbolic gesture of the Prime Minister in instituting modest pay cuts among senior managers. This is classic, good business practice and has often been used as a clear signal to managers at all levels that senior management is serious about finding fat in the system, wherever it is, and often has the very beneficial effect of mobilizing serious cost-cutting efforts at subordinate levels across the management spectrum.

The new government has already started to move into its review of crown corporations. In my opinion, it is about time. There are over 400 crown corporations. I have said it several times in recent days, but I would like to remind this chamber that since 1968 we had been creating, on average, a new crown corporation every three months. The problem we face today, in the review of crown corporations, is not so much whether governments should or should not be in business but more that of having so many businesses as to make it impossible for any government to function effectively in its duty as a vigilant shareholder and to operate any meaningful system of accountability.

There is, as might be expected, the outcry in debate today: Where are the jobs? Where are the specific programs? Where are all these changes aimed at creating a better environment for the private sector and for the revival of the entrepreneurial spirit? I believe that Mr. Mulroney, Mr. Wilson and their colleagues fully intend to see these changes come about. However, as they approach this new era, they are well aware that they must first gain the confidence of the private sector, of business, of labour, of the investor, if the appropriate responses are to take place. In my opinion, this can only be achieved over time and after a careful series of meetings of minds such as is planned for in the announced national economic summit referred to in the throne speech and other similar meetings. Business and labour must know what governments are thinking, and be confident that the rules will not be changed without some advance notice.

The National Energy Program was an interesting case in point. I have many criticisms of the details of that program, but my major criticism is levelled at the way it came about. It was simply announced, with very little broadly-based consultation. It is this sort of thing that causes the private sector to mistrust governments. We are not going to solve our economic problems in an atmosphere of mistrust. It just will not happen.

On the government's commitment to try to bring down the deficit, with all due respect to Senator Gigantès' cry that the deficit is too big, I cannot find any reason for arguing with a commitment to reduce the deficit. As long as governments are inordinately large players in the capital market, interest rates will stay high. Private sector expansion will depend on dependable interest rates at a more reasonable level, in my opinion.

Coming back to the question of consultation, honourable senators, I would like to dwell for a moment on the question of federal-provincial relations. This new government has, perhaps, some advantage over the previous administration in that it has representation right across the country. In spite of this, however, the gaining of a consensus will not always be easy. In times gone by, I have heard it said by friends of mine at the federal level that federal-provincial meetings are really a nuisance. You have ten premiers, each with his own agenda and shopping list, coming with no real interest in what is happening in the rest of the country. With that sort of mind-set at the federal level, it is difficult to move towards any kind of consensus, in my opinion. It seems to me, in the first place, that it should not be surprising in a country such as Canada that provincial agendas differ as you move from the east coast through central Canada and across the prairies, over the mountains to British Columbia.

Hon. Royce Frith (Acting Leader of the Opposition): I am sorry, but provincial agendas do what?

Senator Kelly: They differ. It is quite legitimate to have a diversification of views.

Senator Frith: I was not objecting; I just did not hear what you said.

Senator Kelly: The role of the wise Prime Minister and the wise federal government is to constantly emphasize consensus and not confrontation, and I believe that this is the commitment and will be the on-going commitment of this new federal government.

Finally, on the question of consensus as opposed to confrontation, I would like to say a word about this chamber. I read and re-read the remarks made by the Leader of the Opposition in this chamber on November 13, in which he said—and it sounded like a warning to me:

> We do have numbers on this side; we have a strong Liberal majority.

A little later, he said:

> Every legislative assembly in our system operates on the majority principle, and the Senate is no exception. The majority will decide; the majority will prevail.

Please understand, honourable senators, that I recognize that, as a junior senator, I may still have some childish illusions. Nevertheless, I am still obsessed with the view that this chamber was meant to be, can be and hopefully is, in fact, the chamber of sober second thought.

However, I read on in the *Debates of the Senate* and felt once again reassured to read the remarks of my own leader describing his view of how the Senate carries on its affairs. I would also like to quote him, in part, when he says:

> What we did was not done in a spirit of political rancour, but in a spirit of what we call sober second thought to try to improve legislation that came before us. We made constructive suggestions to make things better. Who can object to that? To do so is the role of the Senate in these days, under this Constitution, and in these circumstances. Ours is an advisory role, and an advisory role only.

I am very proud to serve under that leader, and I am very much looking forward to the days ahead in this chamber.

Hon. Lorna Marsden: Honourable senators, may I begin by adding my voice to those of my colleagues who have congratulated Senator Charbonneau on his position as Speaker of the Senate. I want also to congratulate the Deputy Speaker and wish you both a happy reign in the Chair of this chamber.

I congratulate also the Leader of the Government in the Senate and his colleagues, and look forward to a productive exchange of views over the next few months.

On this side of the chamber, I welcome with great warmth all the new senators. I know that our new colleagues bring with them to this chamber not only distinguished public and professional careers but also a concern for the ordinary Canadians on whose lives legislation passed here has the most impact. I know that they will pursue tenaciously these interests and concerns.

I particularly welcome the new senator who is my own leader in this chamber, with whom I have worked on many occasions in the party policy committees and for whose judgment and experience I have the highest of regard.

I am concerned here today with that section of the Speech from the Throne entitled "Social Justice". That section of the Speech deals extensively with the inequalities faced by women in Canadian society, although it does not deal exclusively with that important social group. Indeed, a great many subjects are touched upon in this section of the Speech—the concerns of women, the family, the disabled, issues of retirement, community-based health care, excellence in the arts, culture and athletics. These are all important concerns of special groups of Canadians, and all are issues which have been addressed by the previous government. Indeed, I am encouraged to see that many of the ideas developed by the previous government, such as amendments to the Divorce Act, and to the Indian Act, the enforcement of maintenance payments, equal pay for work of equal value and new reforms in pensions, health care and the Criminal Code are listed in the Speech from the Throne. I am only sorry that the government missed our proposals for support for housing for single parents, our youth employment projects and our commitment to the creation of new basic research knowledge.

Honourable senators, social justice is a ringing phrase. It was said only last week in the *Globe and Mail* of the late Senator Thérèse Casgrain that she fought for social justice all of her life. Many Canadians honour her because of that.

Social justice, as a phrase, can be found in the writings of Karl Marx and Lenin, and remains a phrase that is claimed by their various branches of followers, down to the Sandanistas in Nicaragua in the present day. Social justice is discussed at length by the distinguished Canadian philosopher and socialist, Brough Macpherson.

However, this is a phrase the use of which is not confined to those on the left of the political spectrum. Social justice is also claimed by those on the right, including the contemporary U.S. libertarian and conservative Robert Nozick in his book *Anarchy State and Utopia*. Social justice and equality are also of concern to those in the middle of the political spectrum: John Stuart Mill, Daniel Bell, Amy Gutman, and many others all deal, from a liberal perspective, with issues of social justice.

The government, therefore, will certainly not divide us over the phrase "social justice", but they most certainly will divide us, and perhaps bitterly, over what is meant by that phrase, how one achieves it and particularly what role the state has in achieving it, and how it is to be measured along the way.

● (1550)

Because we have a new government, and because we are not certain what their political philosophy on social justice means, it is important to ensure that their meaning is separated from the liberal or socialist meaning of the term. The ends and the means differ in each case.

From a practical point of view, then, one wonders what ideas the new government has about social justice, and in

particular, one wonders what are the views of the new Prime Minister. One cannot assume that his ideas are necessarily the same as those of Mr. Diefenbaker or of Mr. Clark. One assumes or hopes that his ideas are not the same as those of the Conservative Party members polled at their last national policy convention, which recommended getting out of almost every social program or element of collective social justice in our system. Perhaps it is those views which will prevail.

As I have just pointed out, social justice is discussed almost everywhere, but one place it is not discussed is in the published writings of Mr. Brian Mulroney, who appears to have discovered the phrase quite recently, perhaps with the prompting of some of our colleagues opposite, just in time for the Speech from the Throne.

Now, it may be that I have not uncovered the secret lodestone of Mr. Mulroney's thoughts on this subject which would allow us to anticipate what lies behind this review of social programs, but I have examined Mr. Mulroney's book *Where I Stand*. The preface to his book states:

> Those who read this book will be under no illusion as to where I stand.

He then goes on to list his beliefs, to wit:

—governments should balance budgets;

—industry must be kept turning;

—initiatives should be rewarded;

—labour relations should be civil;

—research and development are the keys to our national well-being;

—the essence of federalism is co-operation and consensus;

—men and women will stand on their own two feet, when given half a chance;

I think the "half" is important.

—government must show concern, even tenderness, in dealing with the less fortunate among us; and

—only free men and women are able to sever the knots tied by government bureaucrats;

I might just point out as an aside that the political assistants Mr. Mulroney has brought into his office are hardly free; they are the most expensive in the history of the country. No one would suggest that they are free to act in the interest of severing knots of any kind; some of the biggest knots they have are in the gags over their mouths.

But to return to Mr. Mulroney's list of concerns, I have listed them in the order in which he put them in his book.

Encouraged by a chapter entitled, "Service to Others", I read it with special care hoping to find some reference to social justice; there had been no such reference in the previous ten chapters. This turned out to be a combination of speeches given to graduating classes of Memorial University in 1980, and St. Francis Xavier University in 1982. Mr. Mulroney urged the graduates of Memorial University to work hard and be innovative; to have a sense of tolerance, humility and humour; to be appreciative of family and friendship; and to behave honourably.

When we get to his description of what constitutes service to others, it is as follows, and I quote:

> One has only to reflect on the history and culture of Newfoundland and its prospects to appreciate the opportunities for service that await one. There is an industrial base here that one day will be the envy of many—hydro power, oil and gas, fisheries, mining, pulp and paper, tourism—it is all here.

In other words, service consists of getting out there, making money and serving the big hydro and oil interests.

Is this the prevailing view of social justice?

When we turn to his address to the graduating class of St. Xavier University, we find that Mr. Mulroney led the fund-raising campaign, very successfully I must say, and is handing on the results as his way of thanking the university for:

> your contribution both to the principle of academic excellence and to the betterment of conditions for the less privileged in our society.

At last we have a reference to the fact that there is a considerable number of less privileged in our society, but there is no reference in his book at all to any policy or coherent set of ideas remotely related to social justice, or even social programs.

It is clear that Mr. Mulroney's preoccupation, as evidenced by the selection of his speeches that he chose to publish last year, did not include any aspect of social justice; certainly not a concern for social justice for women or minorities.

Fortunately, a transcript was published of the August 15 debate on women's issues sponsored and organized by the National Action Committee on the Status of Women. During that debate the preoccupation was, of course, with the way in which the policies of any government might have an impact on economic justice, on criminal justice, on family life, on the economy, on Indian women, on the handicapped and on visible minorities—mostly social and economic justice issues and all of importance to women and to men of Canada who are concerned at all about the prevailing injustices and inequalities.

In response to a series of questions, Mr. Mulroney made a series of commitments. It may be useful for my honourable colleagues to note these commitments in order to have a benchmark for understanding what Mr. Mulroney perceives to be social justice in action. When the legislation is introduced, we will want to compare it closely to those commitments.

Pensions was a question raised. Here Mr. Mulroney singled out homemakers and women 60 to 65 years of age. He stressed with respect to homemakers, that the all-party parliamentary task force indicated how to accomplish this without the cost being unbearable. There are savings to be realized, he said.

More significantly, he stressed that it is an obligation of the state to make sure that we provide more than "just subsistence against poverty". It would be a high priority in the next session of Parliament, he said.

Equal pay for work of equal value was another question discussed by the leaders. Mr. Mulroney was quite clear about this. Asked if he was ready to "protect the equality rights of women by including the provision of equal pay for work of equal value in contracts granted by government to the private sector", he replied, "I am ready to go still further."

He objected to the fact that those who believed they were being unequally paid must grieve. It would be imperative, he said, that clear directions be given to Treasury Board to change this in the federal government. This is exactly the system to which the private sector objects most strenuously, I might point out.

With respect to employment opportunities, Mr. Mulroney indicated that he favoured getting more women into decision-making positions, and indicated that he would use "strong persuasion" with the chartered banks to encourage making credit more accessible to women.

On the question of amendments to the Indian Act, Mr. Mulroney said that the Conservative Party approved last year's bill "in principle" and would bring back this bill to Parliament as an "emergency bill".

With respect to affirmative action, Mr. Mulroney called the issue a "moral problem", but also a "high priority". He will have another chance to clarify his views on this this afternoon because Judge Abella's report on this question will be tabled in the House of Commons today.

But on a question about technological change, Mr. Mulroney committed his party to a combination of government and private enterprise. He said, "We must stop those cuts of jobs where women are congregated." He declared himself in favour of pro-rated benefits for part-time workers, was silent on the question of child care, and was opposed to violence against women. Asked if he would make adequate funds available to the provinces to fund transition houses for battered women and rape victims, Mr. Mulroney said, "Yes. My government will provide moral leadership and matching funds and financial leadership intervention." He went on to declare that this should be the first thing on the order paper, and that he would convene a national economic summit to establish new goals and deal with these (i.e. rape and battered women) and other problems. It was the top of the order paper for the entire country, he declared. He declared he would include gender under the hate literature section of the Criminal Code, but perhaps his most important summary statement came in relation to cutting social programs.

The question was this:

> We have already seen in British Columbia how budget trimming has been used to slash programs for women and children—everything from child abuse, education to human rights. Mr. Mulroney, can you assure us, that in your effort to reduce the deficit, or hold it where it is, and meet all your promises, can you assure us that you won't cut any social programs?

Mr. Mulroney replied:

> Yes, I can give you the assurance that no social program at all, affecting anyone in need, shall be touched by a Progressive Conservative government. I can give you that (assurance) without any hesitation.

He went on after an interruption to say:

> We want to give the Canadian people an indication of which way we are going so there are no secret agendas that will be produced after an election.

In summary, Mr. Mulroney appeared to see the matters put before him in terms of state intervention and rapid parliamentary action.

In the Speech from the Throne, Mr. Mulroney and his government did, indeed, mention many of the issues raised during that debate, but how were they mentioned, and how clearly did these references relate to the commitments made on the evening of August 15 last? Although in August he mentioned women aged 60 to 65 as needing pension support, unfortunately, the Throne Speech reduces this to widows and widowers. The NAC question had to do with the guaranteed income supplement and removing the elderly from poverty. Many such impoverished people aged 60 to 65 are single, that is to say never-married Canadians. If they are women, they are likely to be much poorer than most, because they have never earned enough to accumulate a pension fund that some men and married couples have. Although homemakers were specifically raised by Mr. Mulroney in the debate, in the Speech from the Throne I suppose they are included under the general phrase of a "general overhaul" of the Canadian pension system including pension coverage of women. When this overhaul appears, we will recall his commitment to homemakers' pensions, his support for the all-party parliamentary task force chaired by Doug Frith, and we will look for those recommendations. We will remember Mr. Mulroney's injunction that it is an "obligation of State to make sure we provide more than just subsistence against poverty."

• (1600)

Equal pay for work of equal value is mentioned in the Speech from the Throne, but there is no mention of the August commitment that the new government would give "clear directives to the Treasury Board to correct the internal problems of the federal government as an employer." Alas, far from the man of social justice and social action, Mr. Mulroney has turned contemplative. His ministers are to "enlist the co-operation of women and men in the public and private sectors in seeking to define further and to implement this concept." You will recall that Mr. Mulroney agreed with the concept of enforcing equal pay for work of equal value everywhere including in contract compliance with private sector suppliers. A good idea in August is a dead idea in November. Mr. Mulroney's ear has probably been reached by some of the private sector lobbyists. Equal pay for work of equal value is a matter of great justice. It would be one of the important redistribu-

tions of income in this country and all Canadians would be much the better for it. But one can hardly expect the Canadian business class to do other than oppose it. Perhaps there is a secret agenda. Perhaps, as Mr. Mulroney promised us, directives have gone to the Treasury Board to ensure that the equal pay concept is enforced in the federal government and crown corporations. Perhaps the Leader of the Government in the Senate can enlighten us about that. Have such promised directives gone forward, as Mr. Mulroney said was imperative? If not, when will they be going?

Amendments to the Indian Act were described by Mr. Mulroney as urgent. He said they would be brought in as an emergency bill. Several bills have been introduced in the other place, but no bill relating to section 12(1)(b) of the Indian Act. When will this emergency bill be forthcoming?

With respect to Mr. Mulroney's promise of funding for transition houses for battered women and rape victims, the Throne Speech promises "action to provide additional assistance to the victims of family violence"—not quite the same thing, but perhaps we should wait to see exactly what moneys are offered and where they go. The economic summit is to take place on Valentine's Day. We anticipate the issue of rape will appear on that agenda as promised.

Child care questions were not answered by Mr. Mulroney in the debate because of the circulation of questions, but they were mentioned in the Speech from the Throne. Another study will repeat the study already under way by Dr. Katie Cooke, a distinguished former federal public servant. Mr. McLean, the Minister responsible for the Status of Women, in a press release dated November 14 makes the best he can of that embarrassment that he has been presented with in the Speech from the Throne—a parliamentary task force. Although the Cooke task force has received approximately 150 briefs and 7,000 letters from across Canada, and will present recommendations to the government for action in mid-January next, poor Mr. McLean has to set out to seek advice yet again from across the country on exactly the same questions. His discomfort is palpable in his press releases.

Of the nine absolutely clear commitments made by Mr. Mulroney in the August 15 debate, none is mentioned in the same way in the Speech from the Throne, although many of the subjects are touched upon. In addition, other matters of social justice not mentioned during the debate, such as the inclusion of the physically and mentally handicapped into the "productive mainstream of Canadian life," increased support for community-based health care, pension increases for Canadian veterans are in the Throne Speech as are other commitments. So what can we say about the concept of social justice after the Speech from the Throne? It is a good list but a watered down one in comparison to the earlier commitments.

Since the Speech from the Throne we have had two means of judging Mr. Mulroney's meaning and commitment to social justice. The first, of course, is the economic statement and the cuts simultaneously announced by the President of the Treasury Board. The second is the answers which Mr. Mulroney has given so far to questions posed to him in the other place.

[Senator Marsden.]

In the economic statements, in the cuts and in the questions posed by the new direction for Canada, there are many ill-defined areas. I should like to touch on only two points. The glove is coming off. You will recall Mr. Mulroney's unequivocal assurance to the people of Canada during the NAC debate on August 15. It was again "I can give you the assurance that no social program at all, affecting anyone in need, shall be touched by a Progressive Conservative government. I give you that (assurance) without any hesitation." Mr. Wilson announced the touching of all social programs to, as he put it, "gain fiscal flexibility." Mr. Wilson said: "In the coming months we will have to examine all government programs, to streamline those that can be made more effective in meeting economic, social and national security objectives and to eliminate those that no longer serve a vital public purpose."

This statement has led to a great deal of satisfaction in some quarters—among the rich, the libertarians and those who prefer the poor to be dependent and on welfare as opposed to having dignity and entitlements. Regardless of how the government finally comes down on such basic programs as unemployment insurance, family allowances, old age pensions and special assistance programs, they have opened the door not to adjustments but to the type of review that would undermine those least able to defend themselves and their interests. This process of consultation to which the government is committed will be watched with intense interest by all of us to see whether those who would lecture the poor, the unemployed and the minorities on "self-reliance" as Mr. Mulroney did the graduates of Memorial University, will have pride of place in the consultations, or whether the National Council on Welfare, the knowledgeable representatives of the minorities, the poor and the politically weak will be prominent. I would remind those who see more than a trace of the Reagan recipe in this economic statement that the Urban Institute in the United States recently reported that "from 1980 to 1984, the typical middle-class U.S. family's income rose . . . about 1 per cent. The average income of the poorest one-fifth of all families declined . . . by nearly 8 per cent, whereas the average income of the most affluent one-fifth increased . . . by nearly 9 per cent."

Between the evidence of British Columbia, the evidence of the past four years, and the ominous review statement by Mr. Wilson, honourable senators will perhaps appreciate why there is doubt in the minds of many Canadians about how genuine was Mr. Mulroney's statement to the nation on television during the NAC debate when he assured us "that no social program at all, affecting anyone in need, shall be touched by a Progressive Conservative government." More alarming, however, are the contradictions in the areas of social justice between the sentiments in the Speech from the Throne and the cuts administered by the President of the Treasury Board.

One cut in particular makes nonsense of Mr. Mulroney's reference to those with physical and mental disabilities being included in the productive life of Canadian society. You will recall the famous Obstacles Report tabled in the House of Commons in 1981. One of the outcomes of this study and of

the study entitled "Equality Now" concerning visible minorities and racism in Canadian life was the proposal to include in the 1986 census questions which would have provided for the first time in Canada social planners, economists and provincial governments with basic information required to develop programs to include such minorities in the productive life of Canadian society. At the present time we do not know how many handicapped people or members of visible minorities there are in Canada. These data would have had many uses and benefits, but above all, they are the only way we would know if there was any social justice for these groups. It is all very well to include the individual handicapped person who happens to live down the street or the visible Canadian who shows up at the employment centre, but what does that tell us about how many such people there are and how many are being missed? What does that tell us about social justice? Indeed, this government, by cancelling the 1986 census, which it has done, has destroyed the evidence by which its plans and programs can be both built and assessed.

• (1610)

The cancellation of this census has other effects of great importance to Canadian society. The plan for the 1986 census indicates that about 40,000 Canadians would have been employed, either part-time or full-time, in every village and town across this country. That amounts to almost 6,000 person-years. That is not insignificant, especially outside the industrial heartland.

These data from the census are part of the formula for calculating federal-provincial equalization payments. One can imagine the handicap which provincial ministers will have in coming to the table to discuss the new formula which will now have to be developed for these transfer payments.

I remind honourable senators that demographers will be hired to make intercensal estimates and to conduct special surveys to get some of these data. This will be done at great public expense—some estimate at a greater expense than the census itself—and the data will be of doubtful value. When an intercensal estimate of this kind was made in the United States, the estimates were so far out of line that the government was actually sued. School systems and hospital systems require these data for their planning, as do housing industries and many other manufacturers.

The cancellation of the 1986 census saves $17 million in the first year and $100 million overall; but I wonder if the Auditor General will be asked to calculate the expenditures of provincial and municipal governments on special surveys to replace the census. Will Canadians ever know of the amount saved or the amount lost or the amount spent by the private sector and special agencies? Will citizens now be bothered 20 or 100 times for data about themselves as opposed to being interviewed once? Will the government be embarrassed in international circles—as I know our scientists will be—by a gap in the historical series, a lack of information about the migration across the country of Canadian workers, and the many other negative effects of this cut?

At page 84 of *An Agenda for Economic Renewal*, Mr. Wilson said:

> There is no hidden agenda for expenditure cuts. The areas for change have been noted. We must now consult widely, fully, and with the realization that the government alone cannot solve these problems.

Already, I suspect, Mr. Wilson is reading that prose with embarrassment. The cut of the census is not hidden or secret, but there was no consultation with the provinces, municipalities, minorities or many others who will be affected. There was, one must suspect, a great deal of simple ignorance.

How is the government going to make federal-provincial transfer equalization payments? How are they going to—to quote Mr. Wilson from page 69 of the same document—"—ensure that certain groups who have been disadvantaged in the past are given the occasion to become equal partners in a fair society"? He lists native peoples, women, visible minorities and the disabled—the very groups whose conditions will be hidden by the cancellation of the census and whose chances of participating fully in Canadian society, as advocated by both the Prime Minister and the Minister of Finance, will be dramatically reduced by these actions.

What, then, is the evidence which Canadians can use with respect to this government's attitude towards social justice? First, at least as far as the Prime Minister is concerned, there is precious little evidence that he ever gave it more than a passing thought before becoming leader of his party or, if he did, he did not think it worthy of inclusion in the book he published and which is a statement of where he stands. Second, there is evidence that he was prepared to make all kinds of commitments during the election campaign on specific social justice questions. Third, there is evidence that these were considerably modified and watered down when it came to the Speech from the Throne. Fourth, there is the overwhelming evidence that he is prepared to overturn not only some of his commitments through the mouth of his Minister of Finance, but is prepared to get rid of some of the evidence through the cancellation of the census. Finally, we have the evidence of the Prime Minister's own words dealing with the Speech from the Throne in the House of Commons.

Pursued by Sheila Copps, on November 6, Mr. Mulroney failed to explain why he has changed his mind about equal pay for work of equal value. On November 7, in a very long response to Mr. Turner's speech in the debate on the reply to the Speech from the Throne, Mr. Mulroney failed to say a word about social justice issues. On November 8, it was Mr. Broadbent's turn to pursue the Prime Minister about his commitments to women and economic equality. Again, there was no response of substance. Equality of women, he said, was at the top of his list, but first we had to deal with the economy. That economic statement, as we know, hardly contributed to the equality of women in this country.

In summary, honourable senators, on the evidence to date, social justice has almost no content in terms of what would lead to benefits to those less fortunate amongst us. Indeed, a

false dichotomy is being created between economic recovery and the rights and needs of less fortunate citizens.

So far, the evidence suggests that the government, patterning itself, perhaps, after the Reagan government, will impose its version of state discipline on the unemployed, the recipients of government entitlements, will threaten existing programs and fob off all action on new programs until several months from now at the earliest. This is, apparently, Mr. Mulroney's notion of social justice.

Honourable senators, women in Canada, minorities, the unemployed and the poor will not accept this approach under any name, certainly not in the name of social justice.

Hon. Senators: Hear, hear.

On motion of Senator Bielish, debate adjourned.

NATIONAL DEFENCE

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lafond, seconded by the Honourable Senator Thompson:

That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;

That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada, and to such places abroad where members of the Canadian Armed Forces may be stationed;

That the Committee have power to sit during adjournments of the Senate;

That the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee; and

That the papers and evidence received and taken on the subject before the Committee during the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Frith*).

Hon. Royce Frith (Acting Leader of the Opposition): Stand.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I wonder if my honourable friend would object to my making a brief comment in his place this afternoon since I am prepared to say a word or two on this matter. He may then adjourn the debate if he wishes.

[Senator Marsden.]

Senator Frith: The reason I asked that it stand is the same as that for which I adjourned the debate earlier. As I said then, I wanted to consult my colleagues, and the meeting does not take place until this afternoon. It is purely a question of chronology. I, therefore, welcome the intervention of Senator Roblin.

Senator Roblin: I do not quarrel in any way with my honourable friend's intention to stand the debate; that is up to him.

I would simply like to say that on this side of the chamber we are disposed to support the motion because we have observed the operations of the Special Committee of the Senate on National Defence for some time, and it is generally agreed in this chamber that the committee does a pretty good job. The work has required a great deal of concentration and dedication on the part of members. Since I have been a member of the committee, perhaps I should tread lightly on this theme, but, nevertheless, I want to make it perfectly clear that I think the committee has done a good job of work.

However, I should observe that the wording of this resolution is very wide indeed and contemplates, I suspect, that the committee will continue to do a great deal of further investigation in this field. That may well be justified, but I would just enter this *caveat*: I support the resolution primarily because it will enable the committee to complete the report it is working on now. I think that report should be completed and made available for public discussion. However, I point out that it is the intention of the government to introduce a paper on defence very soon, shortly after the beginning of the year. Following that paper, there will be a white paper which will crystallize the policy of the administration in this field.

I raise the matter for this reason: One of the signal findings, indeed one of the early findings of the Special Committee of the Senate on National Defence, was the need for a restatement of government policy on defence. It was found that there was a need for a statement as to what we are expecting our men and women in the services to do; how we expect them to do it; and what implements we would provide to them to carry out their jobs. The central theme of a good deal of what this committee has been saying to us is: We need a new white paper on defence.

• (1620)

I have to say that I have always agreed with that finding of the committee, so I am happy to say that it looks as though it might come about. If it does, it may alter the perception of the committee as to what it should do next. Although it would be premature to make any judgment on that point, and I do not attempt to do so, I merely say that, in supporting this resolution, I do so because I want the committee to have an opportunity to deliver the report that is now almost completed. I also want the committee to have an opportunity to consider the statement of the government respecting a white paper, so that it may be guided by the implications of that statement when it decides where it wants to go next.

While it is by no means a *caveat* that I am trying to suggest at the moment, it is, indeed, an observation as to what I think the committee's future might be. It may be that the committee members might wish to limit themselves in some respects, if they think that the white paper looks as though it will produce the results we are all after.

Honourable senators, I support the committee, I support the resolution, and I make these observations about the policy of the government.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 21, 1984

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

BUSINESS OF THE SENATE

Hon. Orville H. Phillips: Honourable senators, a number of committee organization meetings will be held tomorrow morning. The Standing Senate Committee on National Finance will meet in room 256-S at 11 a.m.; the Standing Senate Committee on Foreign Affairs will meet in room 356-S at 10.30 a.m.; and the Standing Senate Committee on Legal and Constitutional Affairs will meet in room 256-S at 9.30 a.m. Notices are being distributed to honourable senators this afternoon.

On Tuesday, November 27, there will be an organization meeting of the Standing Joint Committee on Regulations and other Statutory Instruments at 9.30 a.m. in room 112-N; and the Standing Joint Committee on Official Languages will meet on the same date at 9.30 a.m. in room 307, West Block.

HUMAN RIGHTS

NOTICE OF MOTION FOR EXPRESSION OF SYMPATHY TO PRIMATE OF POLAND

Hon. Stanley Haidasz: Honourable senators, I give notice that tomorrow, Thursday, November 22, 1984, I will move:

> That the Senate of Canada express to the Primate of Poland its deep sympathy on the recent brutal murder in Poland of a patriot-priest, Reverend Jerzy Popieluszko, which has shocked the conscience of the world; and
>
> That the Senate of Canada, condemning this act of violence, call upon signatory countries to defend human rights, pursue justice, and ensure respect for freedom of speech and association, in compliance with the provisions of the Helsinki Final Act.

[*Translation*]

YOUTH

NOTICE OF MOTION TO APPOINT SPECIAL SENATE COMMITTEE

Hon. Jacques Hébert: Honourable senators, I give notice that on Tuesday, November 27, 1984, I will move:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age;
>
> That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to adjourn from place to place within Canada;
>
> That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and
>
> That the Committee present its report no later than October 1, 1985.

QUESTION PERIOD

[*English*]

UNEMPLOYMENT INSURANCE

BENEFITS—PROPOSED CUTBACKS

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. It is prompted by a headline in this morning's edition of the *Globe and Mail*, which reads: "Crackdown likely on older jobless abusing system."

Honourable senators, the article reads, in part:

> Thousands of long-term unemployed people will be among the prime targets of federal cutbacks in the unemployment insurance system if the Government is true to its own statements and to its bureaucrats' conclusions.

It states further:

> The statement was echoed by Finance Minister Michael Wilson earlier this month when he unveiled a list of spending cuts that included $200 million to be carved from the benefits system in 1985-86.

Will the Leader of the Government in the Senate plead with the Minister of Finance and with his other cabinet colleagues—who seem to have a determined phobia about the deficit, which I am prepared to admit is serious—to try to cut this deficit by means which will not affect the poor, the unemployed, the sick and the aged?

Honourable senators, in the province of New Brunswick in the winter months, I understand, although I do not have the figures in front of me, that up to 40 per cent of the population, which is composed of inshore fishermen, depends upon unemployment insurance benefits for its survival. I do not assume from this newspaper article that these fishermen will be cut off, but what I know, from having spoken with them over the last few weeks, is that they are frightened to death that the only means of existence available to them during the winter months—benefits to which they feel they are entitled—will be affected by these cutbacks. They also fear that they will be hounded into proving that they are entitled to their unemployment insurance benefits.

Honourable senators, I repeat my question: Will the honourable Leader of the Government in the Senate plead with the Minister of Finance and his government to leave those poor people alone?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have read the same article as my honourable friend. Of course, I can by no means confirm that the information given there is correct. In fact, in the story itself, if the honourable senator reads it carefully, he will find that it is stated to be a speculative story and not one based on hard fact. I share with my honourable friend his concern—there should be no mistake about that—because there are unemployed people not only in his province but also in other parts of this nation who deserve sympathetic consideration.

• (1410)

The matter was raised in the other place, and if my honourable friend will take the trouble to read *House of Commons Debates*, he will find that the Minister of Employment and Immigration made a statement respecting the policy that the government would be following, in general terms. But until we have the report of the Employment and Immigration Commission—which is the body that sets out the regulations under which the UIC is administered—he will not really have a clear picture of the probabilities. I repeat that in the other place the minister concerned stated that those who cannot find work would not be cut off.

Senator Thériault: As a supplementary, will the Leader of the Government assure us that, in fact, the government will not proceed with hiring approximately 780 additional people and, as I read, placing them in every district of this country, to ensure that no one is getting unemployment insurance benefits who does not qualify for them and to make sure that work is not available for them?

I would feel happier if I were satisfied that the Minister of Employment and Immigration had the last word on this subject, but I am afraid that she is under the gun from "Yukon Erik" and the Minister of Finance and she will have no choice but to follow the instructions laid down by the Minister of Finance. That concerns me and frightens the poor people in my province.

Senator Roblin: Honourable senators, I can give my honourable friend no assurance of the kind that he requests, because I believe it is incumbent upon the government to administer this act in a decent and economical fashion. After all, the funds that are used in connection with the administration of the Unemployment Insurance Commission come from a wage tax, and that tax is paid by every worker in the country. It is also paid by employers and has some effect on their capacity to offer jobs. That fact has to be borne in mind. It is necessary to administer this act with fairness to the unemployed, but it must also be administered with a sense of reasonable economy. I do not believe that honourable senators would disagree with that.

Hon. H. A. Olson: Honourable senators, I have a supplementary question for the Leader of the Government. Will he also look into the allegation that approximately 170,000 jobs are available because unemployment insurance benefits are too high? Some advocates, who are confidants of the Progressive Conservative Party, believe that by lowering the level of UIC benefits those 170,000 jobs could be filled.

Senator Roblin: Honourable senators, I suspect that the honourable senator is referring to the study made by the Canadian Organization of Small Business. I see that he nods, and therefore we are on a common footing here. It is therefore quite clear that I cannot make myself responsible for that figure. It is their figure and it is one that they will have to deal with in due course.

IMMIGRATION

QUALIFICATIONS FOR ENTRY

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government, the only representative of the cabinet in this chamber to whom questions can be put. Do I understand correctly that it is this government's policy, in connection with immigration, to give priority to rich entrepreneurial immigrants with capital, or, as one journalist phrased it, to business-class immigrants? Is this the beginning of the phasing out of approving applications by working class immigrants, the kind of immigrant who built this country, the kind of immigrant who brought the work ethic to Canada and who may not have had much of a formal education but who had the determination to succeed?

Hon. Duff Roblin (Leader of the Government): I can assure my honourable friend that such is not the case. The people he referred to are desired as immigrants to this country, particularly having reference to the economic situation in which we find ourselves from time to time. However, it would be unwise for us to refuse admittance into the country to other people who might have other attractions or qualifications that might serve the nation. If the honourable senator wants me to confirm to him that there is no policy bias here that will seriously distort our previous immigration policy, he can be assured that there is no such bias.

Senator Bosa: Honourable senators, I have a supplementary question. In the blue book put out by the President of the Treasury Board entitled "Expenditure and Program Review" at page F.2, the last sentence reads: "The cost of immigra-

tion . . . will be recovered through fees." I understand that a fee will be charged to anyone who applies to come to Canada and that this fee is in the neighbourhood of $15 to $20. To a working man in Canada $15 or $20 may not be very much, but to a poor man in a foreign country it could be a detriment, a real hardship in applying to come to this country. In light of what I have just said, does it not indicate that this government's policy on immigration gives most emphasis to immigrants who are business people?

Senator Roblin: Honourable senators, I do not think so. My honourable friend is probably aware that fees are not charged to those who come to this country as refugees or in indigent circumstances. Therefore, the fee does not become the kind of burden that he has in mind. I am sure that he will feel better if I tell him that in the introduction to the new quotas to which he is referring, the government has allocated approximately $2.5 million in extra funds in order to assist those who have come to this country under difficult circumstances to find their place among the citizens of this nation.

Senator Bosa: I commend the government for taking such a positive initiative in providing the provinces with additional funds for assistance to people who come to this country who, up to now were assisted primarily by funds provided by the provinces. However, I was not referring to refugees, who are usually admitted to Canada for political reasons. I was referring to working class immigrants who apply to come to Canada. These immigrants will be faced with having to pay a fee merely for filing an application to immigrate to Canada. Is not this policy on immigration on which the government has embarked elitist?

Senator Roblin: I do not think the matter is as significant as my honourable friend does.

STATISTICS CANADA

CANCELLATION OF 1986 CENSUS

Hon. Ian Sinclair: Honourable senators, I address my question to the Leader of the Government in the Senate. In view of the problems of extrapolation of statistical data, I am very much concerned, as I am sure are other honourable senators, over the announcement that the mid-decade census will be abandoned. This cancellation will have a tremendous impact on marketing plans, particularly those of small companies and those that do not have large marketing departments or research staffs. My honourable friend must realize that it is also important in light of the changing mosaic in Canada. The 1981 census gave us some great surprises and I suggest that the 1986 census, if it is done, will do likewise. Can the honourable gentleman tell us whether or not before the decision was made, in accordance with the commitment of his government to cancel the mid-decade census, it did consult with the provinces and with business, both large and small?

● (1420)

Some Hon. Senators: Hear, hear.

[Senator Bosa.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I shall take my honourable friend's question as notice.

Hon. D. G. Steuart: I knew you would be careful.

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. Following the normal practice, after the tabling of the document on annual levels of immigration into Canada, the yearly consultation of business and labour people has been taking place, both yesterday and today, in the Chateau Laurier. I understand that both labour and business are concerned about low levels of immigration into Canada, especially with respect to the types of immigrants my colleague referred to in an earlier question. I understand many of them are looking for a comprehensive demographic policy to be established by the government. In order to respond to this request, will the government restore the 1986 census, without which no demographic policy can be developed?

Senator Roblin: Honourable senators, I should tell the honourable lady that, as she is well aware, the government is conducting a general study of the whole question of immigration in order that the question of immigration quotas may be re-examined. When that study is complete and if it calls for a change in policy, I am sure this house will be made aware of it.

Senator Marsden: Honourable senators, my question concerned the taking of the 1986 census. The review of policy, for which I understand no guidelines have yet been established, really cannot be conducted without that census. Will the taking of the 1986 census be restored in order to assist in that review?

Senator Roblin: Honourable senators, I do not agree with the premise of my honourable friend's statement. I feel there may be sufficient information available which would render a study useful. In any event, I can give her no information about reinstating the census.

CITIZENSHIP

INCREASE IN FEES

Hon. Stanley Haidasz: Honourable senators, in view of the decision of the Minister of Finance, expressed in a news release from the office of the Secretary of State, announcing an increase in citizenship application fees from $15 to $40 for adults and $8 to $25 for minors, which adds up to $130 for a couple with two children, would the Leader of the Government in the Senate be kind enough to convey to his cabinet colleagues our deep concern and great disappointment with respect to this decision? Would he also request them to rescind these exorbitant increases, as they would act as a financial burden and a serious and unhappy disincentive for people wanting to become Canadian citizens, with the accompanying privileges and obligations of Canadian citizenship?

Hon. Duff Roblin (Leader of the Government): I can undertake to convey my honourable friend's opinion to the minister. However, I can go no further.

Senator Haidasz: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. Would he also convey to his cabinet colleagues similar representations on behalf of poor and disadvantaged Canadian citizens who are faced with other large increases in the fees for proof of Canadian citizenship?

Senator Roblin: Honourable senators, I can only convey to my colleagues my honourable friend's expression of opinion.

STATISTICS CANADA

CANCELLATION OF 1986 CENSUS

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. Yesterday, in the other place, Judge Rosalie Abella's report entitled "Equality in Employment: A Royal Commission Report" was tabled. We on this side of the house are most enthusiastic about Judge Abella's report and its many important recommendations.

Given the requirement for census data to be provided every five years, for which the Abella report demonstrates the need very clearly, will the government now restore the taking of the cancelled 1986 census?

Hon. Duff Roblin (Leader of the Government): I have already answered that question, honourable senators.

[*Translation*]

FOREIGN AFFAIRS

LEBANON—GOVERNMENT AID

Hon. Pierre De Bané: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Lebanon has been one of the countries which has suffered most in recent years. For months on end, we were witnesses to the bombings in that country.

In light of that and for humanitarian reasons, the Canadian government decided to contribute $5 million to help relieve sufferings in that country.

I have learned, Leader of the Government in the Senate, that in spite of Cabinet instructions that the money be paid out, CIDA has been unable to find a way to contribute that amount, either directly or through the International Red Cross or other agencies set up by the Lebanese government to receive assistance from donor countries such as Canada.

I should like to ask the Leader of the Government in the Senate not only to enquire about this, but also to make sure that the commitments of the Canadian government will be honoured by the bureaucrats without further delay.

[*English*]

Hon. Duff Roblin (Leader of the Government): I am quite sure that the obligations of the Canadian government will be respected by the bureaucrats. I would also like to assure my honourable friend that I shall take this question as notice.

CANADIAN BROADCASTING CORPORATION

INDEPENDENCE—GOVERNMENT POLICY

Hon. Dan Hays: I have a question for the Leader of the Government in the Senate relating to the Canadian Broadcasting Corporation.

However, if I may take a moment of the time of honourable senators, I would like to say, on the first occasion of my speaking in the Senate, how grateful I am to the former Prime Minister the Right Honourable Pierre Elliott Trudeau, for appointing me to the Senate. I would like to say how happy I am to be here.

I also take this opportunity to congratulate His Honour the Speaker and the Speaker *pro tempore*, as well as the Leader of the Government, the Deputy Leader of the Government, the Leader of the Opposition and the Deputy Leader of the Opposition. I hope that wishing success to the last two is not something that is mutually exclusive.

My question to the Leader of the Government in the Senate is: Can he assure us that the committee which was appointed by the Minister of Communications, referred to in an announcement of November 15, will in its activities not in any way violate, impugn or interfere with the independence of the Canadian Broadcasting Corporation?

The independence of this corporation is a principle that has been observed throughout its history. I think it is an important principle, and one that was in keeping with the attitude of the opposition party, as reflected in its support for Bill C-24, after it was agreed that a section would be dropped that allowed the minister, with the approval of cabinet, to give directions to a crown corporation. I am sure honourable senators will agree that it is unacceptable for a minister to have the right, through a committee or in any way, to make decisions on behalf of the corporation. The interface between the minister and a Crown corporation should be the board of directors and president of that corporation, or chairman if the corporation has one.

Hon. Duff Roblin (Leader of the Government): I was interested in my honourable friend's rather unorthodox preamble to his question today, and I shall risk the censure of my colleagues in responding to it by saying that if he makes as fine a name for himself in this chamber as his father did, he will make a great contribution to our deliberations.

Respecting the thrust of his question, I can tell him that he need not fear that undue influence will be brought to bear with respect to the direction of the CBC.

Hon. D. G. Steuart: Why should he not fear?

Senator Roblin: I shall explain, if honourable senators will give me an opportunity. My explanation is that Mr. Juneau, the President of the Canadian Broadcasting Corporation, declares himself to be not seriously concerned by the activities of this advisory committee, and if it is good enough for him it should be good enough for others.

Senator Steuart: Two wrongs don't make a right.

Senator Hays: Mr. Juneau, as head of the corporation, is perhaps in a position in which he is compelled to make things

work. However, I have a little concern and would very much appreciate it if the Leader of the Government in the Senate would express, at the very least, my concern over the potential for harm that may arise as a result of the work of this advisory committee.

Senator Roblin: I do not mind conveying my honourable friend's opinion, provided that it is clearly identified as being his opinion.

• (1430)

Hon. Royce Frith (Acting Leader of the Opposition): It is ours, too. It is the opinion of the members on this side of the house, too.

CUTBACKS IN SERVICE

Hon. Raymond J. Perrault: Honourable senators, I should like to ask a question which, in a sense, is supplementary to the previous question in that it relates to the Canadian Broadcasting Corporation.

I ask for assurances from the Leader of the Government in the Senate that cutbacks in CBC service will not work disproportionately to the disadvantage of the smaller communities of Canada, and that Canadian artists, performers, technicians, writers, producers and other personnel in the regions are not going to be sacrificed unfairly on the altar of alleged economy and political expediency.

Honourable senators, I remember the days when we suffered the ultimate humiliation in the province of British Columbia. The CBC news service was so centralized that at 8 o'clock every morning the British Columbia weather forecast was read in Toronto by a Toronto announcer and broadcast back in British Columbia. That was the ultimate humiliation for a west coaster.

Many of us are very disturbed about recent reports such as that which appears in the *Globe and Mail* of today:

> —sources say [CBC] managers have already been told that northern radio and television services will be "decimated" and regional programming will be hit hard.

The article goes on to say that Corner Brook and certain other regional stations, including at least one in British Columbia, will be closed.

> However, construction of a new Toronto production centre will proceed.

Some Hon. Senators: Shame.

Senator Perrault: The regions have been striving for years, honourable senators, to bring about the decentralization of the CBC and other national institutions in order to make them institutions which serve Canadians from coast to coast.

Three advisors have been selected by the government to counsel the government about the CBC. At this time, to some, they appear to be a "triumvirate of terror" recommending a disproportionate reduction in regional services—a cutback—a retreat to fortress Toronto and to fortress Montreal. The advice seems to be, "Don't worry about Newfoundland and other places. We can always ship information by wire, with announcers, performers and newsrooms in Toronto instead of Corner-Brook, Prince Rupert and Prince George." Many Canadians are frightened and tired of that approach.

Surely to heaven, for a government which has been given a national mandate, with support drawn from every region of the country the members elected to the House of Commons from the Conservative Party and its supporters in this place should have more influence in caucus than to allow this kind of reported centralization to take place.

We want assurances that these cutbacks are not going to decimate unfairly broadcasting's creative community in Canada, which is not confined merely to Toronto and Montreal.

Hon. Duff Roblin (Leader of the Government): As a stump speaker, my honourable friend has few equals. It is a pity that his talent is wasted at Question Period in the Senate of Canada.

Hon. Royce Frith (Acting Leader of the Opposition): Not wasted.

Senator Roblin: I was particularly touched by the reference to those people in the CBC who read the weather forecast in Toronto for the edification of his friends in British Columbia.

Hon. D. G. Steuart: The weather has already changed by then.

Senator Roblin: My friend, Senator Steuart, is usually right on matters of this kind, but I should like to tell my honourable friend that I think I had better make a note of this for the people who run the CTV, because every time I listen to *Canada AM* I find that the weather forecast for Manitoba is being read from Toronto, and that the weather forecast for British Columbia is being read from Toronto. So, I grieve for him at this grave dereliction of duty of the public broadcasting system with respect to his province.

I should like to see the Liberal Party get together on this. We have heard about the problems they have with leadership; I am not going to talk about that. Senator Steuart is in a class by himself. I do not know with whom he gets together, but I am sure that that would be a formidable duo.

I have just been told by the Honourable Senator Hays that we should not interfere with the CBC. Now I get a passionate injunction from the Honourable Senator Perrault that we should interfere with the CBC.

Senator Frith: He was telling the same people not to interfere.

Senator Roblin: My honourable friend says that we should not interfere with the CBC, yet he wants the Conservative caucus and the Conservative government to do exactly what my honourable friend over there says they should not do.

Senator Frith: He wants you to interfere with your terrible three, not the CBC.

Senator Roblin: My honourable friend always tries to improve the questions of his colleagues. I do not think he can

improve on them very much; therefore, he should let them ask their own questions.

Senator Frith: Even the Leader of the Government in the Senate—I try to improve him at all times too.

Senator Roblin: I will simply say to my honourable friend that as a westerner, as one who does not live in the city of Toronto but who shares at least to a limited extent his desire to see that the CBC recognize completely the other regions of the country, I will convey to the minister concerned that I have had very impassioned and—

Hon. C. William Doody (Deputy Leader of the Government): Hysterical?

Senator Roblin: Hysterical? No, I wouldn't say that.

Senator Frith: Because it would not be true.

Senator Roblin: I have had very impassioned appeals that this function of the CBC be recognized. I hesitate to do so lest I be accused of interfering with what they are going to do.

Senator Perrault: No one is disputing the possible need for economies in the CBC. It may well be that reductions can be effected which are fair to all of the country. That is all we are asking. We are saying that the regions should not make a sacrifice disproportionate to the sacrifice made by the major population centres. There is no incompatibility between the question asked by the preceding questioner, Senator Hays, and the question that I asked. We do not want Newfoundland and the other regions to be sacrificed. We do not want a disproportionate consolidation and centralization of CBC programming, power and influence in central Canada. That is all we are asking. I would think that the Leader of the Government would be sympathetic to the nature of the question.

Senator Roblin: I have to tell my honourable friend, perhaps to his surprise, that I do not find that an unreasonable proposition. It is couched in reasonable language and language that I am able to assimilate and understand. Therefore, I will do my best to promote the view that he is advocating.

Senator Perrault: And we do not want outside political "hit men" to be making decisions about where these CBC economies should take place. That is what we are asking.

Senator Roblin: He is right back where he started from. He wants somebody to interfere but not the "hit men".

Senator Frith: We want you to interfere with the hit men.

EMPLOYMENT

DECENTRALIZATION PROGRAM

Hon. B. Alasdair Graham: Honourable senators, you can say all you want about having the Canadian Broadcasting Corporation recognize the various regions of the country, but I should like the new government to recognize the needs of Atlantic Canada, particularly the area that I represent.

My question has to do with decentralization, a program which was introduced very successfully by the previous government and which has to do with bringing the government closer to the people of the various regions of the country and creating new jobs in areas of high unemployment. Under that program approximately 125 jobs have already been transferred to Sydney, Nova Scotia, my home area, from the citizenship branch of the Secretary of State. There was a second phase to the decentralization program, which was the transfer of 75 to 85 jobs also to Sydney from the income securities branch of the Department of National Health and Welfare. However, the new government, in its wisdom or lack of, chose to cancel the income securities branch transfer, resulting in a loss of 75 to 85 much needed jobs in one of the very high unemployment areas of the country.

Will the government leader explain why this decentralization program was cancelled and, in the process, who was consulted? Was the premier of the province consulted? Was the member of Parliament for the area consulted? Were my two distinguished colleagues from the area, Senator Macdonald and Senator Muir, consulted? Was the mayor of the city of Sydney consulted?

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is a good thing that he did not ask me whether Senator Richard Donahoe had been consulted because, as a representative from Halifax, he might have a somewhat different view of this matter than the one presented by my honourable friend. He has asked me some questions with respect to consultation, or notice or whatnot, and I cannot answer them today. I will have to take that matter as notice.

Senator Graham: I have a supplementary question. Whether Senator Donahoe or any other member of this place from the Halifax region would take exception to what I am saying, because there must be some overtones or undertones in what the Leader of the Government has said or suggested, the unemployment rate in that part of Canada in August of this year was 16.2 per cent. In two months since the new government took office it has risen an unprecedented four percentage points—an unprecedented rise, as far as I can determine, since they started keeping unemployment or employment statistics in this country. The present unemployment rate in Cape Breton officially is 20.3 per cent and, unofficially, it is over 30 per cent.

• (1440)

Was the impact on unemployment or employment taken into consideration when the decision was made? What happens to those people who have given up other job opportunities to go into training for this particular part of decentralization?

Hon. Duff Roblin (Leader of the Government): With an unemployment rate of the extent my honourable friend has quoted, I certainly sympathize with him and understand the reasons for his raising the matter, but I shall have to take the question as notice.

Senator Graham: As a final supplementary, when the Leader of the Government is asking for the reasons, I believe he should bear in mind that we must also take into consideration the cancellation of tenders on a proposed new building to

house the decentralization; a new building which is much needed in the deprived downtown core of the city of Sydney; a new building which was going to provide, during its construction, some 100 construction jobs; a new building which would cost in the neighbourhood of $6 million to $8 million.

For the honourable gentleman's edification, I would point out that tenders for that new building were called on August 31, to close on November 14. The tender call was cancelled the week previous to the date for the closing of tenders. What is the status of the new building?

In all of this, is it possible for the decision with respect to the Income Security Branch and the new building to be changed? Can we salvage something from this?

Finally, would the Leader of the Government in the Senate undertake to discuss this matter with the Minister of National Health and Welfare, who is responsible for the Income Security Branch, and, indeed, the Deputy Prime Minister, who is all-powerful and has a great responsibility in this particular area. Will he arrange a meeting with these two gentlemen, the member of Parliament for the area concerned, my colleagues, Senator Macdonald, Senator Muir and Senator McEachen, who had a great deal to do with the decentralization program, my humble self, and others who may be interested in decentralization, to determine just what can be done on behalf of the people of that area, who are in dire need, to salvage this particular program, that is, both the decentralization of the Income Security Branch and the proposed new building?

Senator Roblin: My honourable friend has asked me a very large number of questions, and honourable senators know that it is not appropriate to ask a question of that nature in an oral Question Period because it does not lend itself to any kind of proper reply. All I can say to my honourable friend—and this applies to everything he has said to me this afternoon—is that I will read *Hansard* carefully to pick out those questions to which I think answers can be found, and I will give him the information when I can. However, I am going to treat this in the order of a written question.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question is to the Leader of the Government in the Senate and follows on what I said yesterday. I feel this matter should be clarified because of the importance of the Garrison diversion to Manitoba and the problems which could result in that province.

Yesterday, relying on memory, I attempted to outline the importance of the report of the committee which is now working on questions pertaining to the Garrison diversion. I tried to convey to the Leader of the Government that, at this particular moment, representation should be made to that committee and not to Congress. I am now in a position to refer my honourable friend to the guidelines which were put in place when the committee was set up. The guidelines state:

> Under the guidelines laid down by Congress, when it authorized formation of the commission, the recommendations are to be binding and must be set in motion by the secretary.

That is the Secretary of State in the United States. The guideline goes on to state:

> —until the commission has finished its work and its findings sent the secretary are made public, nobody will know in what form, if any, Garrison will emerge.

Honourable senators, I should like to re-emphasize what I said yesterday. The Government of the United States has a binding responsibility to act on the recommendation of that committee. Therefore, I feel it is of the greatest importance—and it will not affect our budget or other matters which were discussed—that joint representation be made by the Government of Canada and by the Government of Manitoba to that committee. As I pointed out yesterday, the last meeting is to be held on December 13 in Minot.

To be perfectly clear, honourable senators, I wish to emphasize the seriousness of this problem to the Leader of the Government in the Senate although I am sure he is aware of the various details. I was not quite certain whether he was aware of the importance of that particular committee, and my question is posed to re-emphasize the matter today and ask him once again to ask his government to make representation to that particular meeting in Minot.

Hon. Duff Roblin (Leader of the Government): I want my honourable friend to be quite clear about the fact that I understood him very well when he put the matter to me yesterday, and I understand it very well today.

The process taking place today in Washington is not connected with Congress; it involves the Secretary of State of the United States, and, through that channel, the views of Canada and Manitoba will be made available to the committee that meets in North Dakota before it completes its final report. I think we have a reasonable assurance that our views will be considered.

FOREIGN INVESTMENT

REPORTED STATEMENT OF MINISTER OF REGIONAL INDUSTRIAL EXPANSION

Hon. Raymond J. Perrault: Honourable senators, I would ask the Leader of the Government to dissociate himself from the statements attributed to his colleague, the Minister of Regional Industrial Expansion, the Honourable Sinclair Stevens, as reported in the *Gazette* of November 21, which states:

> Job-creating foreign investment was rejected by the previous Liberal government "on the simple basis they didn't like foreigners.

He is reported to have further said:

> They (the investors) just happened to be Germans or Japanese or something and they didn't like them—it's amazing.

He went on to say:

No more will we hear the lament of investors who say that they tried but could not invest in Canada.

I'm, every week if not more often, coming across things (foreign investment proposals) scuttled by the previous government on the simple basis that they didn't like foreigners and these foreigners were told there was no place for them in Canada.

I just can't believe it. Here you've got hundreds of thousands of people who could be put to work and these fellows (the Liberals) were playing some kind of a game of we don't like foreigners.

I am sure the Leader of the Opposition and my colleagues on this side know that this is a statement totally unworthy of any parliamentarian, regardless of party. The statement is mischievous, ludicrous and utterly without foundation. As someone who, at one time, was involved in the FIRA review process as a member of cabinet, I feel that Mr. Stevens' alleged remarks constitute "malice in Wonderland." The only criterion established by the previous government was whether or not a potential investment would be in the interests of Canadians, which is a rather worthy goal, I suggest.

I challenge Mr. Stevens, through the Leader of the Government in the Senate, to produce the details of one single FIRA decision decided on the basis of racial or national prejudice or any of the other biases cited so incorrectly by the honourable minister.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not quite sure whether the challenge was to me or to the Honourable Sinclair Stevens.

Senator Perrault: It is to the minister through the honourable senator, because our chamber is not graced with the minister's presence.

Senator Roblin: No, and probably that is just as well, because I am sure he would give my honourable friend his reply face to face.

No, I will not undertake to involve myself as my honourable friend's amanuensis in this matter. If he wishes to challenge Mr. Sinclair Stevens, he can do so in his own time and at his own pace, but he is certainly not going to do it through me.

What the minister says outside Parliament is a matter for which the minister himself is responsible. I must tell my honourable friend that he had better make his case directly to Mr. Sinclair Stevens.

Senator Perrault: Honourable senators, by way of a supplementary question, that is one of the weakest replies given in this chamber thus far by the Leader of the Government.

Hon. Royce Frith (Acting Leader of the Opposition): I have heard weaker ones.

Senator Perrault: Here we have a colleague who made this charge initially in the House of Commons. He went on the steps of Parliament to repeat the charge. I believe there is such a thing as cabinet solidarity in that, when a speaker speaks in the other place and publicly makes serious charges of this kind—that, in effect, the previous government was made up of racists—surely there is a responsibility upon the Leader of the Government in the Senate to answer for that kind of irresponsible chatter by one of his colleagues. After all, the honourable senator from Manitoba has the responsibility to answer for this government directly to those in this chamber.

● (1450)

Senator Roblin: I apologize if my honourable friend does not like my answer or thinks that it is weak. Perhaps other senators would find a weaker answer if they were really pressed. If other honourable senators think that my answer leaves something to be desired—and no doubt some do—then I have to admit there is a possibility that my answer does not please my honourable friend. But that is the only answer he is going to get.

Senator Perrault: As a supplementary, may I ask, then, whether the Leader of the Government shares the views and sentiments of the Honourable Sinclair Stevens? Let him stand up and say whether he agrees or disagrees with the statement allegedly made by his cabinet colleague.

Senator Roblin: My honourable friend knows perfectly well that the purpose of Question Period is to elicit facts, not opinions. I have already made it clear that I will not respond, in this house, to requests for my opinions on subjects.

TRANSPORT

USE OF GOVERNMENT AIRCRAFT

Hon. Louis-J. Robichaud: Honourable senators, strangely enough, I have a question for the Leader of the Government in the Senate.

Hon. Royce Frith (Acting Leader of the Opposition): Do you not remember sitting on this side of the chamber?

Some Hon. Senators: Order!

Hon. Duff Roblin (Leader of the Government): Will my colleagues give my honourable friend a chance to put his question? I should like to hear it.

Senator Robichaud: Yes, I wish honourable senators would give me a chance, because it is a very pertinent question—much like those that have been asked thus far, both yesterday and today.

I will provide honourable senators with a preamble to my question. We are all aware that the Prime Minister, during the election campaign, bitterly criticized the government for the overuse of airline privileges by cabinet ministers.

Some Hon. Senators: No!

Senator Robichaud: We all know, too, that members of the present government are using those aircraft much more than did members of the previous government.

An Hon. Senator: There are more of them!

Senator Robichaud: Recently an announcement was made to the effect that the government air fleet, which was formerly administered by the Ministry of Transport, would no longer be so administered. It was suggested that these services would be provided by some kind of fusion of the Department of National Defence and the Ministry of Transport. We are also aware that certain pilots have criticized the present government, saying that this was a means by which to hide the fact that it uses government aircraft much more frequently than did the previous government.

My question is: Will the present government in this case follow its policy of muzzling cabinet ministers and officials of various departments? Will the government try to muzzle those pilots? If so, what method will be used to muzzle them? I should like to know the date on which this will take place. I would also like to be provided with a copy of the memo that will be sent by the minister concerned in an attempt to muzzle those pilots.

Senator Roblin: Honourable senators, I thank my friend for his candour. He told us that he was going to give a preamble to his question. In spite of the fact that rule 20B states that preambles are out of order, he went ahead and gave one.

Senator Frith: Just as you did.

Senator Roblin: I do not blame him, because everyone else on his side of the chamber has done so.

Senator Frith: Who has done it more than you?

Senator Robichaud: I am just following in your footsteps.

Senator Roblin: My friend says that he is following in my footsteps. If he did so a little more closely, he would be closer to following the rules.

At any rate, Senator Robichaud wants to know about muzzles. Well, I cannot tell him anything about muzzles because I do not know anything about them—no one has tried to muzzle me. But I do know that, some time on Friday, the Prime Minister will be dealing with the question of guidelines with respect to information available to the press and to the public. I recommend that my honourable friend observe what takes place, not in the hope that it will satisfy him, since I do not think he is in the mood to be satisfied, but at least to give him some idea of what the guidelines will be.

[*Translation*]

THE ENVIRONMENT

SOIL CONSERVATION

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government in the Senate who suggested yesterday that I should follow our Parliamentary rules when asking questions.

However, if I compare my question with those asked yesterday and for many years in this House I find that it meets fairly well all the criteria, and while Parliamentary rules may be important, I believe that precedents also count for a lot in Parliament.

However, out of respect for the Government Leader, I shall put my question to him immediately.

The Hon. Senator will know that the Senate Committee on Agriculture, Fisheries and Forestry tabled its report on the very serious problem of soil erosion last summer. This committee therefore deserves the congratulations and gratitude of farmers everywhere in Canada.

This subject is very familiar to me, as I became interested in it even before coming to Parliament. I therefore have some expertise on the subject.

The Committee recommends that:

> —soil erosion be placed on the agenda of the next meeting of First Ministers—

This recommendation is first and foremost among those made by this committee, which has certainly done excellent work.

We are all aware, as is the Government Leader in the Senate, that an important conference of Canadian First Ministers has been called early next year. I would therefore ask the Government Leader whether this recommendation which had the support of all the members of the committee, will be considered by the Government and will indeed be on the agenda of the next first ministers' conference.

I know that the Government Leader cannot evade the issue as he is a member of the Cabinet. He is therefore certainly in a position to tell us whether this recommendation has already been considered. If not, will he assure us today that he will submit this recommendation to his Cabinet colleagues?

[*English*]

Hon. Duff Roblin (Leader of the Government): I want to tell my honourable friend that I have not given up on him yet. If he really tries, he can reduce his question to that short, sharp, succinct manner which is prescribed as being desirable in all of the rules of Parliament. Although he has given us two very good examples of how not to proceed, I have not yet given up on him. I think I will be able to count on him to speak to a question in a way that is more in keeping with our parliamentary traditions.

I point out to him that, in the Senate, Question Period did not initially take its present form. I ask those honourable senators senior to me to reflect on the validity of my remark, in the context that it was not until we had four cabinet ministers sitting in the Senate that Question Period became what it has been. Before that time, it was quite different.

Honourable senators, the point I am trying to make is that the circumstances under which Question Period now takes place—namely, having no portfolio-carrying minister in the Senate—make a difference. I think that, in due course, honourable senators will come to appreciate that fact.

Coming to the point—

Hon. Royce Frith (Acting Leader of the Opposition): Good.

Senator Roblin: —I think that my honourable friend is generous and quite correct in saying that a good report was produced by the committee of the Senate dealing with soil

deterioration and associated matters. I do not believe that it has yet been tabled in this chamber, although honourable senators can correct me if my memory is wrong. I hope that before long Senator Sparrow, who was the chairman of the committee at the time the report was written, quite apart from whether or not he is the chairman of the new committee, will have what I think is the well-deserved privilege of presenting that report to this house. As to whether or not the subject matter should be referred to one of the conferences that are planned, that is an interesting suggestion. I am not able to say what consideration has been given to it as yet, but I see no reason why he cannot float this idea to see whether some satisfactory action can be taken.

• (1500)

Senator Corbin: I really wonder why I, as a new senator, have been singled out to be lectured to as to how to put questions in this institution. I am a parliamentarian with 16 years experience and I thought that I was providing the Leader of the Government with useful information—

Some Hon. Senators: Hear, hear.

Senator Corbin: —with useful information in establishing the foundation for my question, so as to afford him a reasonable opportunity to give me an intelligent answer; and also to facilitate his own comprehension of my preoccupations and the preoccupation of farmers right across this country. However, if I am to be continually lectured in this fashion, I would recommend to the Leader of the Government that he establish a school for new senators, if he so wishes. But I would ask him to stop intimidating me.

Some Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators, I promise not to comment in future in an adverse way on my honourable friend's parliamentary technique. I will simply leave it up to him to do what he thinks is right.

[*Translation*]

Senator Corbin: Honourable senators, I have a supplementary.

I shall get down to the substance of my question right away, because I remember someone telling me, two minutes after setting foot in this Chamber, that people were more relaxed in the Senate. Frankly, despite all the velvet, I can feel the iron fist.

So to get back to my question concerning soil conservation, I am not satisfied at all with the answer I got from the Leader of the Government just now. Whether or not the report was tabled or considered, it seems to me that the Canadian public and certainly Canadian farmers would agree, especially considering the fact that the report was discussed in the press and received very favourable editorial commentary in all Canadian newspapers as far as I can tell, that the time has come to act as the Government promised.

I therefore repeat my question and my request that the Leader of the Government undertake today to put this item on the agenda of the first conference of Canadian First Ministers. This was recommended unanimously by the committee, in other words by his own colleagues here in the Senate. I would like to know whether he is willing to make that commitment today.

[*Later:*]

Senator Roblin: Honourable senators, I want to tell Senator Corbin that I made an error in replying to his intervention earlier today about the report of the Standing Senate Committee on Agriculture following its study of soil conservation. I tabled this report on November 6, and it was brought to my attention by the Clerk of the Senate to whom I am grateful, but I wanted to correct the record in this respect.

Senator Frith: Honourable senators, on that same topic, I believe we authorized the committee to publish the report even though the Senate would not be sitting. Therefore, that completes the record because they pulished it before it was tabled. I believe it was published a month or two ago, and now, as Senator Roblin has said, it has been tabled.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I appreciate the comments made by the Leader of the Government in the Senate. I want to assure him of my full co-operation. I was aware that the report had been tabled.

Perhaps I may be allowed to ask the Leader of the Government in the Senate—considering his comments on my question—whether honourable senators will have an opportunity to examine this report at a later date.

Hon. Jacques Flynn: Anyone may do so.

Hon. Royce Frith (Acting Leader of the Opposition): If I am not mistaken, to consider the report we must first table a notice of inquiry.

Senator Flynn: Anyone may do so.

Senator Frith: Yes, anyone may table such a motion.

[*English*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the Debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the session—(*Honourable Senator Bielish*).

Hon. Paul Yuzyk: Honourable senators, Senator Bielish is unavoidably absent. In a telephone call she asked me to speak in her place and, with your permission, I am prepared to speak now.

Hon. Senators: Hear, hear.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Yuzyk: Honourable senators, following the custom in this chamber, I should first like to congratulate Senator Guy Charbonneau—who today is absent from the chamber—on his elevation to the speakership of the Senate in this the first session of the Thirty-third Parliament of Canada. Having known him for several years as a diligent member of this house, I am confident that he will perform his duties with zeal, fairness and impartiality. I extend my congratulations also to the Speaker *pro tempore*, Senator Martial Asselin. I congratulate also the new Leader of Her Majesty's Loyal Opposition, the Honourable Allan J. MacEachen, a new senator who has had a distinguished career in the other house and in former Liberal governments. His vast experience will, I am sure, bring a new dimension to the debates in and the work of the Senate.

I am happy also to congratulate Senator Duff Roblin as the new Leader of the Government in the Senate. His is a heavy and responsible task which I am sure, he will carry out at a high level, conscientiously, fervently and constructively in the best interests of our great country. His experience as a former premier of Manitoba will be a great asset in conducting the affairs of the upper chamber. If I can be of any assistance, I should like to offer him my cooperation and, of course, my best wishes. I believe it would not be out of order if I acknowledged that my nomination to the Senate by Prime Minister John G. Diefenbaker in February 1963 was the result of Premier Roblin's recommendation.

● (1510)

Hon. Jack Marshall: A good choice.

Senator Yuzyk: Consequently I look forward to a friendly association with Senator Roblin and the fulfillment of many of the objectives of the Progressive Conservative Party; hopefully also some of my dreams.

Honourable senators, with the Speech from the Throne of November 5, 1984, the government of Prime Minister Brian Mulroney has presented, in broad outline, an ambitious program based on commitments made during the election. With an overwhelming mandate from Canadians, the government has announced "the beginning of a new era of national reconciliation, economic renewal and social justice". The mandate gives the government a magnificent opportunity "to build a renewed national consensus". Canadians have great expectations which I believe will be gradually realized.

It is my intention in this debate to focus on culture, a subject that affects the lives of all Canadians, but which usually does not receive much priority. I am happy to note that the Speech from the Throne states:

> The purpose of my government is to renew the confidence of Canadians that Parliament is truly the voice of the people, that government is their servant, and that federalism is the means to harmonize and preserve the splendid diversity of this land.

The federal government has committed itself to co-operate with the provincial governments "in supporting official language minorities and in fostering the rich multicultural character of Canada".

Only a few senators today may remember the thrust of my maiden speech delivered in this chamber on March 3, 1964. My theme was that Canada was a bilingual and multicultural nation and that the policies of the federal government must reflect that reality. At that time it was a voice speaking in the wilderness. Since then we have witnessed the passing and implementation of the Official Languages Act of 1969, recognizing French together with English as official languages in the federal parliament and the federal services.

On October 8, 1971, Prime Minister Trudeau announced a federal policy of multiculturalism, which was unanimously endorsed by the leaders of all parties and the Parliament of Canada. In 1972, the government established a Ministry of State responsible for multiculturalism. Dr. Stanley Haidasz, now Senator Haidasz—

Some Hon. Senators: Hear, hear!

Senator Yuzyk: —was the first minister to hold that portfolio. Later Senator Joseph Guay held the position. The new Canadian constitution of 1982 has entrenched multiculturalism, thus recognizing that Canada is a bilingual and multicultural nation. We have proven to ourselves and to the world that by democratic means and goodwill we have achieved unity in continuing diversity.

Canadians became aware, and I believe with pride, of our unique status in the world when Pope John Paul II, the spiritual leader of nearly 1 billion Catholics, during his visit to Winnipeg in September, praised Canadian federalism, bilingualism and multiculturalism. The thrust of his message was unmistakable when he said:

> The historical experience of the two founding peoples of Canada who bound themselves to live in mutual respect for the unique cultural identity of each other has providentially created that atmosphere of respect for cultural diversity which characterizes Canada today . . .
>
> In her own multicultural interaction, Canada not only offers to the world a creative vision of society, but she also has a splendid opportunity to show consistency between what she believes and what she does.

The Pope noted that Canada developed as a country of immigrants and urged Canadians to continue to show love to immigrants and refugees. Here is his exhortation:

> Remember, O Canada, that the greatest richness of your multicultural character is to be able to reach out and help others—your brothers and sisters in need.

This was a great tribute to the freedom and democracy that we practise in Canada. It also reminds Canadian governments and our people of the tremendous responsibilities that face us in upholding these sacred principles and ideals.

Honourable senators, it is my firm belief that the Mulroney government is now establishing a new direction for the development of bilingualism and multiculturalism. There are several persons of non-British and non-French origin who hold important cabinet posts in the new government. The Minister of State for Multiculturalism, the Honourable Jack Murta, stated that he will be guided by the recommendations of the

Conference on Multiculturalism which was held last June in Toronto and in which approximately 500 delegates representing most of Canada's over 70 ethnocultural groups participated actively. There the leader of the Progressive Conservative Party, Brian Mulroney, and other spokesmen declared that "multiculturalism is part of what it means to be a Canadian."

Recently, in his address to the Federation of Chinese Canadian Professionals in Toronto, the Honourable Jack Murta outlined government policy in this field. He asserted that "multiculturalism means that no Canadian will be relegated to the status of a second-class citizen and the goals of multiculturalism are the achievement of equality, justice and freedom for every citizen irrespective of race, colour or creed."

The government intends to pursue the following initiatives: Convene in the near future a federal-provincial conference to achieve a national understanding and agreement for the implementation of its multicultural policy; consider and implement the recommendations of the Parliamentary Task Force on Visible Minorities; redress past injustices to ethnocultural communities such as the Japanese Canadians who suffered during the last war; set up an internal committee to sensitize all government departments to multicultural concerns; appoint competent and qualified men and women who reflect our diversity to positions on government boards, agencies, crown corporations and senior public services; ensure fair representations and depiction of minorities in all government advertising; undertake to help Canadians understand their roots through heritage language training and cultural retention studies in the belief that fluency in heritage languages is a tremendous asset, both to the individual and to the country; and facilitate education as the key to better understanding and to the eradication of racism, hate propaganda and ignorance.

It is evident that the federal government is committed to the "creation of a genuine and substantive multicultural society." The minister stressed that in order to succeed there must be a partnership between government and community to pursue these objectives.

Honourable senators, I believe that the government will gradually implement this section of the Speech from the Throne that refers to the support of official language minorities and the fostering of the rich multicultural character of Canada. I hope and believe that Canadians will co-operate in this broad program to develop a sensitive, compassionate and just society to make Canada a better place for all her citizens.

Hon. Senators: Hear, hear.

Hon. Keith Davey: Honourable senators, my first remark is to congratulate our Speaker on the vital and significant appointment he has received. It is an assignment which he will carry out in the fine tradition of his illustrious predecessor, my friend Senator Riel. I trust that my friend, Senator Asselin, the Speaker *pro tempore*, will convey my good wishes to his honour.

The government leader in the Senate is at once an old friend and political rival. I am sure he knows that I have always respected his ability and his commitment to our country, to his province and to his party. I wish him well.

In congratulating my own leader, I include all new senators. I met the leader in 1961 when we both worked for the Right Honourable L. B. Pearson, who was and still is our gentle mentor and our continuing inspiration. Since those days, Senator MacEachen's career has really been the stuff of legends. He is a priceless asset to this chamber and certainly to the Liberal Party.

This is my first speech in this chamber in some years. I am, in fact, prepared to describe myself as a born-again senator. An intense degree of my political activity over a number of years culminated in my direction of the final four weeks of the 1984 Liberal campaign. It is therefore incumbent on me to salute the Right Honourable the Prime Minister on his massive victory. We were, to understate it, routed. Candidly, I can think of a number of reasons why we lost that election, but none would be as important as the reason the Tories won the election, which, of course, is the remarkable campaign skill of the right honourable gentleman. Honourable senators, in this spirit I trust you will allow me the luxury of several partisan observations about this new Tory government. I propose to start with the cabinet, the largest and most over-stocked cabinet in Canadian history. In this chamber we are supposed to represent our regions. My designation is York, the historic former name of Toronto. The population of Metropolitan Toronto now exceeds 3 million and on September 4, it sent about two dozen Tory MPs to Ottawa. Successive generations of Liberal governments have traditionally given Toronto six ministers. So, what have the Tories given us? First, not one minister to represent our teeming multicultural population—not one. Then, honourable senators, can you possibly believe this? They have given us just three ministers in total—two from Bay Street and the other one, who is the only one who knows anything about Toronto, David Crombie, they have sent off to Inuvik, Aklavik and points north.

• (1520)

Quite properly, the cabinet has an elaborate committee structure. Miss MacDonald sits on five committees, as does Mr. Crosbie. Mr. Wilson sits on four committees, as does Mr. de Cotret. Believe it or not, the lonely David Crombie, the once upon a time tiny perfect mayor of my city, who knows and understands Toronto at least as well as he knows and understands the far north, sits on just one committee. Of course, none of this is news. Mr. Crombie was shortchanged by the Clark government and he is now no doubt paying the price for running at the last Tory leadership convention—that is, running over to John Crosbie.

Be that as it may, I made my way over to the other place on leaders' day and I could not have been more delighted. I watched John Turner turn in a flawless performance.

Hon. Senators: Hear, hear.

Senator Davey: To quote Richard Gwyn he was "funny and feisty". It was a solid beginning for Mr. Turner. Honourable senators will now ask: What about the Prime Minister? I do

not want to make a partisan observation on this occasion so, instead, let me quote Jeffrey Simpson who wrote in the following day's *Globe and Mail:*

> If Brian Mulroney had performed in the televised debates as he did in the Throne Speech debate, the election might have been a lot closer, Mr. Mulroney was at his worst yesterday—hammy, full of himself, larding cliché, rehashing all the themes of his marshmallow campaign, sounding to all but his adoring MPs like a parish pump politician who has suddenly arrived in the big time.
>
> It was a first speech quite unworthy of a new Prime Minister to the House of Commons.
>
> All that applause Mr. Mulroney will get from the 211 Tory MPs is going to sound wonderful on television and radio. Put simply, if they'll give him a standing ovation for a speech like yesterday's, they'll cheer anything. Mr. Mulroney would do well to remember, however, that others too are listening.

In my opinion, honourable senators, the single most important reason why the Tories won the election was the active intervention of the "big blue machine".

I would like to digress for just a moment. I think it is possible to feel sorry for William Davis who is, in my opinion, the only statesman the Tories have produced in a generation. Mr. Davis could have won the country, but he could not win his own party's convention. To me that says something about the Tory Party.

John Turner was 100 per cent on mark when he described Prime Minister Mulroney as a "let's pretend Liberal". He was. After all, it was expedient politics. This is still a "small" liberal country.

We heard a great deal from Mr. Mulroney in the campaign about "jobs, jobs, jobs". We heard him speak about universality as a sacred pledge and about the virtues of a mixed economy. We heard precious little about the deficit, about privatization and about the glories of Ronald Reagan. However, make no mistake, honourable senators, to the inevitable and eventual chagrin of Canadians, we are discovering each and every day that a Tory must be a Tory.

Honourable senators, I wish to say a word about universality, a topic about which we are apparently going to have a protracted public debate. My own position is clear. I am and I will be 100 per cent in favour of the universality of all social programs. Conceivably, some existing programs could be replaced in total by new and improved 100 per cent universal programs. But we do not want to see any means tests or any trickle—down Tory charity. We are not about to turn our backs on 25 years of Liberal social programs. We are not about to abandon programs which demean no one, least of all lower and middle class Canadians.

One of my immediate concerns is the Prime Minister's understanding of a sacred trust. He told Canadians that universality was a sacred trust. Those were not my words, nor were they the words of John Turner. Those were Mr. Mulroney's words first used, I believe, on August 18 last when he said, and I quote ". . . a sacred trust not to be tampered with." Early in November he again confirmed in a press interview that universality was a "sacred trust". We are now told that this new government is prepared to do exactly what the Prime Minister pledged it would not do, that is, to tamper with universality—some "sacred trust"! The Prime Minister's shocking disregard for his own sacred trust is worrisome in the extreme.

[Senator Davey.]

There is yet more on the same subject. In an interview which appeared in last Saturday's *Toronto Star* the Prime Minister was asked about the sacred trust, to which he responded:

> It's not be be interpreted literally because it's not applied literally except in certain limited circumstances.

Honourable senators, welcome to the new era of 1984 Tory doublespeak.

A few days after the Speech from the Throne, the Minister of Finance offered Canadians further evidence that these, after all, are the same old Tories. Already in this chamber, and also in the other place, my leaders have questioned the need for protracted consultation and that secrecy—and we had all better realize it—which has already become the hallmark of this government. In the best Tory tradition Mr. Wilson focused on deficit reduction, not "jobs, jobs, jobs". When Informetrica Limited, a private economic forecasting firm, reported this program of cuts would cost the economy 50,000 jobs next year the Minister of Finance said that he was not impressed. Perhaps he was not impressed, but I would suggest a great many Canadians were.

This Tory turn to the right has, of course, delighted the country's big business establishment. This big business establishment, as honourable senators know, has its very own lobby right here in Ottawa, the so-called Business Council on National Issues. I would like honourable senators to listen carefully to the following quotation from the November 13 issue of the *Toronto Star*:

> The first page in the new Progressive Conservative economic guide to the future looks like a leaf inserted by the Business Council on National Issues.
>
> The initial steps taken last week by Finance Minister Michael Wilson . . . were first outlined in early September by the blue-ribbon business lobbying organization.

I find it passing curious that this government gives the lowest possible priority to competition legislation. This is in spite of the fact that corporate concentration in Canada is increasing at an alarming rate. I would like to quote from Alexander Ross's introduction to his fine new book *The Traders,* in which he states:

> Consider the structure of corporate Canada: There are about 750,000 incorporated businesses. About 700,000 of them have annual sales of less than $2 million—we're mostly talking here about variety stores, dress shops, Chinese restaurants, and men trying to make a living with a backhoe or a dumptruck. Another 21,000 companies have annual sales of between $2 million and $20 million.

> There are only about 2,000 "big" businesses with annual sales of more than $20 million. Needless to say, many of the largest companies are foreign-owned, and many of them won't sell shares to Canadian investors. (General Motors Canada is a sadly typical example.) What we have, in other words, is a woefully lopsided structure. On the bottom, hundreds of thousands of inherently small businesses, with very marginal prospects for future growth; on the top, a small number of quite large companies. The largest firms tend to prosper not through innovation, but by swallowing smaller companies.

● (1530)

Honourable senators, so much has been written and spoken about the cuts in expenditure announced recently by the Minister of Finance. I would like to draw your attention to only two of these cuts which delightfully illustrate Tory priorities and the Tory mentality. First, foreign aid. All those pious platitudes about Ethiopia ring hollow when placed up against Mr. Wilson's foreign aid cut, a cut, incidentally, which was too much for even the *Globe and Mail*. Let me quote their editorial:

> Mr. Clark announced at the UN: 'Our new Government intends to maintain Canada's commitment to reaching 0.7 per cent of the GNP by 1990 in Official Development Assistance.' He should have checked first with Finance Minister Michael Wilson, who overrode him in his economic statement last week.
>
> The Finance Minister, who plays to Bay Street rather than Addis Ababa, announced that, due to the 'serious domestic economic situation', the 0.7 per cent level would be deferred until 1995. Canada's development assistance would continue to rise as a proportion of GNP, but not as rapidly as previously promised.
>
> This is an unfortunate retreat from a worthy commitment.

Then, honourable senators, every bit as short-sighted and possibly even more mean-spirited is the dramatic increase in fees for those seeking to become Canadian citizens. The fees will increase from $15 to $40 for an adult and from $8 to $25 for a minor. Honourable senators, are we no longer anxious to attract more and more new citizens? We should be removing roadblocks, rather than increasing fees for struggling immigrants who want only to become Canadians. What mindless logic! What false economy! What generosity of spirit!

In closing, honourable senators, I want to say a word about political appointments. Few in this chamber can take umbrage at political appointments which are very much part of our political system. Certainly, my own Senate appointment was political, as I suspect was even that of my honourable friend, Senator Flynn.

However, honourable senators, I owe an apology to my honourable friends opposite because, while appearing on CTV's *Question Period* shortly after the election, I pointed out that forty years of Tory patronage appointments in Ontario had not interrupted forty years in power. At that time, I went on to suggest that the federal Tories would make as many or more political appointments as had the Liberals, but I was wrong and, worse still, I was unfair. It was, after all, New Democrat Stephen Lewis who went to the United Nations; it was Liberal Lloyd Francis who went to Portugal. Clearly, it is the dawn of a whole new era; a political Age of Aquarius with the Tories prepared to let the sun shine in.

Hon. D. G. Steuart: Don't hold your breath.

Senator Davey: I have heard the rumours about the 500 Liberal lawyers who were replaced by Tories. I just do not believe that; I think that is a Press Gallery rumour. In my naiveté, honourable senators, and yes, in my cynicism, I had actually imagined a veritable flood of New Tory senators: Findlay MacDonald; Norman Atkins; Dalton Camp; Eddie Goodman; Michel Cogger; Bill Morrison; Frank Moores; Bill Neville; Paul Curley; Hugh Segal—I could go on. But I was wrong. These appointments are not going to take place.

Senator Steuart: Soon; maybe not tomorrow, but soon.

Senator Davey: We are into a new era of non-political Senate appointments, for which I suppose the great credit goes to the Right Honourable Pierre Elliott Trudeau who, after all, sent us such non-political appointees as Royce Frith, Michael Pitfield, Michael Kirby and Colin Kenny. Therefore I say to the new Prime Minister, congratulations; bring on the poets, the artists, the academics, the architects, the clergymen, the ballet dancers—

Senator Steuart: The NDP.

Senator Davey: Incidentally, I say to the Prime Minister that there is no need to worry about all those Tory war horses I listed earlier because they have each opened their own political consultancy, in any event. It is far more lucrative than the Senate, and all you need is a Progressive Conservative membership card and a government telephone directory.

Hon. Henry D. Hicks: Honourable senators, I was in Belgium with a group of veterans marking the fortieth anniversary of the liberation of that country by the Canadian army when the Throne Speech was read in this chamber. However, I secured a copy from the Canadian embassy in Brussels and read it carefully at that time. I would now like to make a few comments on the Speech from the Throne this afternoon.

First, however, I must not neglect the formalities which, while they are customary, are nonetheless sincere and extend my congratulations to Speaker Charbonneau and to you, Senator Asselin, as Speaker *pro tempore*. The selection of the government leader in the person of Duff Roblin is very pleasing indeed to me. I have known Senator Roblin from the time that he was Premier of Manitoba and I think I could say without exaggerating that we have become friends.

By the same token, I have known Allan MacEachen, the Leader of the Opposition in the Senate, for many more years than that, and I welcome his addition to this chamber, as well as that of the other new senators. May I venture to say to the new senators that if you become working senators—and by what I know of the careers of nearly all of you, I feel confident

that you will become working senators—I think you will be surprised at the usefulness of the work done by this chamber, especially in the committees of this chamber. You will discover the work to be much more useful than you probably acknowledged when you were occupied with your duties in the other place.

Tributes have been paid by previous speakers to Senators Cook and Donahoe who have retired from the Senate and, more sadly, of course, to Senator Dan Riley whose death removed him from the Senate just a few weeks ago. I join in the sentiments of regret, and particularly in the sentiments of condolence to Senator Riley's family.

Since I had not been in attendance here in recent days, honourable senators, I also read the speeches of those who preceded me in this debate, and I want particularly to make reference to the speech of Senator Macquarrie, the mover of this address, and to that of Senator Arthur Tremblay. These two able men acquitted themselves in the manner in which I would have expected them to have done, as have the others who have preceded me in this debate.

I do want to point out one thing, however, which occurs to me as a result of an observation made by Senator Macquarrie and which is to be found on page 16 of the *Debates of the Senate* when he talked about the imbalance in this chamber and said:

> —a situation which has not been so extreme, I think, since Confederation—

I would like to point out that that is not quite true. As a matter of fact, in 1897, at the end of the Sir John A. Macdonald era, only 18.5 per cent of the members of the Senate were Liberals. At the present time, even with the addition of the ten new senators, we have 22.2 per cent Progressive Conservatives in this chamber today. I have all the figures before me, having obtained them because of some remarks made by the late Senator G. I. Smith some years ago. I never had a chance to refute those remarks but, at that time, I pointed out that the last Liberal Prime Minister, the Right Honourable Pierre Elliott Trudeau, appointed to the Senate more non-party supporters than all of the rest of the Prime Ministers of Canada put together from Confederation up to the present time.

Hon. Jacques Flynn: Just imagine what would have transpired if he had not done so.

Senator Hicks: That is true, of course. I acknowledge that.

The comprehensive fiscal and economic analysis contained in the speech of Senator Gigantès on November 20 was, in my view, extremely interesting, especially his references to the deficit and his cautions that we should not become unduly obsessed by that deficit. I, personally, am opposed to the making of inroads into the universality of our social, health and welfare programs in order to reduce the deficit of Canada. I hope that we will proceed with great care when we address ourselves to these problems.

[Senator Hicks.]

• (1540)

Now let me make specific reference to some paragraphs in the Speech from the Throne. The first paragraph is found on page 3 of the official text that I have before me. I was delighted to see that there is an intention to appoint a Parliamentary Task Force to reform the House of Commons. After all the talk we have had to put up with over the past several years about reforming the Senate, while at the same time observing the inefficient manner in which the House of Commons operated in comparison to our chamber, I am delighted that the new government is going to select a task force to address itself to reforming the House of Commons. We shall watch its activities with the greatest possible interest.

I have already made some reference to the deficit and to the paragraph that says that we must deal urgently with the deficit and that that is beyond dispute. I think that that is beyond dispute, but I think that we have to be careful as to how we allocate funds in order to reduce the deficit without doing damage to programs that, in my opinion, are vital to the well-being, economic and otherwise, of our society.

In the very next paragraph to that reference to the deficit is this statement:

> Second, my government will pursue approaches to improve the efficiency and flexibility of our capital markets; to improve job opportunities for Canadians through responsive market-oriented training programs; and to increase investments in research and development to improve our productivity.

Those were the words that were put into the mouth of the Governor General of Canada, but what are the facts? The facts are that there are all kinds of statements being made by the new ministers of this government to the effect that they are going to do just the opposite.

Indeed, in the *Globe and Mail* of November 16, an article appears which starts as follows:

> The decision of the federal Government to axe three new technology research institutes is perceived as flying in the face of earlier Tory promises to double research and development expenditures and improve the linkages between government labs, universities and industry.

It seems to me that in the modern technological society in which we are living, honourable senators, Canada cannot afford to fall further behind in research and development activities. I said "to fall further behind", after careful reflection, because unfortunately in high technology activities Canada is not in the forefront among the nations of the western world. We were at the end of World War II, but we have fallen behind, and this is not the time—and, indeed, over any reasonable period of time it does not make good economic sense to cut back on research and development activities upon which future industries and the future economy of this country will depend and with which they are going to be very, very closely linked.

There is another interesting paragraph—and I hope the government can do something about it—which states:

> Third, my government will introduce for consideration during this session proposals to enhance risk taking, innovation and reward among entrepreneurs, especially in the small and medium-sized business sector.

I will skip a few pages now and come to this particular paragraph which struck me as being rather peculiar. It refers to discriminatory clauses in the Indian Act. That says, in part:

> —amendments to the Divorce Act, and measures to control pornography and sexually abusive broadcasting.

Then in the same paragraph it says:

> —to establish a national system for the enforcement of maintenance orders.

I do not know how maintenance orders got tied in with pornography, but the author of this Speech put those words into the mouth of our Governor General.

I have a caution on this; we have to be very careful in trying to legislate against pornography. A great deal of that is a matter of taste and, perhaps, a matter of morality. As such, can it be dealt with by legislation? I think that we come very near to stifling the freedom of the press and the freedom of expression when we begin to legislate in that area. I shall watch with interest what is done here.

As for introducing a national system for the enforcement of maintenance orders, I would certainly welcome that, if it is possible to do so. I think that that will require more than action by this government here in Ottawa; I think it will require the co-operation of the provinces of Canada as well. I hope that that may be forthcoming.

I read with interest the paragraph on social security, which states:

> Canadians value and support the comprehensive social security system that has been put in place over many years by the federal and provincial governments. Many areas of this system must be strengthened to respond to the changing nature and needs of our society.

Well, talk about abandonning the concept of universality certainly does not jibe very well with that paragraph, and I hope that the sentiments expressed in this paragraph in the Speech from the Throne will be the sentiments that prevail.

In a further paragraph the following appears:

> My Ministers will introduce measures to improve the financial situation of Canada's war veterans.

Certainly none of us can oppose that. I certainly do not want my remarks which show some reservations to incur the wrath of Senator Marshall, who, quite properly, never misses an opportunity to speak on behalf of Canada's veterans. I, myself, have visited, over the past two years, battlefields and graveyards where Canadians fell in Europe, in Dieppe, and more recently in the Walcheren Penninsula area of Belgium and Holland.

At the same time. I do not think we Canadians should be ashamed of the way we have treated our veterans. I, myself, am a veteran. Fortunately, I came through the war relatively unscathed, and have not been dependent on the Department of Veterans Affairs for assistance other than assistance to purchase my first home under the Veteran's Land Act.

In any event, we Canadians have a good record as to the way in which we have treated our veterans. While there are always ways in which this treatment can be improved, we should not take a backward position in respect of the treatment of our veterans. If we are hard pressed for money, I suggest that there are other social security and welfare programs which, in my opinion, would have to weight above the programs for the treatment of the veterans of Canada's two World Wars.

The next paragraph, which I was delighted to read, states:

> As a country rich in human resources, Canada owes much to those who have dedicated themselves to cultural, artistic and athletic endeavour. In a variety of areas, my government will be addressing itself to the challenge of encouraging those individuals who inspire Canadians to new levels of excellence.

Hence, a cut of some $3 million from the budget of the Canada Council! I suppose that that follows logically from that paragraph!

At the top of page 12, the following appears:

> Most abhorrent to a nation respectful of the law are acts of violence against guardians of the law whom we have appointed to protect us. The recent murders of several policemen in Canada have shocked our people. Parliament shares the sense of sadness and loss felt by the families and colleagues of those policemen who died on duty.

I suspect that this is too narrow a reference and ought to apply to persons other than police officers in the performance of their duties.

Again, these are fine words, but we will be watching to see what action the government proposes to take. Will we be given the opportunity to debate the whole question of capital punishment again, for example, as many people think should be done? Many people think that parliamentarians should address themselves to that problem.

That constitutes the individual paragraphs of the speech that I wanted to make reference to. We will watch the performance and judge the performance against the words contained in this address and expressed by ministers of the new government in several fora throughout this country.

I wish the new government well in the interests and on behalf of all Canadians, but I want to say this: Because they have made excessive promises and commitments during an election campaign, that will not induce me to let them off the hook when they say: "Oh, well, we can't really do that", and turn their back on the promises which were the basis of their election to power in this Canada of ours.

On motion of Senator Murray, debate adjourned.

● (1550)

NATIONAL DEFENCE

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lafond, seconded by the Honourable Senator Thompson:

That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;

That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada, and to such places abroad where members of the Canadian Armed Forces may be stationed;

That the Committee have power to sit during adjournments of the Senate;

That the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee; and

That the papers and evidence received and taken on the subject before the Committee during the Thirty-second Parliament be referred to the Committee. (*Honourable Senator Frith*).

Hon. Royce Frith (Acting Leader of the Opposition): Honourable senators, this motion was discussed at a caucus of the members of the opposition in the Senate yesterday, and while some senators expressed reservations at the breadth of the terms and, in particular, felt that the committee perhaps would only need to be established in order to complete the report that is now under way, we know from answers to questions that I asked Senator Lafond that his intention is not to limit the authority that is given to him in this motion. Despite the fact that there were some reservations about that, and some honourable senators on both sides may wish to express similar reservations, it is not our intention to ask for an amendment of the motion to that effect, but simply to record our concern. When the question comes up of continuing the committee's activity after the report, there may be other views expressed. We do not intend to move an amendment to the motion nor do we intend to oppose it.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 22, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FIFTH MEETING—NOTICE OF INQUIRY

Hon. Richard J. Stanbury: Honourable senators, I give notice that on Thursday, November 29, 1984, I will call the attention of the Senate to the Twenty-fifth Meeting of the Canada-United States Inter-Parliamentary Group, held at Dorado, Puerto Rico, from March 8 to 12, 1984, and to the report of the said meeting.

REPORT OF CANADIAN DELEGATION PRINTED AS AN APPENDIX

Hon. Richard J. Stanbury: The Clerk is in possession of the report in both official languages, and I should like to have it printed as an appendix to *Debates of the Senate* of this day so that senators will have the opportunity to examine it in order to participate in a discussion on it.

As honourable senators will see when they read the report, the meeting dealt with a great many subjects which were of considerable interest to both Canada and the United States. I hope that we will have an opportunity for a good discussion on it.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 132*).

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, November 27, 1984, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Doody: If honourable senators would like to know what is on the agenda for next week, I would be only too happy to oblige.

Hon. Royce Frith (Acting Leader of the Opposition): Honourable senators, before voting on the motion, I will oblige my friend, the Deputy Leader of the Government, by asking him what is on the agenda for next week.

Senator Doody: Honourable senators, I understand that on Tuesday and Wednesday we shall continue with the Throne Speech, those being the final two days of that debate. We have several pieces of legislation coming from the House of Commons. We anticipate Bill C-4, which is the Farm Products Marketing Agencies Bill, and Bill C-6, to amend the Saltfish Act.

There are several other bills that we may receive, among them a borrowing bill which may not come until later, but, in any event, Bill C-4 and Bill C-6 we are fairly sure of receiving.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CABINET

ACCESS TO INFORMATION

Hon. Royce Frith (Acting Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate arising out of some questions I posed earlier on the subject of this government's growing addiction to secrecy. At the time that I asked the question, Senator Roblin stated that I was really only presenting him with opinions of journalists. So, let us deal with facts—and there are several parts to this question.

Part of my earlier question was that Mr. Dye, the Auditor General, had complained that he would not be getting cabinet papers to help him do his job. Perhaps we we will be able to change this headline so that it reads: "Roblin Says Cabinet Papers To Be Furnished As A Fact". In any event, we shall see. Is it a fact that the government will not furnish cabinet documents to the Auditor General? That is the first part.

Further, on the question of information, is it a fact that the Minister of Finance has urged the media to be careful when writing about changes to government social programs, in order that they do not alarm people who are dependent on those programs.

Further, is it a fact that the Prime Minister has dressed down our Secretary of State for External Affairs for alleging the existence of some conspiracy among members of the press to bring down the government?

Further, is it a fact that, although the Minister of Communications has said that the cuts that are to apply to the CBC—which were the subject of a question yesterday—are simply being reviewed and are not in effect; that, in fact, several regions have been told that they must cut down their local programming by 18 per cent, which, when coupled with the protection that they must give network programs originating from those regions, will mean cuts of something in the neighbourhood of 30 per cent and; that this move will seriously threaten any regional programs in places such as Vancouver and Winnipeg?

The last part of my question is: Is it a fact that, although during the campaign, speaking on the question of patronage, the Prime Minister said that he would transfer the whole subject of patronage to a parliamentary committee, he has now given the patronage question over to the Ritz-Carlton "gang of three"—in other words, that three of his cronies will, in fact, be monitoring and looking after patronage appointments?

• (1410)

Hon. Duff Roblin (Leader of the Government): Honourable senators, these questions are not such that they lend themselves to a one word answer, such as yes, no, or even maybe.

I can tell my honourable friend that the Prime Minister will be making a statement on that subject tomorrow morning, I believe, and members of the media have been invited to attend on that occasion. At that time, the question of the channels of communication as between the press, members of the general public and members of Parliament with the government and the public service will be addressed. I think that I had better postpone any comments on that subject until the Prime Minister has addressed the matter, because he will be giving an up-to-date and authoritative statement on the government's position. There is nothing I can add to that, as I am quite sure my honourable friend knows.

The dressing down of the Secretary of State for External Affairs—

Senator Frith: Could that at least not have been done in secret?

Senator Roblin: If it had happened, it would have been done in secret, but I do not think that that ever happened. I cannot accept any responsibility for the rumours that appear in the press, and my honourable friend knows that. Therefore, I will not make any comment on that rumour, although I am tempted to.

On the question of the "Ritz-Carlton Club", this is the first I have heard of that one. That is a very interesting situation.

Senator Frith: I can tell you more.

Senator Roblin: I do not know about patronage, but there are some gentlemen sitting on the other side of the house who can give me lessons in spades on patronage.

Senator Frith: We could never give a Tory any lesson on that.

Senator Roblin: You cannot give the Tories lessons on anything.

[Senator Frith.]

Senator Frith: Those of us who come from Ontario have studied at the feet of the Tories.

Senator Roblin: But on patronage in the federal sphere, I yield to my honourable friend's expertise in the matter. So, I am afraid I am unable to satisfy his curiosity to any further extent.

Senator Frith: Anything I know I learned from Bill Davis.

Hon. David Walker: He doesn't know you.

RULES OF THE SENATE

RULE 20—ORAL QUESTIONS—SUGGESTED AMENDMENT

Hon. H. A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate if he would like to modify a statement he made on November 20, 1984, at page 81 of the Senate *Hansard*, where he stated—and I only wish to quote a few sentences so that the meaning is clear—the following:

> If you expect replies from the government, only persons authorized by the government can make those replies. Under our present Constitution that is limited to ministers of the Crown or, in some cases, to parliamentary secretaries—

My concern is that the deputy leader, the house leader, has made gallant attempts to reply to questions and he, of course, is neither a minister nor a parliamentary secretary.

If the description given by the Leader of the Government is going to stand with respect to who may reply to questions, that circumscribes some of the gallant efforts made by the deputy leader.

I may say, offhand, that in many cases his attempts have been more entertaining than informative, but we appreciate his efforts in any event and, therefore, I wonder if the Leader of the Government in the Senate would like to modify his qualification somewhat so that his deputy could reply, especially on the days when the leader is not present in the Senate.

Hon. Duff Roblin (Leader of the Government): My honourable friend raises an intriguing point which one of our colleagues has mentioned. Senator Godfrey raised that point, and that was the first time I considered it, to be quite frank.

When I am not present, my honourable colleague—who has done a good job of fielding questions—is not just the deputy leader, but is the Acting Leader of the Government in the Senate. Whether that makes any difference to his status or to his capacity to answer questions, is something that I have not really considered. All I can tell my honourable friend is that I will consult some authorities on this matter and see if I can resolve it any further. If I am not here, and if the strict interpretation of the dogma that I enunciated is correct, and I have to admit that I am not always correct when dealing with such a complicated matter on the spur of the moment, then he is sort of restricted to taking everything as notice, which is perhaps not the best system. I will do my best to get some

information on this matter and reply further to my honourable friend later.

Senator Olson: Honourable senators, I am somewhat surprised at that reply because the honourable gentleman was very sure as to the position of the deputy leader, and I notice that he has commented that there is a promotion of the deputy leader to acting leader on those days when the leader is not here. But when he was on this side of the house he was very sure that the then Acting Leader of the Government in the Senate was expected to reply to questions which he himself put. I suppose that it would not be unreasonable to expect that he would adhere to that same philosophy now.

Senator Roblin: I remember the words of Oliver Cromwell when speaking to some parliaments. He said:

> I beseech you, in the bowels of Christ, think it possible you may be mistaken.

I apply that reference to myself in a former capacity.

Hon. Royce Frith (Acting Leader of the Opposition): That is a pretty gutsy answer.

NATIONAL REVENUE

SUGGESTED CONSUMPTION TAX

Hon. Ian Sinclair: Honourable senators, my question is directed to the Leader of the Government in the Senate. It has to do with what all Canadians are watching with a great deal of interest, namely, the attempt of the Minister of Finance to wrestle the deficit to the ground. He is quoted in yesterday's *Citizen* as follows:

> If equity is perceived to be there in the system, there will be less of the economy going underground.

He said this in support of a minimum tax on the wealthy.

My question is this: If the honourable minister and the government are interested in equity and in the billions of dollars in the underground economy, will they give consideration, in the name of equity, to putting in a tax on consumption rather than on production?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I detect faint echoes of a former prime minister of this country who told us he was going to wrestle inflation to the ground.

Hon. Royce Frith (Acting Leader of the Opposition): And he did; he sure did.

Senator Roblin: Well, the only problem is that it took him ten years to do it.

Hon. Raymond J. Perrault: He didn't say it was going to be easy.

Senator Roblin: I am not prepared to pin any medals on him.

Senator Frith: Be fair!

Senator Roblin: I just hope that my colleague in the other place did not say that he was going to wrestle the economy to the ground. I think he wants to build it up and not wrestle it to the ground.

Senator Perrault: We have a tag team match here.

Senator Roblin: The question is an interesting one because it has to do with a fundamental reform of the tax system, as my honourable friend knows, and there is a good deal of interesting argument to the effect that a consumption tax would be better designed to meet the needs of the economy than other forms of taxation. All I can say to my honourable friend is that there are going to be very extensive consultations with other governments and with the private sector before the budget comes down on the whole question of taxation. I think there would probably be an opportunity for him at that time to submit his views, if he wishes to pursue this matter further.

Senator Sinclair: I should like to ask a supplementary question. I note that reference is constantly made to a minimum tax on the rich. I recall to my honourable colleagues in the Senate a statement that was made by one of the great law lords of England, namely, that it is the duty of every citizen to so arrange his affairs as to attract the least amount of tax.

My question is this: If you are interested in efficiency, why do you not attack the programs that result in zero tax, rather than putting in a minimum tax?

Senator Roblin: I recollect the quotation my honourable friend has mentioned, but I do not think the honourable law lord went on to say that it was the duty of the government to make it easy for them. I think that is another angle of the same discussion. All I can say to him, again, is that, as he is aware, the tax structure is under consideration; that the minister has undertaken to hold wide consultations with all sectors of the community before the budget is finalized; and that that is a perfectly appropriate subject to be addressed to him in that respect.

[*Translation*]

FOREIGN AFFAIRS

INDIA—DETENTION OF CANADIAN NATIONAL

Hon. Jacques Flynn: If I direct this question to the Leader of the Government, honourable senators, it is because of the unfair and irresponsible comments which the Leader of the Opposition made last Thursday, with the support of Senator Gigantès, while seeking information on the problem of Jonathan Mann in India.

To put the record straight, for the sake of truth, and to clear any wrong impression future generations might get reading the *Debates of the Senate*, could the Leader of the Government table the letter which Mr. Mann has written to the Secretary of State for External Affairs?

[*English*]

Hon. Raymond J. Perrault: Have you given him notice of this question?

Senator Flynn: I gave it.

Hon. D. G. Steuart: You brought your music with you.

Hon. Duff Roblin (Leader of the Government): It is true. I have to admit that, as I came into the chamber this afternoon, my honourable friend warned me that he was going to do what he has just done.

Hon. Royce Frith (Acting Leader of the Opposition): And you are prepared to proceed on such short notice.

Senator Roblin: He did more than that; he provided me with a copy of the letter.

Senator Perrault: He even wrote the answer for you.

Senator Roblin: No, the letter was written by Mr. Jonathan Mann. I know my honourable friend is interested in the subject, so I will read the letter to him, and it will then appear in *Debates of the Senate* and will form the basis of an answer to the questons raised by the Honourable Leader of the Opposition, Senator Gigantès and some others.

The letter reads as follows:

Dear Mr. Clark:

Please accept my deepest and most heartfelt thanks for the work you and members of your department did to secure my quick release after I was arrested for illegally entering Punjab.

During the six days I was in police custody, I was in regular contact with David Edwards, Second Secretary of the Canadian High Commission in New Delhi. Mr. Edwards reassured me that every effort was being made to bring about my release.

These efforts were discreet and little publicized. Few Canadians know of the considerable, though quiet and careful, diplomatic activity of the High Commissioner, William Warden, during those six days, nor of your own work to see me free.

I suspect that, because of that, some people who were concerned about my welfare had come to believe that you and members of your department did not share their concerns.

Senator Frith: And his wife.

Senator Roblin: The letter continues:

The fact that I was released six days after my arrest for an offence punishable by three years in prison is proof enough of the wisdom of the success of the course you chose to follow.

I really cannot thank you enough.

Sincerely,

Jonathan Mann.

Hon. Senators: Hear, hear.

Senator Steuart: How come his wife didn't know about these wonderful secret negotiations?

Senator Perrault: And his mother?

Senator Roblin: My friend raises an important question. When I read the questions posed to my honourable colleague in this chamber, I began to think that some people here thought we could browbeat or twist the arm of the Government of India, an independent country, no longer a colony, a member of the Commonwealth, to do something perhaps it was not disposed to do. It is obvious to me that it is the part of wisdom, when dealing with independent powers such as the Indian government, to approach matters with some concern for their dignity and for their obvious rights to deal with the subject, and that a quiet, diplomatic approach is probably the right way to go. It was successful on this occasion.

I let my honourable friends speculate as to the feelings of Mrs. Mann on this subject. I think she is probably well pleased.

Senator Frith: I am sure she would wish to express her thanks to those on all sides. The story has a happy ending, and that is what counts.

INTERPARLIAMENTARY CONFERENCE ON THE ENVIRONMENT

CANADIAN PARTICIPATION

Question No. 2 on the Order Paper—**By Hon. Maurice Riel:**

Concerning the Interparliamentary Conference on the Environment which is to be held in Nairobi, Kenya, from November 26 to December 1, 1984, (a) as of November 6, 1984, was there an official executive of the Canadian Group of the Inter-Parliamentary Union; (b) who were its members; (c) had the said Conference been scheduled for some time and if so, since what date; (d) was the matter discussed with the Speaker of the Senate and the Chairman of the Senate Committee on Internal Economy, Budgets and Administration; (e) was attendance at the said Conference by the Senate or Parliament discussed with the Speaker of the Senate or the Chairman of the Senate Committee on Internal Economy, Budgets and Administration and if so, when; (f) what are the estimated total expenditures to be incurred by Parliament and the Canadian Group of the Inter-Parliamentary Union, including return air fare, living expenses and incidentals for each delegate; (g) is the cost of the above-mentioned expenses included in the budget of the Canadian Group of the Inter-Parliamentary Union or that of the Parliamentary Relations Secretariat; (h) is it a policy of the Canadian group of the Inter-Parliamentary Union to attend conferences on the environment in foreign countries; (i) what are the purposes of the Canadian Group of the Inter-Parliamentary Union; (j) was Environment Canada consulted by the Canadian Group of the Inter-Parliamentary Union about this Conference and if so, did Environment Canada approve the Canadian Group attending this conference and did it send observers and brief our delegates; (k) did the Minister of the Environment or his Deputy Minister give consideration to the agenda or content of the said Conference or to the participating and organizing countries, in other words to the quality of the

said Conference; (l) on the economic level, were the subject-matter of this conference, its usefulness and potential benefits for Canada ever examined by any parliamentary committee; (m) was the Standing Senate Committee on Foreign Affairs or the Standing Senate Committee on Agriculture, Fisheries and Forestry consulted in relation to the said Conference and if so, what were their reports and would the subject-matter of the said Conference not fall within their respective areas of expertise; (n) what is the priority of the Nairobi Conference on the Environment among other activities scheduled in 1984-85 for the Canadian Group of the Inter-Parliamentary Union; (o) what is the agenda of activities scheduled in 1984-85 for the Canadian Group of the Inter-Parliamentary Union and who determines the Group's priorities and activities for 1984-85; (p) what is the total 1984-85 budget of the Canadian Group of the Inter-Parliamentary Union and what is the budgetary breakdown for each activity on the Group's agenda for the said 1984-85 fiscal year; (q) how many Members of the House of Commons and the Senate, spouses, personnel or employees of the Group or the Secretariat are scheduled for that trip at Parliament's expense?

Reply by the Minister of State—Government House Leader:

The subject matter of this question falls within the responsibility of the Speakers of the Senate and of the House of Commons and hence falls outside the jurisdiction of the government.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, I begin by extending my warmest congratulations to the mover and the seconder of the Address in reply to the Speech from the Throne. Although I never had the opportunity to attend any of the universities at which Senator Macquarrie lectured, I may say that I have been his student for more than 20 years—sometimes, I think, an apt pupil; sometimes what he might call an obtuse student; nevertheless, always an appreciative one.

Hon. Raymond J. Perrault: A student for 20 years—there's a slow learner!

Senator Murray: I appreciate very much the contribution that Senator Macquarrie has made to Prince Edward Island and to Canada in both houses of Parliament. As a friend and as a Conservative, I was proud of what he had to say and of the way he said it on moving the motion for an Address in Reply.

Hon. Senators: Hear, hear.

[*Translation*]

Senator Murray: I was Senator Tremblay's disciple, especially in the area of federalism and the practice of federal-provincial relations.

Hon. Royce Frith (Acting Leader of the Opposition): The sponsorship of those two professors is quite significant.

Senator Murray: Senator Tremblay's appointment to the Senate in 1975, his entry into the Conservative caucus brought us a wide experience in public administration, and a valuable contribution to our policy development, especially in the constitutional field.

I want to commend Senator Tremblay for his recent appointment as special advisor to the Prime Minister on constitutional matters. This once more reflects Brian Mulroney's wisdom.

Honourable senators would also allow me to express my congratulations to our Speaker, the Honourable Guy Charbonneau, and to the Speaker *pro tempore*, the Honourable Martial Asselin. We could dwell at length on the merits of those two senators, but they are well known in this House.

I would like to add that we are doubly favoured with being able to avail ourselves of the presence at their sides of such talented wives. I know Mrs. Charbonneau and Mrs. Asselin. Both are very capable ladies and can make a very special contribution to the functions performed by our Speaker and Speaker *pro tempore*.

Honourable senators, it will always be a subject of great pride to have sat in the Senate for five years under the leadership of the Honourable Senator Jacques Flynn. His sharp and penetrating intelligence sheds light on the most complex issues. His loyalty and devotion to Quebec, his deep knowledge of political history, his idea of Quebec's place within Canada—

Senator Frith: Enough of these comments, I have to answer!

Senator Murray: —have inspired him with proposals of the greatest wisdom.

[*English*]

Senator Frith: I will go that far.

Senator Murray: Let me go on to say how pleased and honoured I am to serve under the leadership of Senator Roblin, the new Leader of the Government in the Senate—that most diligent and conscientious of parliamentarians.

Hon. Senators: Hear, hear.

Senator Murray: I think all honourable senators are aware that Senator Roblin favours an elected Senate. Meanwhile, I believe he is the best possible advertisement for the Senate as it is. He has put together, in a troika, the leadership of the government in the Senate in the persons of our friends, the Honourable Senator Doody, the Deputy Leader of the Govern-

ment, and the Honourable Senator Phillips, our new whip. In my judgment, both honourable senators are excellent choices for those positions, and I trust that honourable senators opposite will not mistake their affability and believe that either of them is an easy mark.

• (1430)

Senator Frith: Don't worry about that.

Senator Murray: Senator Macdonald was to me, as he was to many others in Cape Breton a long time ago, a political godfather. One of the fine things about Senator John M. Macdonald is that he has always been, and still is, a splendid source of encouragement to young people taking part in politics, in particular in Cape Breton, which he represents in this house.

Hon. Senators: Hear, hear.

Senator Murray: I told Senator Frith earlier that I would understand perfectly if he had to leave before I finished my remarks today, because I know that he has a very important engagement tonight. In Lanark County, where I live, Senator Frith is known as "The Singing Senator from Perth". This evening, at the Perth and District Collegiate Institute, he is starring in the title role of Gilbert and Sullivan's "The Mikado".

Some Hon. Senators: Hear, hear.

Senator Murray: In a recent edition of the Smiths Falls *Record News*, that circulates in Almonte and Carleton Place, there is a four-column article on the front page entitled "The Singing Senator from Perth", and containing on the front page a photograph of the Deputy Leader of the Opposition in full costume as the Mikado. I will leave that publication in the reading room of the Senate for the benefit of honourable senators. It contains some interesting material, including the announcement that now that Senator Frith has more leisure time in opposition he will be available for legal aid cases. I would like him to know that I will do my best to advertise throughout the length and breadth of Lanark County his availability for that purpose, and will even send him a paying customer or two if I can find them. He also says, with typical Liberal modesty, concerning this week's production of "The Mikado", "No doubt it will be sold out again this year."

Senator Frith: Honourable senators, on a point of privilege, last year I would not have been accused of optimism but of arrogance.

Senator Murray: There is a very fine line and only a few feet between "arrogance" and "optimism," and I presume it is measured in the distance between the government and opposition benches.

Senator Frith: Whoever may be on which side.

Senator Murray: Honourable senators, I warmly welcome the 10 new senators who have taken their seats in this chamber. I must admit that it was a somewhat depressing sight on opening day to see 10 Liberals march down the aisle. I console myself with the thought that we shall not see its like again for many years. I must confess that some of the new senators have been friends of mine for some considerable time, and I welcome them knowing that they have a tremendous contribution to make to this chamber and to public affairs.

Some Hon. Senators: Hear, hear.

Senator Murray: The new Leader of the Opposition, Senator MacEachen, is a friend of many years standing who offered me many kindnesses and hospitality when I first came to this city 23 years ago as a young ministerial assistant, and I am glad to acknowledge his kindness and hospitality to me those many years ago. I am particularly glad to see him here, when I consider how close we came to losing him altogether. I believe it was on June 28 that Senator MacEachen announced that he would not be re-offering himself in his constituency of Cape Breton Highlands-Canso. Immediately Senator Graham put out a press release, which was carried in all of the Nova Scotia media, hailing the end of a brilliant career. That very afternoon, Senator Muir, a fellow Cape Bretoner, was on his feet here grieving, prematurely as it turned out, for the end of Allan MacEachen's career. Senator Marsden was on her feet keening and lamenting that we would be losing Allan MacEachen, and talked of how much we had all learned from him. I must confess that I was not here that afternoon. I was at home. I like to be alone with my grief on such occasions. I was trying to put a few words together that I thought might do justice to the occasion when word came to me that Mr. MacEachen had accepted a summons to the Senate. Lo, the very next day he was back in the cabinet. I noticed on that occasion, just after he was sworn in, what Mr. Turner, the then Prime Minister, told a press conference about Mr. MacEachen. He said, "I have known him for a long time and discussions with Mr. MacEachen are the ultimate intellectual challenge." I think we saw something of that on the day the leaders spoke on the Speech from the Throne. I hope that I can rise to the challenge as well as our leader, Senator Roblin, did on that occasion.

Honourable senators, the throne speech sets out some of the truly noble goals that the new government has set for itself; what it wants to achieve for Canada—national reconciliation instead of alienation, confrontation and the divisions that we have known in this country for too long—

Senator Perrault: That is ridiculous.

Senator Murray: —economic renewal in the place of underachievement—the economic stagnation that we have known.

Senator Frith: More Liberal bashing!

Senator Perrault: Keep it non-political.

Senator Murray: There was a commitment to social justice—that social justice should keep pace with the changing conditions and changing needs of our country. I want to come back later in my remarks to that question of social justice, because it has been raised here by the Leader of the Opposition, by Senator Marsden and by Senator Davey in their remarks in the course of this debate.

In achieving these goals, the new government is going to have to exercise leadership. It is going to require discipline. It is going to require perseverance. The new government will need the co-operation of other levels of government, of the public service, which has a great deal to do with helping any government to achieve its political objectives, with the private sector, with Canadians generally, including the government's own political supporters. I believe people will respond to the leadership of a new government if the effort of the new government is serious, if the new government perseveres and if its actions are seen to be fair and credible. I think—and Senator Kelly referred to this the other day—that one of the most arresting and ambitious ideas in the Speech from the Throne is that the new government would engage the private sector and other governments in a process of consensus building on economic goals, economic policy and economic decisions. This is an enormous challenge in a country like ours. It is certainly a challenge for the long term.

If the government succeeds, even partially, in meeting that challenge, it will have effected a radical transformation in our way of doing things in this country. I think that the new Prime Minister may be uniquely qualified by reason of his own skills, temperament and background, and by the nature of the mandate that he has received, to lead in that undertaking. In any event, the government is making a good start. It is making a start with the national economic summits or conferences that are to be called, one after the other, and with the agenda which was described in a general way in the Speech from the Throne. The economic statement made by Mr. Wilson on November 8 sets out the immediate steps that the government has to take to get the fiscal house in order and to begin the process of deficit reduction. It enumerates and discusses briefly some of the issues that have to be resolved in this country in the coming months, and the role of the government in fostering growth and investment.

Much of the criticism of the Speech from the Throne and the economic statement from our friends in the Liberal Party and the New Democratic Party—and I must say the criticism comes almost exclusively from our political adversaries and not in general from the people of Canada—

Senator Frith: Not from the business community!

Hon. Louis-J. Robichaud: But your adversaries are now a majority.

Senator Murray: I disagree. The last time I looked at the Gallup poll, the Progressive Conservative Party was shown to have the support of 60 per cent of those polled, which is a pretty good majority.

In any case, much of the criticism from our adversaries assumes that there is some contradiction between policies of deficit reduction and policies of job creation. We heard it from Mr. Turner; we heard it yesterday from Senator Davey. What they are saying, and I am paraphrasing, is, "You promised us jobs, jobs, jobs, and you are giving us cuts, cuts, cuts."

• (1440)

Honourable senators, virtually every serious analysis that has been made of our economic problems in recent years has emphasized that the road to recovery must begin with an attack on the deficit. It does not end there but it must begin there. Virtually every serious analysis that I have seen has made the point strongly that continuing high deficits and continued growth in the public debt leads to higher interest rates, inadequate private investment and higher unemployment. A statement made by the Chairman of the Royal Bank not too long ago put it very well:

> A government deficit in a country's national accounts is not necessarily a bad thing at all times and in all circumstances. It is its present size relative to GNP, and its persistence year after year, that make it a very bad thing in Canada's current circumstances.

Then Mr. Frazee went on to list the three major problems with a deficit of the size we now have in Canada. First, he said, it sharply limits the government's manoeuvrability. Second, he said, it puts upward pressure on interest rates. He then said, and I quote:

> The third, and perhaps most important reason of all, is that entrenched deficits permanently divert Canadian savings away from productive private sector investment—the mechanism that is essential for job creation and future growth.

A representative from the same Mr. Frazee's bank, in making a presentation to the Donald Macdonald royal commission said:

> There is a large structural deficit built into the federal government's current fiscal position that must be addressed if Canada is to provide adequate room for private investment and other credit-dependent spending to expand by using domestic sources of saving.

A little further on he says:

> The government structural deficit must be reduced in coming years if Canada is to fulfill its economic potential.

The Business Council on National Issues, which Senator Davey excoriated yesterday, and which is headed by a former assistant to the Right Honourable Pierre Trudeau, said in a recent summary of a paper on expenditure reduction:

> Continued, rapid deterioration in the state of public finances in Canada makes deficit reduction an urgent priority over the next several years. . . The view held by some, that by increasing the already huge deficit the federal government can succeed in boosting growth and cutting the unemployment rate in Canada, is simply not borne out by the facts.

I would draw this statement to the attention of Senator Gigantès who spoke in this debate the other day:

> The massive Canadian deficits recorded since 1981, amounting to 5-7 per cent of GNP, demonstrably have failed to generate needed jobs, while in the United States, which has total public sector deficits far smaller than

> Canada's on a per capita basis, unemployment has been declining rapidly and economic growth remains buoyant.

When the Conservative Party was in opposition its attacks on the mounting deficits of the Liberal government always emphasized that the burden of debt and servicing the debt was pushing interest rates up and was limiting government's room to manoeuvre. We said that in the face of repeated commitments on the part of the Liberal government to reduce the deficit their failure to do so was eroding confidence and discouraging investment and job creation. That was the burden of our attack then. It was our position then, as it is our position now—there has been no change.

As opposition leader, Mr. Brian Mulroney, time and time again underlined the connection between deficit reduction, lower interest rates and job creation. This is what he had to say on April 11, 1984:

> . . . a Progressive Conservative government will rebuild the Canadian economy on four pillars.
>
> 1. Lower interest rates through a stronger dollar and deficit reduction;

On April 12, 1984, he had this to say:

> We can lessen our dependence on U.S. interest rates over time, without causing an exchange rate crisis, if we put upward pressure on the dollar, through a strong export performance and an inflow of job-creating equity capital; through a realistic plan for deficit reduction . . .

And, most importantly, through the election of a Progressive Conservative government.

> We must reduce our annual deficit, so we can begin to invest in our future, and stop paying the price for the mistakes of the past.
>
> We must ensure there is a capital shift from the public to the private sector, and that our savings are invested in equity, not debt.
>
> So that's our approach to interest rates—lower interest rates through a stronger dollar and deficit reduction.

To those who would say that the present government in undertaking a program of deficit reduction is somehow turning its back on the commitments it made to the Canadian people in the election, I could quote many, many statements by the present Prime Minister. However, I will place one brief statement from August 28, 1984 on the record. That was just a few days before the vote.

> No responsible Canadian anticipates for a moment that all our programs—with their costs and attendant benefits—would be introduced within the first day or month or year of a new government.
>
> Our policies—with their costs and benefits—are designed for introduction over a 4-5 year period, the normal life of a majority government.

Those statements from the Right Honourable Brian Mulroney which I have placed on the record are perfectly consistent with a paragraph which we find in the Speech from the Throne:

[Senator Murray.]

> That we must deal urgently with the deficit is beyond dispute. If allowed to continue to grow out of control, it will consume our available financial resources, undermine our capacity to respond to new opportunities, put increased pressure on interest rates, and inhibit investment and growth in our economy.

Honourable senators, I must say that even the Liberal Party has always professed its belief in this link between deficit reduction and job creation. Nobody ever said it better than the Honourable Allan J. MacEachen when he was Minister of Finance presenting his budget of June 28, 1982, when he warned us—and warned us severely—of the dire consequences that would follow from continuing to increase the deficit and the debt. I would like to quote just a couple of sentences:

> Some say the government should print more money.
>
> Others say it should let the deficit rip.
>
> But that would fail miserably. Inflation and unemployment would get worse. Interest rates would rise even more. Canada would price itself out of world markets. Recovery would be postponed.

I must say parenthetically that on the very night the Honourable Allan J. MacEachen made that statement he was obliged to forecast that the deficit for 1982-83 would rise from $13 billion, as it had been the year previous, to $19.5 billion. I must also add that in the event what happened is that the deficit went not from $13 billion to $19.5 billion but from $13 billion to $24.6 billion in that very fiscal year. However, it was obviously not due to a failure of rhetoric; it was not due to a failure of analysis; nor was it due to a lack of good intentions. It was due to a failure of policy; it was due to a failure of will; it was due to a failure of follow-through; it was due to a failure of performance that dogged the Liberal government the whole 15 years it was in office.

In 1968—do honourable senators remember 1968?—the Right Honourable Pierre Trudeau, travelling across the country saying "No more free stuff." That was the slogan. He said that they would keep government spending under the rate of growth of nominal GNP. Almost every year thereafter, they promised the same thing. Expenditure control. How many programs of restraint did we hear announced by Edgar Benson and by every finance minister after him; programs of expenditure control, restraint, deficit reduction? Every year they promised it and every year they failed to deliver. I could quote every Liberal finance minister from Edgar Benson to Marc Lalonde with Messrs. Turner, Macdonald, Chrétien and MacEachen in between. I could quote the same determined rhetoric and, sadly, I would have to record the same dismal results.

● (1450)

In referring just to recent years, here was Pierre Trudeau on the eve of re-election in 1980 saying:

> We will hold the line on government expenditure growth to under the rate of GNP . . . .The deficit will be reduced in a phased and orderly fashion . . . .Any new expenditure programs to meet the evolving needs and requirements of Canadians will be financed by re-allocating existing ex-

penditures or by increases in revenues. We will not add to the deficit by adding new programs.

That was January 12, 1980, just before the Liberal Party was returned to government. In their very first budget, Finance Minister MacEachen, as he was then, under the heading: "The Economic Strategy of the Government", said:

Its elements in brief are as follows:

> The maintenance of government expenditures within the rate of growth in the economy to ensure that the federal government does not take up an ever-growing proportion of the flow of income;

Hon. Jack Marshall: He should have been nominated for the Pulitzer Prize for Fiction.

Senator Murray: Again, in 1981, Finance Minister MacEachen came to bat:

> This budget has three themes: . . .
>
> The first is the need for restraint on the part of the government and restraint on the part of all Canadians.

A little later:

> Most fundamentally, we are committed to restraining the growth of our spending over the next few years to less than the growth of the economy as a whole while still exercising our responsibilities for leadership and for caring.

Senator Frith: You are living in the past, the whole bunch of you.

Senator Murray: That was Senator MacEachen when he was Minister of Finance.

Hon. Nathan Nurgitz: Not the same Senator MacEachen, surely.

Senator Murray: In 1980, the then Minister of Finance said:

> We plan to reduce the rates of growth of our spending to 12.8 per cent in 1981-82 . . .

Let me put between parentheses that it reached 19 per cent.

> . . . to 10.5 per cent in 1982-83 . . .

Let me put between parentheses that it reached 15 per cent.

> . . . and to about 10 per cent in 1983-84.

He was a little closer for that year. It came in at 11 per cent.

The previous government almost never succeeded with these commitments to lower the deficit and to keep the rate of government spending within the rate of growth of the economy. I shall not take the time of honourable senators, but I have the list here of every year from 1969 onward with the nominal GNP increase in one column and the government spending increase in another, and I say that on only two occasions in that whole time did they manage to keep the rate of growth of government spending within the rate of nominal GNP growth. That was in 1976 and again in 1979, during part of which time there was a Conservative government in office. Every year they promised it, and almost every year they failed, so the legacy—

Senator Marshall: Read it out.

Senator Murray: Let me just give the last few years. In 1980, the nominal GNP increase was 12.6 per cent; government spending, 16 per cent. In 1981, the nominal GNP increase was 14.2 per cent; government spending, 19 per cent. In 1982, the nominal GNP increase was 5.4 per cent; government spending, 15 per cent. In 1983, the nominal GNP increase was 8.9 per cent; government spending, 11 per cent.

Therefore, the legacy that the new government has had to face—that Finance Minister Michael Wilson and his colleagues have had to face—was not just one in which this year's deficit will be 4 per cent more than Mr. Lalonde had forecast; it was a legacy of 15 years in which the government consistently failed to carry out its annual fiscal plan.

Senator Frith: Don't forget that they reduced inflation below 4 per cent.

Senator Murray: They reduced inflation at a cost of millions of lost jobs in this country.

During the whole of that period, they were horrendously off target. Their growth forecasts were usually wrong; their inflation forecasts were too low; their interest rate forecasts were too low; their revenue forecasts too high, and we see this again in Mr. Lalonde's forecast; expenditure forecasts almost always wrong; terribly wrong. The result was that the people of Canada stopped believing the government. Whether they were investors or buyers of government bonds; people making price decisions or wage demands in the economy—everyone discounted what the government had to say.

Senator Frith: That only took 15 days, in your case.

Senator Murray: People are still skeptical and they will remain skeptical until the present government demonstrates to them that it is possible for a government to make commitments and carry them through. The people of Canada have forgotten, after 15 years of Liberal rule, that it is possible for a government to be as good as its word. People are skeptical. The challenge that faces the new government is nothing less than to rebuild the credibility of government's economic and fiscal policy after 15 years of steady erosion of that credibility.

The new Conservative government has said that drastic reductions in the deficit could not be made until the rate of economic growth had increased considerably, and Mr. Turner and the Liberals have said much the same thing. But surely nobody pretends that the reductions proposed by Mr. Wilson are Draconian. What we are talking about here is approximately $2.8 billion in cuts in forecast 1985/86 expenditures of $106.6 billion. That is hardly Draconian, $2.8 billion out of $106.6 billion, and it is certainly not Draconian in the context in which the Right Honourable John Turner spoke in the leaders' debate on July 24. That was the French language leaders' debate "Face à Face '84". This is what he said:

[*Translation*]

And I quote:

> We have a budget of some $90 billion—

[*English*]

He was a few billion off there, but in any event:

[*Translation*]

> There are many areas where cuts can be made and duplication eliminated. Programs which have become obsolete or irrelevant. Waste in public administration. I think, therefore, that this reduction in expenditures could save us billions. Still, this reduction would not hinder the extension of certain training and development programs, especially for our youth. That is the way we must look at things, for we are now burdened with a $180 billion public debt which will greatly handicap our country for many generations to come. I have seen this debut increase from $30 billion in my time to $180 billion.

[*English*]

That was a little self-serving statement that he threw in there.

Senator Frith: When do we come to the part of the statement that includes what Mr. Mulroney said?

Senator Murray: I have already put the relevant statements from the Right Honourable Prime Minister on the record, and I heard no complaint.

Senator Perrault: It is your job, now.

Senator Murray: In any event, here was Mr. Turner the next day—

Senator Frith: We are having the campaign over again.

Senator Murray: —They caught him in a scrum in the Langevin Block, and one of the reporters asked him:

[*Translation*]

> Mr. Turner, on what do you base your statement that billions of dollars could be recuperated through the elimination of overlapping federal programs? What is the basis of this assertion?

[*English*]

Senator Frith: You can't get him in a scrum now.

Senator Murray: And Mr. Turner responded:

[*Translation*]

> Our budget is now $90 billion or more. We could save what, one billion, two billion, three billion here and there. There is a wide margin to reaffect funds to more relevant programs. That is what I said.

[*English*]

That was Mr. Turner talking about the billions of dollars—the billions of dollars—that were available to be saved in the federal budget.

● (1500)

Senator Perrault: You are re-fighting the election campaign.

Senator Murray: In that context, surely the budgetary reductions announced by the Minister of Finance cannot be considered to be so Draconian.

Let me give honourable senators an example of the kinds of cuts that are being introduced by the government. I want to refer to the Department of Fisheries and Oceans, because the Leader of the Opposition in the Senate specified that department the other day. I am pleased to see with us two recent ministers of the Department of Fisheries and Oceans, the Honourable Senator Roméo LeBlanc and the Honourable Senator Pierre De Bané.

The Honourable Senator MacEachen, the Leader of the Opposition in the Senate, said the other day that it was unbelievable—unbelievable—that the government proposed cuts of $30 million in the forecasted expenditures of the Department of Fisheries and Oceans for 1985-86.

The blue book indicates that in 1984-85 the expenditures of the Department of Fisheries and Oceans would be some $690 million. I think it is a safe bet that in 1985-86, after taking into account supplementaries and so forth, we will be talking more than $700 million for that department. With a budget of $700 million, I do not think that a cut of $30 million is terribly excessive. I would find it unbelievable if one could not find $30 million in cuts in a budget of $700 million. The Leader of the Opposition in the Senate may want to try to persuade us that the previous government cut everything to the bone, but I hope he does not expect us to believe that.

Where are these cuts coming from? They are going to save $18.1 million by deferring or cancelling a number of capital projects; they will save $11.7 million in various programs.

Let us take the $18 million they will save on capital projects. That breakdown is as follows: A saving of $6.8 million by deferring for one year construction of phase three of the Northwest Atlantic Fisheries Centre at St. John's, Newfoundland. That is a $50 million complex that is, as I understand it, almost completed. What they are proposing to defer is additional office and laboratory facilities, a computer centre and cafeteria. That is hardly going to bring the fisheries industry to its knees.

They then intend to save $2.2 million by deferring a new fisheries laboratory in West Vancouver, a new laboratory building with indoor and outdoor aquarium facilities, including the renovation of two small buildings that will be deferred—not cancelled, but deferred.

They will save $1.4 million by deferring for one year a new district fisheries building in Shippegan, which would have housed various units of the Department of Fisheries and Oceans under one roof.

An Hon. Senator: Shame.

Senator Murray: My honourable friend says, "Shame". I understand that a case can be made for the new building in Shippegan, just as a case can be made for many of these projects. However, the salmon are not going to stop running because these projects have been deferred for a year or two.

They will save $5 million in 1985-86 by deferring for four years the Scotia-Fundy Fishery Centre in Halifax. That was to be a new laboratory and office building to house the department's regional headquarters; they are going to demolish some old buildings. However, they are going ahead with the reconstruction of the wharf and renovation to existing buildings at a cost of $9 million plus.

They will postpone the mid-life refit of an enforcement vessel on the west coast, defer construction of a research vessel, and will not proceed with the addition that they had planned to the biological station at St. Andrews, New Brunswick.

Under the program cuts, they will take $2.6 million out of a five-year development program in Quebec for which the total estimated cost is $136 million. That is only $2.6 million out of $136 million.

They are going to take $1.2 million out of a $13 million infrastructure program for coastal Labrador. That means that they have to cancel the building of a proposed marine service centre in Smokey, Labrador.

They will consolidate some research centres and end the generic advertising campaign in the United States.

As I said, a case can be made for all of these projects.

Hon. B. Alasdair Graham: Would you permit a question? I am wondering if any of these cuts you are talking about will cost any jobs. Are any jobs being lost as a result of these cuts?

Senator Murray: I doubt that these cuts are going to cost any fishermen any jobs, and I doubt that these cuts are going to have any serious impact on the fishing industry; I say that these cuts will have a minimal effect on fishermen and on the fishing industry.

A case can be made, I am sure, for almost all of those items. If a case could not be made, one assumes that they would not be in the program, but to defer them, to put them off, or to reduce them, does not warrant the kind of apocalyptic comments that we have heard from the Leader of the Opposition in the Senate.

By the way, let me tell you what the government is doing that is of some importance on the positive side for fishermen: It is going to eliminate the sales tax on diesel fuel and gasoline for fishermen; and it will give them a rebate on the increase in the petroleum compensation charge. Those are items that are fairly substantial if one takes into account the overall amounts involved, and they will make some small contribution to helping fishermen in the course of their work.

Together with similar cuts in other departments, these reductions are helping to get the government's fiscal house in order—

Senator Graham: May I ask one further question?

Senator Murray: —to create a climate for economic renewal.

Senator Graham has had a second thought. I will take my seat while he expresses it.

Senator Graham: I apologize for interrupting my honourable colleague, who is also a good friend. I am wondering if he agrees with the cancellation of the decentralization program to Sydney.

Senator Murray: I have seen the statements attributed to various people, including the honourable senator, but the whole question of decentralization frankly is one worthy of a debate in itself, and I would not mind some day engaging in such a debate. I think one should look carefully at the cost benefits involved in terms of employment created by decentralization. I am not speaking just from my bias as a senator who comes from the Ottawa area, because it has often occurred to me that there must be better and more efficient ways to create employment than decentralization, but I am open to arguments and would be glad to engage in a debate on that subject at the appropriate time.

Over the rest of the decade, I am quite sure that there are more changes coming. Starting with next spring's budget, I am sure there will be further changes. Mr. Wilson said, in his economic statement, the following:

> Our goal is to reduce the projected level of annual expenditures by 1990 by $10 to $15 billion, inclusive of the measures I am announcing tonight.

I think quite significant of the resolve of the government and the way in which the government is approaching this question is the following statement from the agenda paper, page 67:

> Fiscal prudence and flexibility must be restored on the expenditure side, to the greatest possible extent. We must reshape the composition of federal expenditures, while simultaneously slowing their growth, in order to minimize the effects of contraction on the economy. We must also reduce the growth of federal expenditures in a way which is seen to be fair to all Canadians, and which improves the overall effectiveness of federal programs.

What that says to me, honourable senators, is that we are going to see some changes in priorities—certainly some change in emphasis—among government programs and within government programs, and that is surely necessary in order to assist our economy to adjust to change and to achieve its potential. The government is not coming at this task in a slashing fashion; it is not coming at this task with an axe. It is coming at it in an intelligent, rational and compassionate way. A consultative process is beginning. My friend, Senator Davey, yesterday deplored what he called protracted consultation.

● (1510)

I think we know where consultation ends and decision must begin. Consultation was never the way with the Liberal government. The Right Honourable Pierre Trudeau came back in the summer of 1978 from his cruise up the Rhine with Helmut Schmidt, went on television, announced a couple of billion dollars in expenditure cuts, which never amounted to much in the event, but he announced them, without even consulting Jean Chrétien who was the Minister of Finance. That was consultation in the Liberal style.

In 1981, the then Minister of Finance, Mr. MacEachen, eliminated the revenue guarantee—

Senator Frith: What you did to Joe Clark on external aid is really hypocritical.

Senator Murray: I am so happy that the Deputy Leader of the Opposition has brought up external aid because—

Senator Frith: I am always happy to make you happy.

Senator Perrault: You have a copy of the party line in your hands.

Senator Murray: I have an exposé to offer him there as well.

In 1981, the then Minister of Finance, Mr. MacEachen, eliminated the revenue guarantee from established programs financing at a cost of $5 billion to the provinces to 1987. No consultation. In 1983 they applied the famous six-and-five to federal expenditures for post-secondary education. Where was the consultation there? Ask the provinces.

The government is taking a first step in the agenda paper and the documents to define some of the key issues and to raise some of the questions that will have to be resolved in this country in the next little while. I think that there is a great deal of food for thought and discussion in that agenda paper. I was particularly interested in the references to the need to adapt our economy to economic and technological change and to the changes that we know are taking place in international comparative advantage. There are references to helping industry to adapt, wherever possible, but always the priority is to helping the individual to adjust to these changes in the economy. There are good and interesting questions about export financing, about the regulation of financial institutions and the possibility of world product mandates for Canadian companies. All these subjects have been aired at one time or another in the Senate and in Senate committees, and they are going to receive increased attention in the coming months. Consultation is not an excuse for putting off action. The government will take a lead in the discussions and the consultations whether with the provinces which have to be consulted on most of these subjects, the private sector which will have to be consulted on many of them, and with Parliament which will sooner or later have its say on all of them.

At this time, I think there is a desire for everybody to acknowledge the need to reconsider some of the policies and priorities of the past and some of the assumptions behind those policies and priorities. I think there is a need to approach this process with a reasonably open mind and not indulge in alarmist rhetoric just because the process has been launched.

A good example of this overreaction is to be found in the way that honourable senators opposite, from Senator Argue to Senator Marsden to Senator Davey have dealt with this question of social policy. They purport to see the most dire threats to the system. Where does this come from?

[*Translation*]

Hon. Pierre De Bané: Would the honourable senator allow me a question, since he is now going from economic issues to social issues?

[*English*]

I should like to ask him what the rationale is for cuts in the advertising budget for the Department of Fisheries in the United States in view of the fact that we are going to have a huge increase in the harvesting of cod off the Atlantic coast and in light of the fact that the United States is our major market. If there is not an increase in consumption, there will be a negative effect on prices and that will bring great tragedy to our fishermen. What is the rationale behind slashing this advertising budget in the U.S. market which consumes 60 per cent of our exports?

Senator Perrault: They are looking for a conservative advertising agency.

Senator Murray: I think it is obvious that the minister has come to the conclusion that that advertising campaign would not have been cost-effective and would not have produced the desired effects. The question that is raised by Senator De Bané is discussed in the press release which the minister put out on the day he announced the cuts. I do not have that press release before me, but it was discussed.

Hon. Roméo LeBlanc: Not very well.

Senator Murray: Senator LeBlanc says "not very well," but, nevertheless, the rationale is given. He may think that a $5 million generic advertising program in the United States is the answer to marketing the surplus of cod which he says is coming. The minister obviously does not agree and there are references in the minister's statement to the responsibility of the private sector to conduct advertising campaigns for fish in the United States and elsewhere.

If I may come back to this question of social policy, we see the following paragraph in the agenda paper tabled under the authority of the Minister of Finance, Mr. Wilson. He said:

> We will not weaken the basic income support programs that have served Canadians well. Indeed, through stronger economic performance we will seek to provide even greater assistance to those Canadians who truly need it.

The agenda paper goes on to raise a series of questions about the three child support programs—family allowances, child tax exemption and the child tax credit. It raises questions about the various programs of support for the elderly—OAS, GIS, the age exemption and the pension income deduction. It raises questions about the unemployment insurance program.

Hon. Keith Davey: Is there a reference to the sacred trust in the agenda paper?

Senator Murray: I will read for the benefit of my honourable friend who neglected to read it yesterday, an excerpt from the interview that Prime Minister Mulroney gave to George Radwanski.

Senator Davey: I read that interview.

Senator Murray: My honourable friend read selected excerpts from that interview.

Senator Davey: I read one excerpt from it.

Senator Murray: And I suggest that he omitted to read a very important excerpt which I will place on the record in a few moments.

Senator Davey: I am asking you if there is a reference to the sacred trust in the agenda paper. That is a very simple question.

Senator Murray: Of course, there is a reference to the subject.

Senator Davey: To those specific words?

Senator Murray: My honourable friend is hung up on words.

Senator Frith: You might say that words are sacred.

Senator Murray: I will read to him and to other honourable senators statements made by the Prime Minister within the last few days that reinforce the statements about sacred trust that he made in the course of the election campaign, if my honourable friends would bear with me for a moment.

I said that the agenda paper raises these questions which I think are relevant and important. These questions are raised in a socially responsible way. To refuse to consider these questions is the most reactionary and obscurantist position of all—to turn your back on these questions because they have been raised. I must say that I think some of this alarmist hyperbole that we have heard from Senators Argue, Marsden and Davey is inspired by more partisan considerations.

I should like to place on the record something that I referred to a moment ago in my exchange with Senator Davey. The following is from the interview that George Radwanski had with Prime Minister Mulroney:

Q. If the result of this reflection were a decision to move away from universality, would the commitment be that all the money thus saved would be applied directly to giving more money to the neediest?

A. There would be, there *could* be, no other reason.

Q. It wouldn't be applied simply to the deficit?

A. No, absolutely not. Absolutely not.

A little later the Prime Minister said:

> And I can tell you that at no time, and under no circumstances, shall there ever be a means test. That is not in any way the objective. The only cause for taking a look at the concept, excluding medical care, is to ascertain if we cannot improve on the philosophy behind it, which was an honourable concept.
>
> Can we not now, 40 years later, give a new economic situation new realities? Can we make better use of those funds in favour of those who need it most? That's all.

A little later the Prime Minister said:

> But there shall be no means test, and our sole concern is not to take money from a program and pay down the debt it is to make a better utilization of limited resources in favour of those who need it the most.

● (1520)

Somewhere in this interview—and I will not try to find the passage now—the Prime Minister also raised the possibility of taxing back these benefits from some people who need them less or do not need them at all. This scenario was raised the other day in this debate by Senator Argue. I must say: I wonder why honourable senators opposite are working themselves into such a lather about this. Why are they flailing away at phantoms? What is this all about?

Senator Davey: You hope it is a phantom.

Senator Murray: What is all this about?

Senator Perrault: It is a Conservative record.

Senator Murray: I see in *La Presse* on November 20, 1984, the following headline:

[*Translation*]

Some Liberal members are ready to give up universality.

The member for Sudbury, Doug Frith, who was for a short period a minister in the Turner government, said:

> —old age pensions are an example of a program which would not have to remain universal. "If the government wants to remove universality to provide additional help to those who need it most, I agree."

Moreover, the member for St-Henri-Westmount, also a former minister in the Trudeau government who was defeated during the Liberal leadership race and who is now financial critic of the opposition:

> —thinks that universality should be replaced by a program based on a guaranteed minimum income, an idea which he advocated during the Liberal leadership race.

As for the member for Shefford and Minister of State in the Turner government, Jean Lapierre, he:

> —also feels that Liberals should be more open-minded about the universality issue even if originally it has always been a principle dear to his party. "I have no set opinion yet on the universality issue."

[*English*]

If my honourable friends are so worried about these questions, it seems to me that they should go to the Liberal caucus and try to settle them there because, I must say:

[*Translation*]

The positions taken by Mr. Mulroney are much less ambiguous than those just quoted from that article in *La Presse*.

[*English*]

Mr. Turner himself was musing aloud last weekend about universality. He said, "Well, it's our position now, but let's see what happens in 1986." He is leaning to the left and he is leaning to the right, and we understand the problems he faces.

The Leader of the Opposition came into the chamber the other day quite alarmed because the agenda paper raises for discussion some of the problems and the potential of the fishery on both our coasts. At page 34 of the *Debates of the Senate* he said:

> In addition to the cuts there is ominous talk in the economic documents about "consolidation of employment" in the fisheries. We know what that is. That is a code word for fewer jobs.

What is all this "ominous talk" the Leader of the Opposition refers to?

At page 59 of the *Agenda for Economic Renewal* it states:

> On the Atlantic coast, the major problems lie with over-capacity in the processing sector and low and unstable incomes in the inshore fisheries. The groundfish industry is still in serious economic difficulty. The opera-

tion of market forces has been inhibited and governments may well have contributed to excess processing capacity in a well-intentioned, but possibly counter-productive, effort to maintain and increase employment. New approaches are required on the part of the federal and provincial governments, to ensure that processing capacity matches resource availability.

Government financial rescues are not the solution. If it is to be self-sustaining, the industry must attract new investment both domestically and from abroad, adopt new technology, enhance product quality and consistency, achieve a higher degree of product and market diversification, and improve its overall marketing performance. Government policies must be designed to facilitate these industry improvements, not to hinder adjustment to market realities. In some fisheries, fleet rationalization is also required to improve the economic viability of the harvesting sector. The role of foreign fishing fleets also must be examined.

Planning for an improved Atlantic fishery must take place within the context of an overall approach to economic development for Atlantic Canada. Hundreds of communities depend solely on the fishery and have limited potential for alternative employment. Consolidation of employment in the sector would have to be complemented by public and private initiatives to promote job opportunities in other sectors of the economy, as well as fair and generous adjustment programs for workers in the sector.

The Leader of the Opposition and a number of honourable senators know, from more personal experience of this matter than I have, that there are serious problems in the fishery and in the Atlantic fishery in particular.

A couple of years ago, the Trudeau government appointed Dr. Michael Kirby, before he became our colleague, to head up a task force on these matters. Dr. Kirby described the state of the Atlantic fishery in terms very similar, in fact almost identical in some particulars, to those used by Michael Wilson in the agenda paper. Dr. Kirby talked about a "Canadian fishing industry mired in financial crisis, plagued by internal bickering, beset with uncertainty about the future, and divided on how to solve its problems."

Dr. Kirby said that there was a rural romantic school of thought that tends to view fishing communities as unspoiled paradises whose very existence justifies their permanent survival. He said:

> The fishery and the communities that rely on it for their existence both face serious problems. The solution to these problems cannot be found in a static society or in a static fishing industry, forever dependent on the taxpayer for supplements to bring its meagre earnings from the fishery up to subsistence level. Such an answer produces, at best, a shabby dignity for the people of the fishing communities of the east coast. The Task Force therefore rejected the 'rural-romantic' approach to the fishery.

[Senator Murray.]

Honourable senators, is that not what Michael Wilson said in so many words in his agenda paper?

Then Dr. Kirby, in his report, traced the roots of the crisis in the Atlantic fishery. He said that they were:

1. the optimism following the extension of fisheries jurisdiction in 1977, which led to financial over-extension, chiefly over-capitalization, by fishermen and processors, aided and abetted by both levels of government, and whose effects were made much worse by general economic reverses;

2. resistance to change and adjustment—

I would point out, honourable senators, that I am cutting out some of this as I go along because it is rather lengthy. It goes on to state:

3. the current politics of the fishery—federal, provincial and internal to the industry itself—

On the question of consolidation and jobs in the industry, Dr. Kirby said:

> The fact that the number of people employed in the fishery should decline slowly over time was recognized both implicitly and explicitly in many of the briefs to the Task Force, as well in a number of other recent studies of the Atlantic fishery.

He went on to say:

> The challenge is to devise policies that will not cause the present number employed in the fishery to drop rapidly, but to allow it to decline slowly over time, thus helping to ensure reasonable incomes for those who remain and giving adequate time for other employment opportunities to be found for those who choose to leave. Some decline in the number of plant workers will occur, as some plants will inevitably have to be closed as part of the restructuring of the offshore processing companies, while the institution of a system of quota licences would result, over time, in some reduction in the number of fishermen.

What Dr. Kirby said in considerably more detail in his task force report has been said in less detail and with some reform by Mr. Wilson in his agenda paper. Whether it is on the basis of the Wilson agenda paper or the Kirby Task Force Report—whether it is on the basis of some other propositions made by the Leader of the Opposition or by somebody else—we have to confront the issues. There is no point in running away from them. There is no point in saying, "How ominous, how ominous, how ominous." There is no point in putting our heads in the sand.

● (1530)

Honourable senators, I hope there will be an opportunity in this place to pursue the subject further. As I have said, there are in our midst a couple of former Ministers of Fisheries. We have with us Senator MacEachen and Senator Kirby himself, the author of the famous report. A debate between those honourable senators should certainly afford us the full range of opinions on this subject.

The Leader of the Opposition also charged that in the economic documents there is no attempt whatsoever to identify or to deal with regional development concerns. There is a chapter in the agenda paper entitled, "Growth and Competitiveness—The Regional Dimension." It may not have been written the way Senator MacEachen would have liked; it may not have been written the way I would have done it had I been involved in the writing of it, but it raises the issues that must be raised and resolved respecting regional and national policy. I share the concern of Senator MacEachen and of other honourable senators about regional disparity and regional development. But he accused us the other day of rewriting history. I think that he has ignored a good deal of recent history in what he had to say in this debate, because the fact is that the commitment to attacking regional disparity has waned badly in recent years. It started to wane under the government of my honourable friends opposite.

In the early days of the Trudeau government, DREE was a very important player. The Standing Senate Committee on National Finance noted that it was "a horizontal department, cutting across the policy fields occupied by other departments. DREE was intended to co-ordinate and lead federal economic development efforts within the needy regions." As honourable senators know, the DREE Act of 1969 gave a legislative mandate to the department for this purpose. In later years, when I worked for the government of New Brunswick, I had a personal opportunity to see the work of DREE and, in particular, the general development agreements, the subagreements in such fields as forestry, highways, agriculture and tourism, which were very important to regional development.

The Senate committee said that the general development agreement provided an excellent framework for the planning and development of new infrastructure. But we know what happened. Other departments of government resented the apparently pervasive influence of DREE. There was a period of financial stringency in the country and in the government, and there was this obsession, on the part of the Liberal government, with the possibility that certain provinces—Quebec in particular—were reaping the political benefits from ventures largely paid for by the federal government under DREE. So, in early 1982, as the Senate report said, "the curtain came down." DREE was eliminated. Its policy mandate went to the Ministry of State for Economic and Regional Development, which has since disappeared. Its program delivery responsibilities went to DRIE, the Department of Regional and Industrial Expansion.

The Senate committee gave mixed reviews to DREE, but I think it put it very well when it said:

> Certainly DREE experienced some profound failures and suffered from a number of weaknesses. But it also had numerous successes and served to reduce at least some of the sources of regional disparity.

The Senate committee pointed out that, with the demise of DREE, there was no longer a federal department with the sole mandate of promoting development in the least developed regions of the country. It removed, according to the Senate committee, the one voice in cabinet committed to the least developed regions. The concern of the committee was that DRIE and MSERD, because they had responsibility for the more prosperous as well as the less developed parts of the country, would pay diminished attention to the less developed parts.

Here is some history for honourable senators, in view of Senator MacEachen's complaint that there was no reference to regional disparity. Here is the Senate committee report, referring to the government's reorganization announcement of January, 1982. I quote from page 82 of that report:

> Our concern was reinforced when we failed to find even a single reference in the statement to the word "disparities."

That shows the credibility of our honourable friends opposite. I am merely trying to fill in the vacuum left here by Senator MacEachen when he discussed this matter earlier.

Honourable senators, I think there is a serious question as to whether these ERDAs—these economic and regional development agreements—will be satisfactory as replacements for the general development agreements. In any case, the commitment to attack regional disparities has waned. I have no hesitation in saying that the renewal and restatement of that commitment ought to be—and, I trust, will be—a priority of the new government.

Looking at the 1982 reorganization, the Senate committee recommended that MSERD and DRIE should receive legislative mandates requiring them to pay special attention to the problems and needs of the least developed regions of the country. Well, that will be a start, but it must be followed through. It must be reflected in all of the economic policies of the various departments of government. Otherwise, the least developed regions will lose ground relative to the country as a whole.

There was a reference made by the Deputy Leader of the Opposition a few moments ago to this question of official development assistance. In moving the motion for an Address in reply, Senator Macquarrie pointed out that the Speech from the Throne had dealt with foreign affairs to a somewhat greater length than those documents usually do. I thought that the tone and the approach therein was constructive and well balanced. Particularly well put was the reference to the need for sound, multilateral institutions as providing the best opportunity for Canada to exert an important influence on disarmament, on development, on world economics and on defence.

The Leader of the Opposition takes umbrage at some references to the fact that the tradition of constructive Canadian internationalism was interrupted during the Trudeau years and had to be renewed. With due respect to the positive initiatives that were taken during those years and to the part he played as Secretary of State for External Affairs on two occasions, I must say that many Canadians and foreigners who are acquainted with Canada's record in foreign affairs are convinced that the Trudeau years were not such good ones for Canada on the international scene.

Senator Perrault: Come on now; be fair.

Senator Murray: The Leader of the Opposition comes in here shedding tears about the elimination of a cabinet committee on foreign affairs, implying that this is allegedly diminishing the stature of the Department of External Affairs. When did Prime Minister Trudeau ever listen to any cabinet committee? It is the stuff of legends around here that, in the famous foreign policy review of 1969-70, when ministers were examining a number of documents from the various departments concerned, they came in one day only to find that those documents were gone. On the cabinet table for consideration was a new document prepared by the Privy Council Office.

Senator Perrault: That is not true.

Senator Murray: Pierre Trudeau made foreign policy off the top of his head—Ivan Head. In the early days, he sent Ivan Head around the world to meet various heads of state. There is nothing wrong with that—it was his prerogative. Foreign affairs is primarily the prerogative of the Prime Minister. However, I think it ill behooves the present Leader of the Opposition to come to this chamber complaining about the disappearance of one cabinet committee when foreign affairs is being discussed by the senior decision-making committee of government, the Cabinet Committee on Policy and Priorities. The reason for that is that it is recognized that foreign affairs cuts across so many other activities of government.

● (1540)

The Trudeau years in foreign affairs started with the famous question "Where is Biafra?" He knew where Biafra was. He knew it was part of the federal state of Nigeria. But he could not see his way clear to help feed the hungry. He took the position that because Biafra was trying to secede, Canada could not engage in the humanitarian work of feeding the hungry. It was a narrow, legalistic approach, absolutely devoid of humanitarian consideration. They then proceeded to cut our contribution to NATO. The present vulnerable state of our forces is well documented in the report of the Senate committee and in the study recently undertaken by the Business Council on National Issues.

They flirted with neutralism. Mr. Trudeau went to the Soviet Union and talked about the overpowering presence of the United States on Canada, reflected, he said, in the "growing consciousness among Canadians of the danger to our national identity from a cultural, economic and perhaps even military point of view". What were Canadians to make of that? What were our allies to make of that kind of statement coming from the Prime Minister of the country?

Senator Frith: May I ask the honourable senator a question? Has he by any chance forgotten that his party now forms the government? At times I feel that I have woken up and found that we are again the government in power, that Mr. Trudeau is still the Prime Minister and that we are talking about the Liberal Party. I thought that this was a speech on the "brave new world" of the present government; but all we have heard so far is Liberal bashing, and I know the honourable senator is comfortable on that subject.

[Senator Murray.]

Senator Perrault: Let us hear about the "brave new world".

Senator Murray: It is perhaps unfair to refer to Mr. Trudeau, because he wants to "fade into complete obscurity." He wants to "fade into complete obscurity," and he is so serious about it that he gave an interview on national television the better to convey that desire.

Senator Frith: Is this a debate on the Liberal years?

Senator Murray: I am trying to reply, in an organized fashion, to points made by the Leader of the Opposition on leaders' day, when he took umbrage at what was said in the Speech from the Throne.

Senator Perrault: He confined himself to the Speech from the Throne, and that is what you should be doing.

Senator Murray: He purported to enumerate a number of positive achievements in foreign policy under the Trudeau government. I must say that with the exception of the opening up of our relations with China, which he mentioned, I found that my feelings were ambivalent and I did not find the other items particularly impressive. I am sorry that my honourable friends, who used to be so proud of this record—

Senator Frith: I am proud of it.

Senator Murray: —no longer want to hear any more about it.

An Hon. Senator: He does not want to be reminded.

Hon. Duff Roblin (Leader of the Government): You are really getting to them there, when they start to yap like that.

An Hon. Senator: Give them some more.

Senator Frith: We thought we would be hearing about the Speech from the Throne, but you are more comfortable with Liberal bashing than anything else.

Senator Perrault: Déjà vu. It is all passé.

Senator Murray: I do not want my honourable friend to miss curtain time this evening; so I shall proceed.

Senator Perrault: Don't let him strain his voice.

Senator Frith: I don't appear before the second act. Go ahead.

Senator Murray: Mr. Trudeau, on his return from the U.S.S.R., was asked, in a CBC interview, why he had not asked the Soviet leaders about their jailing of Ukrainian nationalists. What did he do? He compared the Ukrainian nationalists to the FLQ. I quote from that CBC interview as follows:

> My position in the Soviet Union or in Canada is that anyone who breaks the law to assert his nationalism does not get too much sympathy from me.
>
> I didn't particularly feel like bringing up any cases which would have caused Brezhnev or Kosygin to say "Well, you know, why did you put in jail certain FLQ leaders? After all, they think they are only fighting for the independence of Quebec . . . Why should you put your revolutionaries in jail and we shouldn't put ours?"

A leading Canadian journalist described the comparison between the Ukrainian nationalists and the FLQ as "inept". I must say that "inept" was one of the kinder descriptions.

Senator Perrault: Every little tawdry pamphlet is being put on the record.

Senator Murray: The Leader of the Opposition came here exercised because we proposed to close five missions abroad. The Leader of the Opposition said:

> These are not signs of reviving internationalism; they are signs of withdrawal.

In 10 years, between 1968 and 1978, they closed 17 missions abroad. Down with the embassy at Montevideo; down with the high commission in Nicosia; down with the embassy in Santo Domingo.

Senator Perrault: It was an enlightened decision based on economic considerations—and you know it.

Senator Murray: In 1968 the former government sent—

Senator Frith: Let us talk about this government.

Senator Murray: I am sorry that my honourable friends opposite find this hard to swallow. In 1968 the former government sent a bunch of cabinet ministers around Latin America at a cost of $240,000—

Senator Perrault: It was a federal trade mission, and you know it.

Senator Murray: They returned spouting banalities about the important place of Latin America in the world, of the importance of Latin America to us, with which we all agree, and then they proceeded to close three or four missions in Latin America—after junketing around the territory for weeks. Resuming my narrative, they closed the embassy in Phnom Penh.

Senator Frith: You can take the boy out of the opposition but you can't take the opposition out of the boy.

Senator Murray: They closed the consulates in Manchester, Bristol, Leeds, Liverpool, in Ponta del Gadia, in Cologne, in Stuttgart, in Karachi, in Capetown, in Johannesburg, in Bombay and in San Juan. Even Belfast got the axe.

They would say that they also opened a number of missions, and indeed they did. I believe they opened 20 or 21. Therefore they had a net gain of three or four. But so will we. I have every confidence that the new Progressive Conservative government, as time goes on, will open missions for Canada in various parts of the world where Canadian interests dictate that that should be done. Frankly, I find it quite incredible that the Leader of the Opposition should come here bemoaning the fact that the present government intends, as an economy measure, to close five missions in various parts of the world. Not a word was said about the missions they closed.

I refer now to the question of official development assistance, the decision of the new government to postpone for five years—

Senator Perrault: You are quoting Tory speech notes of the last campaign—recycling them.

Senator Murray: —the adjustment of the spending target of .7 per cent of GNP in official development assistance. Yesterday we heard from Senator Davey that this was an indication of the mentality of the Tories. The Leader of the Opposition said:

> Here the gap between rhetoric and action is so large that it undermines the whole credibility of the government.

Let me say seriously that I for one, and a great many others on this side of the house, regret the postponement in the achievement of this target. I believe that all of us who are interested in these matters must be vigilant about Canada's performance in this field, particularly with a new government, because I know and we all know that there is always a temptation to make cuts where the politics of it are not as serious domestically. I particularly regret the postponement because it is not the first time it has happened—not by a long shot. I say that Liberal governments have been playing with these foreign aid targets for 15 years. In October, 1969, the Right Honourable Lester B. Pearson, commissioned by the World Bank to do a study on international development, recommended this target of .7 per cent by 1975 or 1980. In June, 1970, the Trudeau government brought out its famous foreign policy review, pledging that the government would move toward the target. Well, they moved all right. They moved up and they moved down, and they moved sideways, as the years went on. In 1970, when they made that promise, Official Development Assistance as a proportion of GNP was at .42 per cent. In 1971 it stayed at .42 per cent. In 1972 it went up to .47 per cent, in 1973 down to .43 per cent and in 1974 up to .50 per cent. Then we come to September, 1975 and the Trudeau government brings out its "Strategy for International Development Cooperation, 1975-1980." At that time the government said it:

> —reaffirms its determination to achieve the official United Nations target of 0.7 per cent of GNP and to move towards this target by annual increases in the proportion of Official Development Assistance to GNP.

• (1550)

Senator Perrault: Why don't you go back and tell us about the administrations of Laurier and King now?

Senator Murray: The ink was hardly dry on that undertaking given in 1975 when Official Development Assistance as a proportion of GNP went from .54 per cent, as it was in that year, to .46 per cent in 1976, up to .51 per cent in 1977, to .52 per cent in 1978, down to .46 per cent in 1979, down to .43 per cent in 1980 where it remained through 1981, then down to .41 per cent in 1982 and up to .45 per cent in 1983.

Senator Perrault: For God's sake, you are gumming that issue to death.

Senator Murray: In October 1982, when the Honourable Allan MacEachen had become the Secretary of State for External Affairs for the second time and the Honourable Marc Lalonde was the Minister of Finance—

Hon. C. William Doody (Deputy Leader of the Government): What a team.

Senator Murray: —Mr. Lalonde came into the House of Commons with his budget and announced that Official Development Assistance will be reduced by $245 million from the dollar level previously allocated. That is what Marc Lalonde did to Allan MacEachen and to our Official Development Program.

Senator Frith: It is a good thing that Sitting Bull was not a Liberal or we would be hearing about his administration.

Senator Perrault: We are getting a lot of bull now.

Senator Murray: Once again, I regret the postponement of the achievement of that target. For honourable senators to come in here, two months into the life of the Mulroney government—

Senator Frith: If you can call it that.

Senator Perrault: It is barely living.

Senator Murray: —and attack our credibility, gives new meaning to the old Gaelic word "chutzpah." I say seriously that they have no right—

Hon. Sidney L. Buckwold: Honourable senators, on a point of order, "chutzpah" is not a Gaelic word. For the record, I merely wanted to correct the honourable senator.

Senator Murray: I must confess that I knew that it was a Yiddish expression. I made that comment simply to provoke my honourable friend who, I thought, was, perhaps, in a state of torpor in his unaccustomed seat in the backbench.

Seriously, considering the record I have just described, it is disgraceful that an honourable senator would come in here, two months into the life of the Mulroney government—

Senator Perrault: And speak the way you have.

Senator Murray: —and begin to attack our credibility on that issue. What did the respected North-South Institute have to say about this in their report, "In the Canadian Interest: Third World Development in the 1980s" at page 31:

> From being one of the more promising aspirants to reach the accepted international target of 0.7 per cent of GNP, Canada has become a laggard in the OECD group. The fact that Lester B. Pearson had helped secure international acceptance of the 0.7 per cent target has a special, bitter irony for the world community watching the indecent haste of Canada's retreat from its commitments.

That is what the North-South Institute had to say about the performance of my honourable friend's government when they were in office.

There is one more issue and that has to do with the Gulf of Maine decision by the World Court.

Senator Frith: Good God, are you going to blame us for that one, too? Since it happened in our administration, I guess so.

Senator Murray: The Leader of the Opposition came in here attributing to the Minister of Fisheries and Oceans and to other, unnamed, ministers statements which, on the basis of the record, I must say, I do not believe were ever made. I have copies of the transcript of the interview that the Minister of Fisheries and Oceans gave in Halifax the day the decision was announced. I have copies of press releases put out by four ministers—the Honourable Joe Clark, the Honourable Pat Carney, the Honourable John Fraser and the Honourable John Crosbie—and I see nothing in those statements to warrant the interpretation that was put on them by the Leader of the Opposition here on the day he spoke in this debate. The Leader of the Opposition says that the decision falls short of what we asked for. He was the guy who decided to go to court. He compares the decision with the 1979 treaty with the United States, particularly in terms of the scallop fishery. That treaty is dead and he must have known it was dead, otherwise, why did he go off to court? He is the guy who made a deal with the Americans to the effect that we would accept the decision of the World Court as final and binding. We are stuck with this decision.

Senator Roblin: Who did that?

Senator Murray: The former Secretary of State for External Affairs, the present Leader of the Opposition in the Senate.

Some negotiations may still ensue and I assure the Senate that before taking a hard and fast position on matters that may still be open to bargaining, I know that the government is seeking the views of advisory groups of fishermen representative of the fishing industry. This is the method of consultation, instead of confrontation and litigation which the previous government followed, the results of which the Leader of the Opposition now finds so unsatisfactory.

I return to what I said at the beginning about the importance of multilateral institutions and their importance to Canada in exercising some influence on the course of world events. I will place one final quotation from the North-South Institute on the record which I think is quite important. They are talking about the protectionist patterns of the Government of Canada in its negotiations. Incidentally, I thought the evils of protectionism were referred to quite eloquently in the Speech from the Throne and alluded to quite directly in Mr. Wilson's agenda paper. This quotation from the North-South Institute states:

> This protectionist pattern presents a crisis of credibility for Canadian trade policy and raises questions about Canada's commitment to the multilateral liberal trading system and its stake in preserving the rule of law in international trade. In the area of special import policy and the more general trade policy issues debated at the multilateral trade negotiations, there appears to have been an operative assumption on the part of Canadian policy makers that this country alone had been playing by the "rules of the game" and carrying more than its share of the "burden" of low-cost imports—which critics at home refer to as "boy scoutism" and "naiveté". Informed outside observers, meanwhile, have bemoaned a new Canadian narrowness and reticence to provide multilateral leadership, with one U.S. official stating that a particular

> Canadian position in the recent GATT talks was "just another example of how Canada refuses to accept the doctrine of equal pain in these negotiations." At the MTN, Canadian representatives were understandably struggling to secure some clear Canadian objectives in bargaining that was dominated by the great trading powers, but observers have suggested that, for the first time, Canada seemed to have lost sight of its stake in the openness and vitality of the trade system as a whole. Moreover, the trade negotiations may be an example of how Canada has underestimated its potential, at least in concert with others, to shape multilateral solutions to global problems.

Senator Perrault: Honourable senators, in keeping with good Parliamentary practice, would the honourable senator cite the page, the reference of that quotation and the author of those remarks? It is not good enough to come into this chamber and quote something out of context without adequately stating the source. I know that the honourable senator will be willing to do as I requested.

Senator Murray: I assure my honourable friend that this is not one of those yellow, tattered newspaper clippings that he so deplored when he was Leader of the Government in the Senate.

Senator Perrault: Give us the proper references and pages.

Senator Murray: There is a book entitled "In the Canadian Interest: Third World Development in the 1980s."

Senator Perrault: Could we have the name of the author of that report.

Senator Murray: The North-South Institute.

Senator Perrault: Do you have the name of the writer?

• (1600)

Senator Murray: It is an institute in this city which is doing valuable analytical work in the field of international development. The director of the institute, whose name appears in the book in the preface, although I doubt very much that he is the sole author, is Mr. Bernard Wood. The quotation I have just cited comes from pages 50 and 51 of the document in question.

Honourable senators, the ability of Canada to shape multilateral solutions to global problems is what is being talked about in the foreign policy section in the Speech from the Throne. I regret some honourable senators do not like the passage; however, that is what we are talking about and it is something that we have apparently lost in recent years and which we are trying to regain in our foreign policy.

With these introductory remarks, I simply wish to say that I think the government is on the right track. I know that there will be plenty of opportunity and plenty of time for honourable senators opposite—all our adversaries—to criticize the performance. However, I implore them to wait until they see the concrete results of the policies of this government.

Needless to add, I support the motion for an Address in Reply proposed by Senator Macquarrie and Senator Tremblay.

Some Hon. Senators: Hear, hear.

On motion of Senator Petten, for Senator Graham, debate adjourned.

The Senate adjourned until Tuesday, November 27, 1984, at 2 p.m.

APPENDIX

(*See p. 113*)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FIFTH MEETING, PUERTO RICO
MARCH 8-12, 1984
REPORT OF THE CANADIAN DELEGATION

Delegations from the Canadian Parliament and the U.S. Congress met in Dorado, Purerto Rico for the twenty-fifth meeting of the Canada-United States Inter-Parliamentary Group. The delegates were divided into three Committees: Committee I discussed trade and economic questions; Committee II dealt with energy and defence issues; and Committee III discussed environmental and border issues. Committees II and III came together later for a joint discussion of two multilateral issues, Central America and the Middle East. A plenary session which dealt with how Canada could make its case most effectively in Washington and a survey of the pre-election political situation in the two countries concluded the annual meeting. The Canadians who co-chaired the Committee meetings with U.S. counterparts were: for Committee I, the Honourable John Reid, P.C., M.P.; for Committee II, David Kilgour, M.P.; and for Committee III, Herb Breau, M.P.

The United States Delegation

The Senate

Honourable Ted Stevens, Co-chairman (Republican, Alaska)
Honourable Edward Zorinsky, Vice-chairman (Democrat, Nebraska)
Honourable Jennings Randolph (Democrat, West Virginia)
Honourable Quentin N. Burdick (Democrat, North Dakota)
Honourable Bob Packwood (Republican, Oregon)
Honourable Robert T. Stafford (Republican, Vermont)
Honourable James A. McClure (Republican, Idaho)
Honourable Patrick J. Leahy (Democrat, Vermont)
Honourable Mark Andrews (Republican, North Dakota)
Honourable Charles E. Grassley (Republican, Iowa)
Honourable Paula Hawkins (Republican, Florida)
Honourable Mack Mattingly (Republican, Georgia)
Honourable Frank H. Murkowski (Republican, Alaska)
Honourable Paul Trible (Republican, Virginia)

The House of Representatives

Honourable Michael Barnes, Co-Chairman (Democrat, Maryland)
Honourable Edward Boland, Vice-chairman (Democrat, Massachusetts)
Honourable Dante Fascell (Democrat, Florida)
Honourable Sam Gibbons (Democrat, Florida)
Honourable Lee Hamilton (Democrat, Indiana)
Honourable James Oberstar (Democrat, Minnesota)
Honourable John LaFalce (Democrat, New York)
Honourable Robert Garcia (Democrat, New York)
Honourable Baltasar Corrada (Delegate, Puerto Rico)
Honourable William S. Broomfield (Republican, Michigan)
Honourable Frank Horton (Republican, New York)
Honourable Larry Winn, Jr. (Republican, Kansas)
Honourable Bill Frenzel (Republican, Minnesota)
Honourable Arlan Stangeland (Republican, Minnesota)
Honourable David Martin (Republican, New York)

The Canadian Delegation

The Senate

Honourable Richard Stanbury, Co-Chairman (Liberal, Ontario)
Honourable Renaude Lapointe, P.C. (Liberal, Quebec)
Honourable Henry D. Hicks (Liberal, Nova Scotia)
Honourable Charles McElman (Liberal, New Brunswick)
Honourable Nathan Nurgitz (Progressive Conservative, Manitoba)
Honourable Duff Roblin, P.C. (Progressive Conservative, Manitoba)
Honourable George van Roggen (Liberal, British Columbia)

House of Commons

Honourable John Reid, P.C., M.P., Co-chairman (Liberal, Ontario)
Vic Althouse, M.P. (New Democratic Party, Saskatchewan)
Robert Bockstael, M.P. (Liberal, Manitoba)
Herb Breau, M.P. (Liberal, New Brunswick)
Coline Campbell, M.P. (Liberal, Nova Scotia)
Pat Carney, M.P. (Progressive Conservative, British Columbia)
Maurice Foster, M.P. (Liberal, Ontario)
David Kilgour, M.P. (Progressive Conservative, Alberta)
Fred McCain, M.P. (Progressive Conservative, New Brunswick)
Bill McKnight, M.P. (Progressive Conservative, Saskatchewan)

Frank Oberle, M.P. (Progressive Conservative, British Columbia)
Rod Murphy, M.P. (New Democratic Party, Manitoba)
Kenneth Robinson, M.P. (Liberal, Ontario)
Geoffrey Scott, M.P. (Progressive Conservative, Ontario)
Ian Watson, M.P. (Liberal, Quebec)
Honourable Michael Wilson, P.C., M.P. (Progressive Conservative, Ontario)

COMMITTEE I - TRADE AND ECONOMIC QUESTIONS

1. The international economic climate
   a) Prospects for world debt and trade
   b) US and Canadian economic prospects

2. Bilateral free trade arrangements
   a) Free trade - across-the-board or in specific sectors?
   b) Discussion of possible sectors involved: automotive; steel; urban mass transit; petrochemicals; textiles and clothing; telecommunications equipment and computer services; forest products; agricultural machinery and equipment.

3. Specific trade issues
   a) Communications: border broadcasting; copyright.
   b) Extraterritoriality issues.
      - Export Administration Act
      - unitary taxation
      - U.S. subpoenas
   c) Proposed legislation.
      - U.S. reciprocity and services bill
      - reform of dumping and countervail laws
      - reform of Canadian import law
   d) Specific irritants: fish; asbestos; steel; potatoes.
   e) Canadian tax on tourist literature.
   f) Agricultural commodities.

4. Multilateral Issues
   a) U.S. and Canadian perspectives on revision of the CAP
   b) U.S. and Canadian trade policy in the Caribbean (Caribbean Basin Initiative)

Discussion in Committee I was spirited and stimulating. Both sides demonstrated particular interest in discussing macro-economic topics, which left insufficient time to cover all the items on the agenda.

U.S. and Canadian Economic Prospects

A Canadian participant opened discussion with a review of salient statistics on the state of the Canadian economy: unemployment at 11.2 per cent, down from a high point of 11.9 per cent; inflation down to about 5 per cent; and a favourable commercial trade balance of $18 billion, offset by a deficit of a

comparable size on invisibles. A major concern in Canada was that high interest rates could damage the delicate state of economic recovery. If U.S. interest rates were to rise, Canada would be squeezed. It would be a difficult choice, but to limit the rise of interest rates in Canada, it would probably be necessary to allow the exchange rate to fall still further. In the light of these uncertainties, there was a risk that economic recovery would not match the levels achieved in 1983. The government was projecting growth of 4.8 per cent, but many thought this figure was optimistic.

A Congressman responded with a few U.S. indicators. The Administration expected unemployment to decline to 7.8 per cent and the economy to grow at 4.6 per cent. Inflation was likely to drop to 4.4 per cent. Production was generally increasing, but the housing market was flat. In most instances, private projections were less optimistic than those of the Administration. The trade deficit might amount to $100 billion and could be worse still in 1985. The federal fiscal deficit was likely to reach $190 billion and might grow to $300 billion by the end of the decade. With the federal reserve system continuing to focus on inflation, the "fed" might be inclined to force up interest rates. Americans too were concerned that, if this policy were sustained, it might stop further growth of the economy.

Discussion focussed principally on the size of the debt in both countries and the possibilities for its reduction. A Canadian noted that in relative terms the federal deficit of about $30 billion in 1984 was 50 per cent larger than that of the United States. On top of this figure the provincial governments had moved during the past year to an aggregate deficit position. This situation contrasted with the budgets of the U.S. state governments which were in aggregate in balance.

It was noted that in both countries debt service had become a major budgetary item, about 13 per cent of expenditure in the United States and over 20 per cent in Canada. A Canadian speaker observed that at current high real interest rates, which were heavily influenced by U.S. rates, increased revenue derived from higher taxes was absorbed by the growth in debt service charges. He added that Americans might not be aware how much they affected the world economy, and in particular that of Canada.

While the immense difficulty of bringing down the deficit was recognized, there was widespread support for the view that the executive in both governments had not paid sufficient attention to the adverse effect of the very large deficits. Participants appreciated that inflation had been very substantially reduced in both countries and that this had strengthened the two economies and promoted competitiveness. But it was generally agreed that governments and ultimately the people of the two countries were not fully aware of the potential seriousness of the deficit pattern which has developed. An American participant noted with concern that, contrary to the Keynesian precept that governments should have deficits in depressed years and pay them

off in good years, the U.S. government was now in deficit even in prosperous years. This led a Canadian delegate to observe that the Canadian budget had only been in surplus one year since 1970.

U.S. delegates discussed among themselves the prospects for Congressional agreement on tax increases and cuts in expenditure. There was general acceptance that cuts in discretionary expenditure were limited and would have very little effect. This meant that there had to be agreement over some cut in what the Americans call entitlement programs and what in Canada are often known as universal programs. While agreement on tax increases was easier to accomplish, it seemed to be accepted that without a parallel cut in government expenditures, the deficits could not be significantly reduced. The Ways and Means Committee has discussed an Administration suggestion for a tax package which would over three years reduce the deficit by $50 billion, but speakers did not feel this was sufficient. The Administration was being pressed to come forward in addition with expenditure cuts of a comparable magnitude. There were differences of opinion among U.S. politicians and political parties on how much to increase defence expenditure, with the President favouring a larger growth than Democrats. However, U.S. participants in the discussion expressed the opinion that there was a growing realization in Congress that major steps had to be taken to reduce the deficit.

Canadian delegates felt that Canada could not move in a direction different from that of the United States. Canadian interest rates took their lead from U.S. rates. While Canada did not have a defence bulge, the debt was proportionately larger and the government's discretionary expenditures just as limited. Moreover, the economy had responded less well than in the United States and unemployment was significantly higher, which led to higher unemployment insurance and welfare charges against the treasury. In rough terms, about one-half the current Canadian deficit was influenced by cyclical factors, so that a significant improvement in the state of the economy could reduce the deficit substantially. But the prospects of this happening were not great and government action to cut expenditure was unavoidable if the debt was to be reduced.

This broad discussion concluded with an interesting exchange on the difficulties in the two political systems of cutting expenditures. A Canadian speaker noted that the British parliamentary system permits top down direction, concentrates power in the hands of cabinet and allows the government to act with decisiveness and speed if it wishes to do so. He reported that in 1981 Prime Minister Thatcher of Britain had directed the Chancellor of the Exchequer to cut the deficit by 5 billion. A determined government could hold the line on new expenditure, but other Canadian delegates observed how the political system resisted attempts to do this. Recently there had been a rumour in the Liberal caucus of a windfall revenue amounting to $3 billion. Instead of advocating the application of these funds to reducing the deficit, numerous proposals for

increased expenditure had immediately surfaced. His Conservative friends had told him that the situation within their caucus was similar.

Another Canadian delegate, while recognizing that the back bench Member of Parliament is more insulated against local pressures than is the Member of Congress, pointed out that political developments were increasing those pressures. Small government majorities and the threat of an unexpected election hung over the political system and made it hard for governments to take tough decisions. At the same time there was increasing emphasis on constituency matters, with MPs persuaded that greater expenditures in their ridings would help them to retain their seats in the next election. The consideration of expenditure in separate committees of the House of Commons meant that Members had no opportunity to consider the larger picture, concentrating instead on expenditures in areas of particular concern to them. Finally the adversary system in the Canadian parliament meant that the government was under attack from all sides, making it extremely difficult to develop a consensus across party lines on expenditure cuts.

A U.S. delegate acknowledged that, while the American system was slow-moving, susceptible to enormous pressure from lobbys and interest groups and offered the individual Member of Congress little protection from these pressures, party differences were not nearly so pronounced. This allowed in times of crisis for the development of bi-partisan policies.

Another American participant commented that the Congress had made it harder to achieve accomodations and develop consensus by opening too many meetings to the public. It was difficult for Members of Congress to agree to a compromise if an affected interest group were present in the audience at the meeting. Politics required compromise and it was easier to achieve consensus in private. There was increasing recourse in committees of Congress to motions to close meetings because this made it easier to take hard decisions.

This first item on the agenda was concluded with a strong statement from a Canadian delegate that politicians must get the message out to the public that deficits are dangerous. Ultimately deficits will lead to the erosion of national competitiveness, which in turn would cause increased unemployment. Cuts in individual programs may be unpalatable, but they could be necessary to restore and maintain the health of the economy.

Prospects for World Debt and Trade

Discussion of this item was preceded by an exchange on the trade situations of Canada and the United States. An American delegate observed that the United States was facing a major trade problem. The importance of trade to the United States had doubled in less than a generation to the point where it represented over 10 per cent of GNP. The economies of the countries of the

European Community were flat and the traditional U.S. trade surplus with Europe had disappeared. The troubles of the Less Developed Countries had hurt U.S. exports. Only the Japanese economy continued to perform reasonably well, but the United States had a trade deficit with Japan. The result was a major commercial trade deficit for the United States, a situation which was new for it. All U.S. participants recognized that a decline in the U.S. dollar relative to the D-mark and the yen would be highly desireable and necessary to correct the imbalance which had developed.

Canadian participants noted that Canada had to be particularly concerned over the state of trade with the United States, since 70 per cent of its trade was with that country. The strong recovery in the United States and the weaker performance of the Canadian economy had combined to give Canada a record merchandise trade surplus. However, the deficit in invisibles - services, tourism and debt charges - was of a comparable size, so that the payments account ended up in rough balance.

Against this background, participants focussed on the effect of debts of third world countries - particularly Brazil, Mexico and Argentina - on international trade. An American delegate commented that the United States had suddenly become aware of the link between debts and trade. For the first time in the post-war world, the real value of international trade had declined by 2 1/2 per cent in 1982. Specifically cutbacks in imports by Latin American countries had cost the United States 400,000 jobs annually and resulted in the loss of $20 billion of exports.

The United States and other trading nations had responded to the debt problems of developing countries with a number of 'ad hoc' policies: the International Monetary Fund had been supported in requiring tough budgetary and fiscal measures as a condition for financial support; the governments had agreed to reschedule debt payments, covering both capital and interest; and the banks had been under pressure to reschedule existing loans and make new lendings.

Delegates on both sides recognized that these were immediate responses designed to give the debtor governments time to take corrective measures. In terms of further steps which the industrialized nations could take, delegates spoke in favour of rescheduling debt repayments over longer periods and strengthening the international banking institutions. American participants reported that there was considerable resistance in the Congress to this latter step. It had not been easy to persuade the Congress to agree to a quota increase for the International Monetary Fund. There was a widespread feeling that the objective of doing this was to bail out the banks which had been imprudent in their lending. Ultimately Congress had been persuaded to approve the United States sharing in an increase in the IMF quota. But an attempt to increase the U.S. participation in the seventh International Development Association replenishment had failed, and the current American commitment was smaller than it had been for the sixth replenishment.

A Canadian participant said that it had to be admitted that many banks had been dangerously over exposed and that the International Monetary Fund had been critical in saving the banking system from possible disaster. Canadian and U.S. banks had allowed themselves to become overly levered and over exposed. But there was no way to isolate any penalties which might have been suffered if lending banks had been allowed to collapse.

One participant inquired whether banks should be excluded from making loans to foreign governments. But another delegate countered by asking if the world would be better off if only intergovernmental loans were accepted.

A problem which worried several participants was IMF pressure on debtor countries to restrict imports and promote exports, so as to improve their trade balances. This approach involved costs for industrialized countries in terms of reduced exports and competing imports, developments which were hard to accept when protectionist pressure was strong. But other participants warned that there was no alternative, if the debtor countries were to be assisted to overcome their own economic problems. While their import restrictions would be tough on industrialized countries, Western countries had to take a longer term perspective.

Bilateral Free Trade Arrangements

A Canadian spokesman introduced the subject of bilateral free trade arrangements. Recalling the Canadian policy options of the early 1970s, notably the Third Option paper and the Contractual Link with Europe, he noted with approval the government's discussion paper "Canadian Trade Policy for the 1980s" tabled in 1983. This paper reaffirmed the central importance to Canada of trade with the United States and recommended that the two countries explore the prospects for sectoral free trade arrangements. The U.S. Administration had responded positively and officials of the two governments were exploring the appropriateness of a number of specific sectors including steel, petrochemicals, urban mass transit and information services.

It had been encouraging to note that the cautious approach had not aroused any nationalistic responses of the kind which had killed earlier efforts to move to free trade between the two countries. Nor had it become a partisan question, as it had been in 1911. In the spokesman's opinion, freer trade with the United States offered Canada a chance to make its industry more competitive and gain access to a much larger market. For the United States the primary benefit would be in having a healthy and prosperous neighbour.

Other Canadian participants agreed that Canada's dependence on the U.S. market made it essential that some way be found to shelter Canada from trade-related responses by the United States to unfair competition, which usually hurt Canada more than the country which the measures were specifically designed to

counteract. The over-valued U.S. dollar meant that U.S. trade was particularly vulnerable and, combined with high levels of unemployment, was resulting in a large number of safeguard investigations. Although it was widely acknowledged in the United States that Canadian trade practices were in the main quite fair and unobjectionable, Canada, as the United States' largest trading partner, was often the country most severely affected by any safeguard action which was taken.

A U.S. delegate responded by acknowledging that in bilateral terms economic relations between the two countries had never been better. He regarded the Canadian approach as an interesting initiative and commended the U.S. Administration for its positive response. As a multilateralist, he was slightly nervous with a bilateral approach, but he recognized that economic relations between the two countries were sufficiently important to justify a special response.

There was general agreement that agricultural trade involved special problems and should be handled separately. Canadian participants admitted that provincial powers presented some difficulties for Canada, which would have to be faced and resolved within Canada if the negotiations appeared to be leading to an agreement. Canada similarly expected that the implications of any sectoral free trade agreement would have to be accepted in U.S. law and would have to bind the U.S. state governments. From this perspective Canadians were concerned that draft legislation regarding domestic content requirements in the U.S. automobile industry treated Canada as a foreign country and ignored the Auto Pact.

A couple of U.S. delegates asked Canadian participants how they would feel if the Congress were to give the President specific authority to negotiate some kind of free trade arrangements with Canada. The President's residual authority under the Trade Act of 1974 was limited and there was some doubt that it would be sufficient. The time for Congress to act would be immediately following the November election. Canadians replied that they would welcome such a response, providing it was prompted by a reaffirmation of Canadian interest. For political reasons, it was important that the initiative be perceived as lying with Canada.

Participants from both sides agreed that there was a marked shift in attitudes on both sides of the border. The approach of Canadian industry as reflected in positions taken by the Business Council on National Issues and the Chamber of Commerce had evolved significantly, and at this stage it was Canadian labour which was most reticent.

Both sides recognized that this was an area where public attitudes were very important. If opportunities for making progress emerged from the negotiations among officials and the Canadian government was ready to move, it

was suggested that at that time a special meeting of the Canada-United States Interparliamentary Group might be a useful step.

The committee at this point turned to a number of specific irritants of particular concern to participants in the discussion, including items not on the agenda.

Border Broadcasting

A U.S. delegate led off with the assertion that border broadcasting problems remained an irritant and showed no sign of disappearing. Another New York delegate mentioned that the up state broadcasters in his state had met only two days prior to the Puerto Rico meeting and had reaffirmed their dissatisfaction. U.S. participants expressed their regret that the principle of proportionality had been rejected by Canada, as it seemed to offer a political compromise. They expressed the hope that the next Canadian government would either repeal the legislation or seek an accomodation. Otherwise they expected the Congress to adopt mirror legislation in 1985. Admittedly such a move was unsatisfactory for the United States, in that it would involve some costs. Nevertheless, Presidents Carter and Reagan had both recommended it as the best available U.S. political response. Unfortunately for Canadian-American relations, it would generate some bad feeling.

Canadian participants acknowledged the political dimension of the problem in the United States. But Canadian broadcasters considered it was worth $30 million to them and simultaneous substitution was worth another $20 million. At the same time Americans should realize that Canadian radio and TV stations were the best customers of U.S. producers, spending about $150 million annually on U.S. productions.

The problem existed, they pointed out, because the government regulates the Canadian broadcasting industry and mandates Canadian content rules. U.S. border broadcasters are not licensed to broadcast across the border and are under no obligation to satisfy the Canadian content rules. The problem arose because technically the border cannot be controlled, and so bill C-58 had been devised to overcome the problem. In the circumstances, if the United States decided to impose mirror legislation, Canada could not complain. But, as another Canadian participant observed, it would be important that the United States not act until after the next Canadian election, as it could otherwise become a counter-productive election issue.

Canadian delegates also noted that technical advancements were adding to difficulties in this area. Satelite transmission meant that U.S. signals could now be picked up anywhere in the country, not just in border areas. It would be wise

to look at this whole area again after the elections in both countries and try to work out a compromise.

Trucking

Several U.S. delegates expressed their concern at what they regarded as the unbalanced situation which now prevailed. As a result of deregulation of the U.S. trucking industry, Canadian truckers could now operate quite freely in the United States. But U.S. trucking firms wishing to operate in Canada had to secure a provincial permit. Moreover, Canada further controlled U.S. entry through FIRA procedures. Even if a U.S. company met FIRA's conditions, there was no assurance of a provincial permit.

The particular development which led American participants to raise the question was the reported decision of the Ontario Highway Transport Board to reject an application from Yellow Freight. This was a long standing issue, but in recent years, the impression had been conveyed that progress was being made in finding a mutually acceptable resolution. Apparently this impression was incorrect. If this turned out to be correct, the U.S. government would have to consider what action it could take.

Export Administration Act

This topic only received the most cursory treatment as time was running out. A Canadian delegate reminded the meeting of the objections of the Canadian and other allied governments to the extra-territorial features of the Export Administration Act.

A U.S. delegate commented briefly that both Houses of the U.S. Congress had modified certain features of the Administration's draft and in particular had deleted provisions relating to foreign policy considerations. He felt that some months would pass before the bill would be finally approved.

U.S. Subpoenas

Although this subject came up toward the end of the meeting and when little time for discussion remained, it generated a heated discussion and revealed that U.S. delegates held very strong feelings on the subject.

The U.S. side opened discussion by pointing to the magnitude and seriousness of the drug trade, which required that unusual steps be taken to get

at drug traffickers. In the past money had been laundered in Florida, but the U.S. government had blocked this avenue and foreign branches operating in Miami which handled these funds had been closed. A U.S Senator noted that branches had subsequently been opened in Thailand and Pakistan for this purpose. On learning of this, she had personally telephoned the presidents of the two countries and as a result of these interventions, the branches had been closed there. Now a favoured practice of drug dealers was to fly to Toronto and deposit funds to an account in Canadian branches of that bank in the Cayman Islands or in the Bahamas, as the first step in laundering the funds.

Canadian participants responded by complaining that U.S. subpoenas against the Miami branch of the Bank of Nova Scotia amounted to taking a commercial hostage. The Miami branch at no time was ever involved. Moreover, the Canadian authorities tried to cooperate, and were ready to do so within the limits of the laws on disclosure in the jurisdictions in which the branches involved were operating. The action of the U.S. courts, which were federal institutions, was heavy-handed. At the time that efforts were proceeding satisfactorily to secure the agreement of the Cayman authorities to make local bank records available, a heavy fine of $1.8 million had been imposed and there were reports that another 30 subpoenas were about to be issued.

U.S. participants, emphasizing that a major business of the Cayman branch was in facilitating the laundering of drug money, asked if Canada did not have responsibility to police the offshore activities of Canadian banks. Canadians replied that this would constitute the extra-territorial application of Canadian law, to which Canada took exception on principle. The Canadian approach was for the two governments jointly to approach the Cayman authorities and persuade them to change their rules regarding disclosure in the interest of good hemispheric relations.

U.S. Reciprocity and Services Bill

The U.S. spokesman on this item spoke of the concern in Congress over how to deal with subsidies to trade which he described as becoming "more and more sophisticated and less open and less direct." Canada was not a serious problem; its subsidies were open and direct. Japan was very skillful at hiding subsidies and "Mexico and Brazil did not even know what they were supporting". Pressure was building in Congress to stiffen the back of the U.S. Administration, by requiring them to pursue foreign governments which were subsidizing trade and to apply countervail duties where subsidies were confirmed.

The first Canadian delegate to speak expressed some worry over language in the Danforth and Heinz bills, which appeared to give the Administration authority to take retaliatory action wherever they wished; the draft legislation

specifically asserted that such action "need not be limited to the product" being subsidized. There was a fear in Canada that reciprocity legislation could lead to unintended new problems. Legislation could have more than one purpose. For example, the Canadian government might draft a bill to promote a cultural purpose (e.g. bill C-58), whereas the United States might perceive it as a restraint on trade. Similarly, regional development grants might be intended to encourage development in economically depressed areas and to make up for economic disadvantages, yet be seen by the United States as a subsidy. Sometimes the problem might occur just because the two countries used different techniques, say, to collect rent on state land where cutting was permitted e.g. stumpage.

The question was asked whether Canadian manufactured goods would be subject to countervail if the natural gas used in their production, as in steel, was sold more cheaply in Canada than abroad. A U.S. participant answered that it would, although he added that the proposed legislation did require that injury be proved.

In general Canadians worried that a new law could have an unintended fall-out. The author of one of the bills to which Canadian participants objected, who was a participant in the meeting, claimed that his bill had been substantially modified and, to make his point, distributed a commentary on the revised text.

Canadian Tax on Tourist Literature

U.S. participants complained about the recent Canadian decision to apply a 9 per cent federal sales tax to tourist literature imported into Canada which had been produced abroad promoting foreign travel. Congressmen were receiving complaints from across the United States over this Canadian regulation which seemed unfair. A "sense of Congress" resolution asking Canada to withdraw the new regulation was being considered, as well as legislation which would levy a similar U.S. tax on Canadian tourist literature.

A Canadian participant explained that the federal government levied an across-the-board sales tax on all manufactured products, whether produced in Canada or imported. Tourist literature had been overlooked in the past, but once it had been included, foreign produced literature could hardly be ignored. He noted that under an ICAO agreement tourist literature produced by airlines was exempted. The tax was in fact having an undesirable effect in Canada, in that many tourist operators who focussed on the U.S. market were finding that they could lower their costs and escape the tax by printing and distributing their literature in the United States. In his opinion the application of the tax on tourist literature was not beneficial and there was some ground for thinking that,

on review, the Canadian government might itself decide to exempt tourist literature, domestic and foreign.

Steel

Several Canadian delegates expressed dismay at the actions being taken in the United States both through an International Trade Commission investigation and a quota bill in the Congress which could seriously damage Canadian steel exports. This was disturbing because Canada was a fair trader in steel, producing it without any form of subsidy. Action against carbon steel imports from Canada was hard to understand as the relationship between the Canadian and U.S. steel industries seemed to be mutually beneficial. Canada used U.S. coking coal; the United States was a major exporter of steels to Canada; there was a considerable integration of downstream fabricating with Canadian steel billets often being imported by U.S. producers to even out their production without having to start another blast furnace; a single union represented the workers in both countries and wage rates were comparable; and much of the machinery used for producing steel in Canada was manufactured in the United States. In brief, it was a healthy, symbiotic relationship. If the United States limited Canadian exports, Canada would probably retaliate by turning to Europe and Japan. The only encouraging development was the interest being taken in a sectoral free trade arrangement.

A U.S. delegate, who commented that U.S. steel was the sickest and most highly paid industry in the United States, observed that the problem arose because Article XIX of GATT did not include a safeguards code. An action under section 201 of the U.S. Foreign Trade Act could not be directly targetted; the "chips fall where they may". Steel was not the only such action taken; copper imports were also being pursued, and others. While it was possible that the U.S. legal process regarding copper would not be completed before the November election, President Reagan would be faced with some kind of decision on steel imports before the election.

Another U.S. participant expressed concern about the undesirable effects of import limitations. While some jobs might be saved in the steel industry, all products using steel would become more expensive and U.S. industry would be less competitive. What was worrying was that the U.S. steel industry seemed more interested in dividing up the world market than in producing steel more efficiently and more cheaply in the United States. Hearings had not yet been scheduled in the Congress on the quota bill, and when and if hearings did take place, consumers of steel would be asked to testify as well as producers. Similarly Canadian producers and their customers would get a hearing. Other U.S. participants remarked that this was a busy year in Congress and the quota bill would face a lot of opposition which would delay passage. From this

perspective the 201 action was more serious since the timing of each stage of the process was prescribed in law and the President would be called upon to act at a particularly sensitive time for him in the election timetable.

Fish

As the Committee was concluding its discussions a Canadian participant was given a brief opportunity to express his concern about possible limits on Canadian fish sales in the United States. Fish was economically vital to the coastal areas of Canada. He noted that U.S. per capita support of agriculture was greater than Canadian agricultural support, pointing to the disappearance of the food processing industry from the Okanagan valley and the Niagara region.

COMMITTEE II - ENERGY, DEFENCE AND MULTILATERAL QUESTIONS

A. Energy

1. Natural gas
   a) Pricing of exports; contracts.
   b) Alaska Gas Pipeline including the Alaskan alternative.
   c) U.S. and Canadian energy policies.

2. Electricity

B. Defence

1. Bilateral defence
   (i) Modernization of the North American Early Warning System.
   (ii) U.S. restrictions on sensitive military/industrial technologies.

2. Multilateral defence
   (i) Deployment of nuclear missiles; arms negotiations; the Trudeau initiative.

A. ENERGY

Natural Gas

Pricing of exports

Discussions on natural gas concentrated on Canada's pricing policy for exports. The U.S. side urged Canada to abandon the single border price in favour of a system which would be "flexible and competitive" and allow buyer-seller negotiated prices.

A U.S. Senator who is Chairman of the Senate Energy Committee opened the discussion by describing the recently-announced U.S. gas import policy. Responsibility for the new policy will now reside with ERA (Economic Regulatory Agency of the Department of Energy) and FERC (Federal Energy Regulatory Commission). ERA is given the authority to approve gas import

contracts. The key objectives in the new policy were "flexibility" and "competitiveness". Specifically, in order to be authorized, new gas import contracts will have to be priced competitively with other fuels on the market and will need to be flexible enough to permit subsequent adjustments.

Referring to the present situation in Congress on the U.S. Natural Gas bill, the Senator recounted that in the Senate the bill had been reported out of Committee by a vote of 11 to 9 with no recommendations and had only just reached the floor. In the House, the bill had been stopped in Committee by Chairman Dingell because the Sharp Sub-committee had moved further toward deregulation than the Chairman had wanted. Pressure had been felt by both consumer and producer advocates during debates on the bill.

The Canadian spokesman admitted that Canada was aware of the pressure from the United States to move from a single border price to a more flexible arrangement. The idea of variable prices for different regions finds support from some areas in Canada as well. She explained that the single border price had been established in 1976 at the United States' request. It was set marginally above the Toronto city gate price.

There were two views among Canadian producers. Some wanted to ride out the gas bubble, but others were fearful that inflexibility in pricing could result in further loss of markets, markets that were already badly eroded. The U.S. market was important to Canada. Although Canadian gas represented only 4% of U.S. gas imports, these exports from Canada represent one-third of total Canadian production. She predicted that there was unlikely to be a major development in Canadian gas policy in an election year, but perhaps next year. It was politically impossible for Canada to sell gas to the United States at a price lower than the domestic Canadian price.

The U.S. Senator seemed surprised and somewhat doubtful that the Canadian single border price had been established at the request of the United States. He explained that under the existing U.S. legislation (the National Gas Policy Act), the price of gas had been held at artifically low levels; Canadian gas was coming in at a price too high to compete, with the result that in some of its main markets the consumers were switching to residual oils. Idaho, for example, was taking only 70% of its normal volumes of Canadian gas and the Puget Sound area, which used to depend almost entirely on imported Canadian gas, was using only 30%. The United States was currently trying to shift its own policy by deregulating to permit a market-oriented pricing system. The situation was currently adverse to Canada and U.S. importers were negotiating lower "take" levels in their take-or-pay contracts and even abrogating contracts entirely.

A second Canadian spokesman emphasized the difficulty of Canada going to a flexible price for exports as long as there is an administered price for domestic use. Even Alberta might agree that this was a problem. He asked the U.S. delegates how the New York or Vermont consumers felt about the abandonment of a single border price. They have benefited from the rolled-in transportation costs of a single border price for Canadian gas and the Alberta producer received only a minimum payback on this gas after the heavy transport changes.

Moreover, continued this participant, Canada had made a price adjustment last year and Canada now had a volume related incentive price of U.S. $3.40 per mcf. (down from U.S. $4.00 per mcf.). He understood this pricing competed very well with the price of certain U.S. interstate gas which he had heard could be well over U.S. $6.00 per mcf. By such measures the Canadian government was trying to show its flexibility.

The first Canadian spokesman considered that Alberta producers would be interested in having a flexible pricing arrangement as they could share in the 'net back' arrangement. "More flexible" does not necessarily mean "cheaper" she said and predicted that North-east Venture gas was going to be very high cost.

In response to an inquiry by a New York Congressman concerning the supply situation for Canadian gas, the Canadian replied that Canada currently had more gas than it knew what to do with. She explained that Canada is currently shipping only 40% of permissible exports. The single border price was one cause of this surplus. The pricing mechanism was set under the bilateral Duncan-Lalonde ministerial agreement of 1980.

The U.S. Senate spokesman said that the United States had welcomed the Canadian price adjustment and the volume related pricing incentive but he thought it was probably a little late. As for the current Canadian gas export marketing problems, he thought that in addition to the Canadian price, the causes of the declining U.S. demand were conservation, the use of alternative energy sources and the fact that U.S. distributors and consumers were using 'old' cheaper gas. 'Old gas' was still available at .50 cents per mcf. There were 68 categories of regulated gas. Very little was unregulated at present.

He noted that the existing U.S. gas pricing legislation had wrongly assumed a short supply situation. It provided that only gas below 15,000 feet could be sold at unregulated prices. The legislation needed to be changed. He thought a decontrolled system of pricing would result in a cheaper price for consumers in the long run. In his opinion the best way for Canada to sell more gas to the U.S.

market was to move from a single border price with its city-gate reference to a system based on the well-head price plus the cost of transportation.

The Canadian spokesman pointed out that Canada had been a stable and secure source of supply for the United States. The Canadian share of the U.S. market had remained pretty constant at about 4% in recent years despite differences over pricing. She inquired how the United States would be able to put good delivery systems in place without a good price.

The U.S. Senator agreed that some certainty in the rate of return was necessary in order to have transportation systems in place. This rate could run as high as 19%. (A Canadian interjected that it would be the consumer who would pay for this.) The Senator also agreed that some new contract purchases were high-priced but there were still some as low as .50 cents per mcf. The weighted average U.S. price was $2.30. While he did not think the U.S. gas bubble was all that permanent, if the United States deregulated, the gas bubble would last longer. While the gas bubble has been caused by the recession, he predicted that even after recovery some effect on demand would be seen due to conservation measures. If the gas deregulation bill were not passed, the Canadian position would probably benefit. But he warned that if the U.S. did deregulate and Canada's price remained inflexible then Canada would lose more markets.

When a Canadian participant inquired how it could be in the U.S. interest to deplete all its low-priced gas and then have to use high-cost Beaufort gas subsequently, the U.S. side did not answer the question very clearly. One delegate spoke of the need of senior citizens and their desire for low prices today while another said that deregulation was the only way to get the "ends" out of producing wells.

Alaska Highway Gas Pipeline

There was a brief discussion of the situation concerning the delay in completion of the Alaska Highway Gas Pipeline. An Alaskan Senator noted the recent U.S. regulatory approval of the four-year extension of Canadian gas imports through the pre-build system. He noted that the Williams Companies had purchased control of the consortia of U.S. companies sponsoring the Alaskan pipeline system. According to this spokesman, private investors were saying that the line was not financeable at present because of gas pricing. The provision for the continued flow of the less expensive Alberta gas through the pre-build was making it unlikely that the Alaska line could be built because Alaskan gas could not be competitive. Canada itself could thereby be said to be in control of the destiny of the Alaska line.

This Senator then described an alternative scheme for Prudhoe Bay gas involving its shipment from Prudhoe Bay to Alaska's south shore where it would be liquefied and sent by tanker to Japan. There were huge reserves in the order of 27 trillion cubic feet (tcf.) of gas and Exxon had just announced a new find. However this spokesman raised the question of whether a violation of contract with Canada might be involved.

The Canadian spokesman related the unhappiness and irritation in Canada over the set-back in completion of the project. She reminded the U.S. side that the bilateral agreement had specified that the rest of the project would be built. Canada had thought it had "iron-clad" guarantees but the United States did not deliver.

Another U.S. Senator said he understood and recognized the legitimate Canadian unhappiness but noted that Canadian negotiators had known the guarantees were being given by the U.S. producers not by the U.S. Government. The U.S. Government had said it would remove the obstacles but the private consortia was unable to fulfill the commitments.

In reply to an inquiry by the U.S. side as to whether the Canadian policy for Canadian gas exports to the United States was likely to change, a Canadian delegate replied that Canada had over 80 tcf. of reserves - vast years of export gas - and it would continue to sell its surplus gas at a competitive price. He drew attention again to the flexibility in last year's pricing of Canadian gas. He also noted that the completion of the Alaska line would bring employment and construction benefits to both countries.

The first Canadian spokesman predicted Canadian policy would change on election day with a new arrangement between consuming and producing provinces but reiterated that Canada would continue to ship gas, including Arctic gas, as long as the United States could pay for it. She speculated that Canada might build its own Arctic line.

Energy Policies

A brief exchange took place over the "back in" component of Canada's National Energy Program (NEP). The U.S. Senate Energy Committee Chairman said he could understand the measures to restrict foreign ownership in the energy field but to the United States the "back-in" provisions amounted to confiscation. The result was that both investment dollars and oil rigs had moved out of Canada into the United States. He mentioned the Congressional attempts to use provisions under the U.S. Mineral Leasing Act to restrict or retaliate for the "back-in". Of immediate concern was the Sable Island development.

A Canadian spokesman pointed out that there was disagreement between the two major Canadian political parties over the "back-in" provision. He explained that the "back-in" was one aspect of a policy designed to increase Canadian control in the oil and gas sector. Under this measure the federal government exercises its right to a 25% Crown interest in all projects in the Canada Lands (the Arctic frontier areas) and off the east coast. This was considerably less than some European countries exercised in the North Sea developments. In Canada, as compared to the United States, the government has traditionally participated in the development and shared in the benefits of frontier energy exploration whereas the United States has used an auction system for leases. In the end, the "back-in" amounted to a sort of taxation not unlike the U.S. windfall tax. The federal government considered it must have more than a 8 or 9% return on the oil industry. Very rich tax right-offs were provided for energy development in Canada, in some cases up to 110%. In general, the Canadian petroleum policy was quite popular both in the eastern and western regions, this delegate observed.

Another Canadian participant agreed that the "back-in" amounted to a production royalty or type of taxation. She said that while the Progressive Conservatives did not oppose such a tax, they objected to its retroactivity. In particular it was wrong to tell the Hibernia producers that they must cede 25% after they had made the discovery and signed the contracts etc. This spokesman acknowledged that the situation was made more complex by the fact that the provinces approved of the "back-in" and Newfoundland even wanted a 40% rate. This participant warned that it would be counter-productive for the United States to threaten Canada with restrictions or retaliation in an election year. She spoke very critically of the divisive impact which the NEP had had on the country as a whole, leaving a deeply felt bitterness in the Western sedimentary basin area. She agreed that the result had been huge capital outflow, perhaps as much as $20 billion accompanied by lost investor confidence.

Electricity

In contrast to previous years, the subject of Canadian electricity exports to the United States evoked considerable interest among U.S. delegates. Discussions covered both possible problems as well as areas for future co-operation.

The Chairman of the U.S. Senate Energy Committee began by noting the recent significant increase in Canadian electricity exports, both from Ontario's nuclear-based plants and from British Columbia's hydro developments, to U.S. markets. In the U.S. Pacific Northwest however, there was currently a sizeable electricity surplus which affected the market for the huge Bonneville Power Company. Bonneville was now resisting the use of its transmission lines for the

transport of B.C. electricity to California markets. A related factor was the failure of a Washington State public supply system which had involved very large losses to bond holders. The result was that new power generation in the area would be about five times more costly than the old. Consumers would naturally react negatively and compare the prices to the cheap power B.C. could generate based on Columbia River dams built in the 1930s. Costs of current thermal coal or nuclear generation of electricity were extremely high, particularly the capital investment. The cost of production of electricity itself, once the capital outlay has been made, was almost nothing.

Reacting to the implications of the Senator's remarks concerning B.C. electricity exports, a Canadian participant from B.C. wondered why the United States could not accept, for electricity imports, the same deregulated, flexible price based on market determination which it advocated for natural gas imports. Electricity was a matter under provincial jurisdiction she noted. B.C. had miscalculated demand and has built a huge surplus electricity capacity including the Revelstoke project which would be entirely surplus for the foreseeable future. If there was a problem for Bonneville in allowing B.C. electricity to be transmitted south through its transmission lines, why does Bonneville not buy B.C. electricity and ship it itself to the California market, she asked.

The U.S. Senator predicted that the current surplus in the Northwest would not last and was very sceptical over current projections that the United States would not need electricity. On the contrary he estimated that consumption of electricity would expand more rapidly than for energy sources generally (which is projected at 3% a year compounded). Even with energy conservation measures, the United States may be faced with "terribly long lead-times" particularly in the light of the present U.S. slow-down on nuclear-based generation. A 20% reserve capacity was the optimum situation according to the utilities. This delegate stressed the great need for a U.S. national policy. Another U.S. delegate suggested that in the Northwest, Alberta gas might eventually be displaced by electricity.

A second Canadian participant commented that, in contrast to the Northwest, Canadian electricity exports to the U.S. Northeast met little competition from U.S. utilities. In fact New York state and some New England states seemed to be encouraging the purchase of imported electricity. Exports from Ontario's and New Brunswick's nuclear-generated electricity and Quebec's and Newfoundland's hydro electricity were available for this market and could provide a stable and secure source. Firm, long-term contracts were possible. Moreover, there were huge Canadian potential hydro sources in the James Bay area and Labrador. It was, however, politically difficult at present for Ontario to build another nuclear plant dedicated for export. This delegate inquired whether there were any foreseeable U.S. bottlenecks or regulatory impediments

to stand in the way of increased electricity trade. He noted that the sales were usually on a utility-to-utility basis.

The U.S. Senator agreed that New York state and the other north-eastern states seemed comfortable with their dependency on Canadian electricity. However, he wondered how such increased Canadian electrical exports would affect the potential, in northeast markets, for Canadian natural gas exports when the Trans-Canada gas pipeline was completed and when Sable Island gas came on stream.

A New York Congressman confirmed that in his state the authorities, including the Governor, were turning to increased Canadian electricity imports because of public opposition to nuclear-generated electricity. New York state was very dependent on costly imported oil.

A Canadian Senator noted that the New England Governors and Eastern Canadian and Maritime Premiers have been actively discussing increased co-operation in electricity trade for some time. A Vermont Senator added that a Quebec-Vermont electricity agreement had been signed that very morning. Some potential problem areas were mentioned. The Canadian Senator observed that energy could be lost when transmission lines were stretched over too long a distance and the Vermont Senator noted that the path of the transmission lines from Canada through Vermont would go through Vermont's most scenic area. There would have to be trade-off between the environmental concerns and economic growth. When the Vermont Senator observed that Vermont was dependent for energy on imported oil and nuclear generated electricity, a Canadian spokesman interjected that if Canada doubled its electricity to the U.S. Northeast, that area could reduce its oil imports by one-half.

A U.S. Senator from Alaska made the point that there was an important mining industry in states such as Ohio which needed to be protected. He added that Canada could be perceived in the United States to be pressing for U.S. acid-rain controls as a way to increase Canadian export markets for electricity.

On the question of regulatory impediments, the U.S. Senate Chairman said he foresaw no such problems in the United States for increased electricity imports. There was no basis for U.S. federal intervention on imports. Rather, imports would be more affected by state regulatory policies and by economic considerations. There would only be a problem if Canada tried to maximize the situation by instituting a retroactive regime like the "back-in", or a restrictive taxing policy. Very long-term agreements, maybe even treaties, were desirable. The important thing was that the contracts were firm and relatively unchangeable. When a Canadian participant remarked that Canada's taxation

policy must be its own and could not be dictated, the Senator replied that the United States could not be put in the position to be held hostage to Canadian exports. Another Canadian commented that the provincial utilities would, of course, be selling electricity at market-competitive prices.

A discussion of the outlook for new nuclear-based generation plants covered the widespread public opposition to nuclear plants as well as the inability of the public to distinguish between nuclear weapons and nuclear power establishments. The Vermont Senator observed that 85% of Vermonters opposed nuclear power yet 60% of Vermont's electricity was from this source. A Canadian Senator cited the growing public opposition to a nuclear facility in New Brunswick, particularly to the idea of its production of electricity for export. On Prince Edward Island, public perception had even stopped an underwater transmission line because the electricity was sourced in a nuclear plant.

Several U.S. delegates who said they were biased nuclear power advocates, deplored the factors which were inhibiting U.S. nuclear power development, particularly, the regulatory procedures which had resulted in exorbitantly high interest rates, in construction costs five times higher than estimates, in lengthy law suits against the companies, and in the fact that U.S. nuclear plants were taking 14 years to complete while France could build the Super-Phénix in 8 years.

Finally, the group speculated briefly on the impact of a possible interruption of Middle East oil supplies resulting from events such as the closing of the Straits of Hormuz, a revolution in Saudi Arabia or blackmail by President Khadaffi of Libya. The U.S. Senator suggested that if the interruption were total, there would be war. If there were a marginal interruption or an incremental slow-down in supplies, the difficulties for the economy could be immense. He could easily forsee the oil price going to $100 a barrel.

B. DEFENCE

Bilateral Issues

(i) Modernization of North American Early Warning System

Discussions on the modernization of the NORAD system dealt not only with the requirements for such modernization and the status of the joint planning but eventually encompassed much broader issues such as the Canadian share of and

access to advanced technology, U.S. reactions to Canadian criticisms of the Grenada invasion and the level of Canada's NATO participation.

Opening the discussions, a Canadian Senator reviewed the situation in North American air defence over the past several decades leading up to the current modernization requirements. The DEW and Pinetree radar warning lines had been built originally to cope with the Soviet bomber threat but in the 1960s and 1970s the predominant threat was perceived to be the intercontinental ballistic missile. The effectiveness of the air defence radar systems declined. But the Soviet Union's bomber force was not reduced and Soviet Backfire and Blackjack bombers are now perceived as significant threats. Some observers even consider that the threat from these Soviet long-range bombers is equal to the ICBM threat in that they can provide a surprise element and are more flexible than missiles.

The Senator explained that faced with the present DEW line which only monitors on a line-of-sight basis, Soviet Backfire bombers could come in undetected at 600' altitude, then zoom up to 40,000' and release their cruise missiles destined for U.S. bases and silos before encountering the Pinetree line. He also noted in passing that there were many radar 'holes' between the DEW line and the Pinetree line on the east and west coasts.

Several years of bilateral negotiations have already taken place on how to proceed and to finance the necessary modernization. Included in the overhaul are plans to replace the old vacuum-type radar system on the line with modern solid-state equipment. Over the years, Canada's participation in NORAD in both manpower and funding had been about 10% of the total cost, the Senator said. While the bilateral negotiations are nearing agreement, there was concern in some quarters in Canada that the United States might choose to "go it alone" and that Canada might be left on the sidelines on the DEW-line updating. What level of priority and commitment was being given in the United States to the modernization schedule the Canadian Senator inquired.

A Congressman said he was surprised by the Canadian concerns since he had heard from the U.S. joint chiefs of staff that they were pleased with the negotiations and he understood a joint cost-sharing plan had been worked out. He added that there could be some problems related to the industrial offsets being pressed for by Canada.

Another Canadian Senator asked about the recent statement to Congress by the U.S. Defense Secretary in which he appeared to present a 'go-ahead' on the modernization even without a formal agreement with Canada. She inquired

whether Congress was likely to delay approval. In reply, the Congressman said Congress could always present difficulties but he appeared to downplay the likelihood of Congressional roadblocks. A U.S. Senator noted that currently the bilateral negotiations were still in the hands of the President and had not yet reached Congress.

There was no doubt, said another U.S. Senator, that a strong requirement existed to upgrade the North American defence systems. The U.S.S.R. had a "break-out" capability with its Backfire bomber and its ICBMs and SLBMs. Concern over gaps in the radar defence was justified. He noted the U.S. plans to install a sophisticated "over-the-horizon" backscatter radar system which would cover the eastern, western and southern U.S. coast.

The Canadian spokesman noted that the northern air defence modernization plans were only part of a huge $7 billion program to upgrade all aspects of North American defence. Included also would be spending on AWACS (Airborne Warning and Control Systems), possible expenditure to fill in the significant surveillance gaps along Canada's east and west coast and the U.S. satellite surveillance program. In respect to the satellite surveillance system he pointed out that there was actually a school of thought which held that the satellite warning system was so far advanced that an upgrading of the ground warning system against the bomber threat would not be necessary. However he noted the two governments seemed to be in agreement that at present and probably for the next 10 to 15 years, the satellite system would not be able to perform the job required.

The Canadian Senator raised the question of a Canadian involvement in the satellite program. While Canada had had some past experience in satellite technology, he said, there was some concern that it could be left out of the current U.S. military program. Canada would like to co-operate, probably in some specialized projects, and was naturally interested in the spin-off benefits related to the advanced R&D involved. In connection with the sharing of advanced technology, another Canadian Senator commented that Canadians were sensitive to the increase of U.S. limitations on Canada to access of such U.S. technology. Canadians who were trustworthy allies were being treated like major security risks, she said.

The Congressman replied that these restrictions had not been aimed in a discriminatory way just at Canada but against other allies as well. The Department of Defense was very nervous about sharing its state-of-the-art technology even with large U.S. companies.

The U.S. Senate spokesman referred to the Canadian argument that as a trustworthy ally, Canada should not face restriction. "Trust was a seamless argument", he said, and the United States had noted the divergence of Canadian foreign policy from U.S. policies vis-a-vis Vietnam and the U.S.S.R. as well as its criticisms over the Grenada invasion. But the Canadian Senator rejected this argument saying that Canada, as a sovereign state, must have its own independent foreign policy. Sometimes Canada had to express its independence distinctly, even emotionally, but never should this be interpreted as a cause for distrust between the two nations. Vietnam, he said, had been more criticized within the United States than by Canadians. But the U.S. Senator reiterated that the more the United States is questioned in one field, the less forthcoming it was likely to be in another.

Another U.S. Senator commented on the low level of Canada's NATO contributions, lower than all countries except Luxembourg. Friends have to share burdens he said. A Congressman warned that the two countries were "in this together" and the Russian hardware was going to hit Canada first.

The Canadian Senate spokesman responded that comparisons of NATO contributions were difficult to assess correctly. Naturally the United States which had assumed a world-wide responsibility was going to carry a large burden. But the European allies were the countries under the gun whereas Canada was not. Why should Canada maintain the same proportion of troops as West Germany, he asked. While it was true that Canada had gone through a period of declining contributions, this had changed in the past three years. The Senator referred to the Canadian acquisition of patrol frigates, the F-18's, the Aurora patrol plane, the Leopard tanks and other small arms and field tactical equipment. He himself was deeply concerned that Canada should carry its load and he considered it was doing so at present.

But another Canadian delegate disagreed and asserted that NATO looked on Canada as a free rider. He quoted a U.S. commentator on Canada's NATO participation who had written that "collective defence should be truly collective". The delegate himself characterized Canada's contribution as "pathetic", saying it was ironic that there were Canadians who talked independence when they were completely dependent on the U.S. defence efforts. According to polls, 65% of Canadians think Canada should take a stronger role, he said.

The U.S. Senate spokesman reminded delegates that the United States had a deficit of nearly $200 billion and it was spending $300 billion a year on defence, although there could be some future cut-backs. It was estimated that

U.S. defence expenditures in Germany alone supported over a million people. Canada should help the United States shoulder the burden he said. But a New York Congressman agreed that Canada had recently increased its defence spending. Very few Western European countries were meeting the 3% growth in spending but Canada was. The recent report of the Canadian Senate subcommittee on National Defence had also spelled out that Canada was beginning to move.

A Canadian parliamentarian compared defence contributions on a per capita basis. Canada's was estimated at $230 per capita whereas Western European countries were listed at $308 per capital. But the latter figure included the expenditures of certain countries on a war footing such as the U.K.'s costs in the Falklands war and the Greek and Turkish defence expenditures in a constant state of tension. Moreover, it must be remembered that Canada had no defence production of its own to speak of except for some special offset projects involved in the F-18 purchase. This meant Canada had to purchase defence equipment. Further, while Canada contributed men and equipment to European defence the only participation of NATO in Canada was to use it as a training ground. His constituents, he said, would favour increased defence spending but he doubted that a change of government in Canada would actually result in much change in Canada's defence spending levels because of the large budgetary deficit. The problem boiled down to what program could be cut back; health? support to senior citizens? He doubted it.

(ii) Restrictions on Sensitive Military and Industrial Technologies

Although this subject had been broached in the preceding discussion on North American air defence modernization, a fuller exchange of views took place subsequently. Canadian spokesmen registered their concerns that Canadian firms were being excluded by restrictive U.S. measures aimed at stemming the flow of sensitive industrial and military technologies to the Soviet bloc. They urged that Canadian firms be given preferential treatment as a NORAD partner in a joint North American defence effort. The U.S. side recognized that there may have been abuses in the exclusion of Canadian firms from conferences or briefings but gave no assurance that preferential treatment for Canadian firms was likely to be forthcoming.

The Canadian spokesman opened the discussion by making the following points. Canada has had a long-time special relationship with the United States in trade in defence and defence-related industrial goods and Canada would like it to continue. At present, trade in defence products was running at over $1 billion a year each way. But the spill-over from recent U.S. measures to restrict

technology transfers to Eastern Europe could seriously affect the outlook for this bilateral trade as well as the future competitiveness of Canadian firms in this field. Canada considered its firms were being unfairly restricted from access to conferences and seminars at which prerequisite information for contract-billing was discussed. Canadians were being denied access to and participation in technology transfers and had been restricted from access to classified information.

Specifically in the defence field in respect to the CF-18 which Canada has purchased from the United States for NATO purposes, it has proven extremely difficult for Canada to obtain the required data. There were also problems associated with the purchase of the Towed Array Sonar for fitting on the Canadian patrol frigate and for getting relevant technology associated with the Sea Sparrow missiles.

In the industrial field, continued this delegate, Canada was concerned over restrictions in the very high speed integrated circuit program (VHSIC). These U.S. controls will put Canadian firms at a serious disadvantage as they will be unable to bid competitively against U.S. firms in the electronic field. With its very open 'freedom of information' procedures, this spokesman suggested that perhaps the United States was 'leakier' than Canada in respect to the outflow of military and industrial technologies to the East bloc countries.

A Congressman responded that this issue was legally a very difficult one. It was particularly tricky for the United States to give any one country preferential treatment. U.S. industry spokesmen complained when Canadian firms were seen to have acquired sensitive U.S. technologies. The procedure now was going to have to be on a case-by-case basis. This spokesman recommended that the best approach for Canada was to continue to protest in Washington, to keep the pressure on.

A Canadian member said that as a close ally and neighbour of the United States, Canada should be in a special category and be able to get preferential treatment. Another U.S. Congressman stated that in respect to Canada's complaint that its firms were being excluded under the 'no foreign' designation from conferences and pre-contract briefings, the United States was now recognizing that there may have been unfair treatment. The Department of Defense was taking measures to remedy such abuses. While preferential treatment for Canadian firms could not be assured, he said, each case would be examined to make sure they receive "the access to which they are entitled".

A Canadian Senator urged a 'special deal' for Canada. He emphasized that Canada was a special case in respect to defence-sharing arrangements; that Canada was the NORAD ally of the United States; no other country was in NORAD; that Canada was buying the F-18 for use, among its other tasks, in the NORAD context but it has had an extremely hard time getting the necessary data associated with it. Moreover, Canada had requested to purchase the Towed Array Sonar for its frigate in order to make the joint defence effort more effective. Restrictions on such purchases as these could only hamper a North American defence program.

Multilateral Defence Issues

Arms Control and Deployment of Nuclear Missiles

A lively exchange of views on nuclear weapons deployment and disarmament issues touched on the prospects for the resumption of INF and START talks, the dangers of confrontational rhetoric, the reaffirmation of Canadian support for deployment, the costs of defence efforts in both countries and the need to emphasize that the United States was ready to resume negotiations and was urgently seeking a reduction in weapons.

Opening the discussion, a Canadian parliamentarian said Canada was supportive of the United States in the deployment of nuclear missiles in Europe. But he advised the United States to emphasize, for public opinion, that it was the Europeans who were pressing for this protection. Resistance to deployment had been fanned by mistakes made by President Carter as well as by Reagan's comments in November 1981 concerning a "limited nuclear war" in Europe and these had been detrimental to the solidarity of the NATO alliance.

A U.S. Senator considered that the deployment of the Pershing and Cruise missiles in Europe was a major set-back to the Soviet Union and a victory for NATO. Chancellor Kohl's recent visit to Washington had revealed that he was more supportive than ever and that the German electorate's opposition to deployment was diminishing. The five-year deployment schedule would allow enough time to reach an agreement on the reduction of intermediate-range nuclear forces. He noted that while the Soviet Union had taken a hard line in respect to the INF talks, it had not been as categorical respecting the talks to reduce strategic nuclear weapons (START). The possibility of merging these two negotiations has surfaced but the U.S. Government thinks the discussions could become too complex if combined.

From the Soviet perspective, the question was whether they wanted to give President Reagan a political boost at this time by resuming negotiations on INF and START. But it was inevitable in face of the firm stand taken by the United States and its allies that the Soviet Union would eventually want to come back to the negotiating table. Commenting on START, the Senator said that while the United States was now quite flexible, he thought President Reagan had been slow in returning to the negotiations.

In other areas, the Soviet Union has agreed to resume the talks on mutual and balanced force reduction (MBFR), to participate in the Conference on Security and Co-operation in Europe (CSCE) at Stockholm and in the Committee on Disarmament in Geneva. In addition they have made a positive proposal in respect to a chemical weapons free zone, this Senator continued. He was somewhat critical of the Administration's strong confrontational tone, but noted an improvement since January in both the relations and rhetoric and said there were currently new bilateral talks on upgrading the hot line. The United States needed to reiterate that it wanted peace and that it was now ready to negotiate with the U.S.S.R. with confidence.

The Senator noted that while the United States shared Prime Minister Trudeau's deep desire for peace, there were criticisms respecting his 'exotic travels' and he wondered if the whole thing could not have had a divisive effect. Would it not have been more appropriate to map out the peace initiative as a strategy of the alliance he questioned. He inquired what the Canadian public opinion view of the arms race was.

The Canadian spokesman said that a poll in his area had revealed 65% were in favour of Cruise testing, 91% wished to stay in NATO and 90% see a special relationship between the United States and Canada. But he reiterated that President Reagan's statement about a limited nuclear war had caused difficulties. This delegate wondered whether a build-up of conventional forces was not the best way to achieve a balance in Europe at the moment. Canada has had 3,500 to 5,000 troops in Western Europe but he thought there should be more.

Another Canadian commented that defence was costing Canada $9 billion out of a budget of $96 billion and the government was committed to a 3% increase in defence. It would be difficult for any Canadian government to increase its 5,000 troop in view of the large national deficit.

Another U.S. Senator said he thought the press had taken President Reagan's remark on 'limited nuclear war' out of context. Defending the deployment of missiles in Europe, he said the Europeans wanted the Pershing and Cruise missiles because they perceived an imbalance. Moreover, if the United

States did not want to reinstate the draft, it had to go to tactical nuclear weapons. And the United States could not say that it would not use them because if it did, they would no longer be a deterrent. This Senator reiterated that the United States was very serious about achieving a resumption of the negotiations and was extremely concerned over the proliferation of nuclear weapons. While one should be critical of treaty violations this should not stop the process, he added.

A Canadian member remarked that Canadian public interest in defence issues had increased substantially because of the nuclear deployment issue. He expressed concern over President Reagan's 'limited nuclear war' remarks as well as the escalation of the Korean Air Lines (KAL) incident, noting Prime Minister Trudeau's attempts to cool the issue. But the first Canadian spokesman strongly deplored Prime Minister Trudeau's terming the shooting down of the KAL plane as "an accident".

A U.S. Congressman was hopeful that there could be 'a new beginning' in respect to negotiations in the wake of the contacts made at the Andropov funeral. However, it was unlikely the U.S.S.R. would want to get back to negotiations until after the U.S. election. He reiterated the United States' desire for less nuclear weapons. He himself thought that although the press had made President Reagan look 'trigger-happy' over the KAL incident, the President had actually cooled the situation.

A Canadian member commented that he thought the Russians would want to negotiate well before all scheduled missiles were in place and a U.S. Senator agreed that deployment could be halted at any time.

A Canadian Senator defended Prime Minister Trudeau's description of the shooting down of the KAL plan as 'an accident', meaning it was not a pre-planned military exercise. The word had to be seen in context. This participant closed the discussions by reminding delegates of the recent horrifying escalation of defence measures such as the use of chemical warfare in Afghanistan and in the Iran-Iraq war. These examples of how far countries would go to defend themselves in the face of external threats should be a warning to NATO and the Warsaw Pact which keep on building weapons.

The Trudeau Initiative

This subject was put on the agenda by the U.S. side. A Canadian described the rationale behind the initiative, its main objectives and some possible results. There was a brief follow-up discussion.

A Canadian Senator began by explaining the background to Prime Minister Trudeau's initiative. The polls in Canada had shown a decrease of Canadian confidence in U.S. leadership in the face of the East-West tensions and the lack of progress in arms control. While there had been a strong commitment to peace at the Williamsburg Summit, subsequent events such as the KAL incident and the near breakdown at the Madrid CSCE meeting led the Prime Minister to fear a strong possibility of a resort to force. These setbacks as well as the date for his own retirement from political life explained the timing of Mr. Trudeau's initiative last fall.

That Mr. Trudeau chose to take action while in office resulted from his observation of the work of other statesmen such as McNamara and Brandt who had tried to achieve progress after they had left office with very limited results. Mr. Trudeau was determined to use the prestige of his office while in power to try to move events forward.

In reference to an U.S. Senator's earlier criticism of Mr. Trudeau's 'exotic trips', the Canadian spokesman said the real purpose of the wide-ranging travel had been to touch base not only with those leaders on 'our' side but as many on the 'other' side as possible. Moreover, he had wanted to galvanize both the Warsaw Pact and NATO foreign ministers into action. Mindful of the fact that each side had enough weapons to destroy each other's cities 50 time over, Mr. Trudeau had wanted to bring the five nuclear powers together, to strengthen the nuclear non-proliferation treaty (NPT), and to get peace at the top of the nations' agendas. He has told President Reagan that his 'message of strength' was not getting through to the other side while to the Warsaw Pact countries he made it clear that no one was taking their harsh rhetoric seriously.

As for results, while Mr. Trudeau did not want to claim the credit for subsequent events, nonetheless some credit could undoubtedly be attributed to his efforts. This was so if one looked at the Commonwealth Conference's endorsation of his objective, the Foreign Ministers' meeting in Stockholm, the NATO declaration, the Stockholm meeting of Gromyko and Shultz, the NATO review for the MBFR meeting of March 16, and the fact that after her discussions with Prime Minister Trudeau, Mrs. Thatcher had gone to Eastern Europe with a changed message from her earlier hard-line approach. Moreover, a new feeling of consensus could be discerned among middle powers that they themselves should get involved and try to exercise their influence on this crucial issue.

The Senator added that three additional proposals had been associated with Mr. Trudeau's talks. They were a ban on testing and deployment of anti-satellite

systems; restrictions on the mobility of ICBMs; and a requirement to verify future strategic weapons. In conclusion, the Canadian spokesman emphasized that Mr. Trudeau's main objective had been to try to lower the confrontational decibels and that his initiative in no way weakened Canada's commitment to NATO. A Canadian member re-emphasized Canadian solidarity with NATO. The initiative certainly did not represent an attempt to pacify the Soviet Union and Canada, in fact was testing the cruise missiles in its territory at present.

The Progressive Conservatives supported the Trudeau plan, observed another Canadian delegate, but he said he was critical of the Prime Minister's remarks at the Davos Symposium in which he had appeared to be questioning the validity of the nuclear response and whether the United States would come to the aid of its European allies.

A U.S. Senator commented that there was some misapprehension in the United States that such an endeavour would only heighten the public feelings of fear and crises. There was also the possibility that Mr. Trudeau's initiative was perceived as a type of peace plan which would weaken the West's position. Finally while he welcomed Mr. Trudeau's effort to speak to the Iron Curtain totalitarian countries, he doubted that it would be effective. However, a Canadian member said such visits by a western leader should be seen as a possible way of undertaking the very difficult task of mobilizing public opinion in East Bloc countries. Moreover, discussions with these countries' leaders had evidently had the effect of making them feel they had a responsibility to speak out for themselves on arms control and east-west tensions.

Multilateral Issues

Delegates on Committee II joined with those on Committee III for discussions on two international issues, Grenada and Central America and the Middle East. For a summary of these discussions please see the end of Committee III's summary of discussions.

COMMITTEE III - ENVIRONMENT AND MULTILATERAL ISSUES

I: Border, Environment and Fishery Issues

St. Lawrence Seaway (Extension of Navigation Season)
Ross Dam/Skagit
Flathead River
The Garrison Diversion
Acid Rain
Toxic Wastes
Cyprus-Anvil and the White Pass-Yukon Railroad
West Coast Salmon
Ontario Sports Fishing

II: Multilateral Issues (with Committee II)

Grenada and Central America
The Middle East

I: BORDER, ENVIRONMENT AND FISHERY ISSUES

St. Lawrence Seaway (Extension of Navigation Season)

A Republican Congressman from New York State began the discussion by saying he had thought this issue was put to rest when "suddenly it just popped out of committee." He assured Canadian delegates that there was a lot of concern about the proposal in the United States and would be plenty of action taken before it came to fruition. He understood the Canadian concern, in particular at the affront of "big brother taking unilateral action." He went on to say that the proposal was opposed in the U.S. on a number of grounds: it would entail substantial investment, the environmental concerns are "enormous" and there is no economic justification for it. He then listed numerous and powerful interests in the U.S. which have expressed their opposition and concluded by saying: "I don't know who's bill this is but I urge Canada to express its opposition and give the legislation the funeral it deserves."

A Republican Congressman from Minnesota began his statement by saying it was his bill. He referred to a report by the U.S. Corps of Engineers as the basis for the proposal and said that the extension of the season would mean a great deal to agricultural shippers as well as to U.S. Great Lakes ports, including the City of Detroit. He acknowledged there would have to be environmental impact studies but assured the Canadian delegation that the Corps of Engineers was continuing to study various ways to expand the capacity of the Seaway. He concluded by saying that the two sides should cooperate in choosing the most cost-efficient approach.

A Canadian Member responded that Canada was strongly opposed to any extension until after environmental and other studies had been completed. Among other issues, the effect of repeated breakup of ice would have to be studied. He went on to say that there were no Canadian plans to extend the season because the present system was underutilized. Rather, the Canadian focus was on improved utilization of the existing season. The Minnesota Congressman interjected to say that the United States could implement nothing that Canada was unwilling to implement and he agreed that more study was needed.

The Republican Senator from North Dakota next joined the discussion by stating that the critical issue was the rate structure and tolls on the Seaway. He noted that Congress had just forgiven considerable debt on the system and argued that before looking at season extension, there would have to be increased utilization during the regular season. A Canadian delegate agreed with this and went on to point out that Canadian users were opposed to the proposal because, under Canada's user pay approach, they would bear the costs of extending the season. He emphasized that Canada was worried that the present environmental assessment was inadequate, particularly with respect to the effects of prolonged and repeated ice breakup on hydro generating stations. He stated that there was also a concern that winter traffic and additional dredging would stir up toxic wastes in the Seaway.

The U.S. Co-Chairman of Committee III said winter navigation was "pre-eminently a Canadian problem" because five of seven locks in the system were on the Canadian side and Canada had been the driving force behind the building of the Seaway. He suggested there was no pressing economic need for winter navigation and that the environmental and other concerns would first have to be settled. The New York Congressmen who had opened the discussion now closed it by noting that the head of the U.S. Seaway Authority was opposed to the proposal on the grounds that the current system was only working to 40 percent of capacity.

Ross Dam/Skagit

A Member of Parliament from British Columbia opened the discussion by saying that, fortunately, this issue had been resolved. The only remaining concern was ratification of the treaty by the U.S. Senate. He remarked: "We want to impress on you the importance of expeditious ratification." The U.S. Co-Chairman said that he did not know if the treaty had yet been submitted to the Senate and requested U.S. staff to make inquiries. It was reported back that the treaty was expected to be signed by the President in April and to be approved by the Senate in this session (by October).

Flathead River

The Member from British Columbia opened this discussion by saying that Canada agrees the U.S. has legitimate concerns about the proposed development of two coal mines on Cabin Creek near its confluence with the Flathead River (10 km north of the international boundary). He described the plans as involving major strip-mining operations which could have significant environmental impact. The issue between Canada and the United States concerned standards, with the United States demanding "pristine standards" and Canada prepared to guarantee "normal" environmental standards. Having described the issue, the Canadian delegate then stated that the United States really had little to worry about because it was unlikely the project would ever get off the ground. As evidence for this, he cited current soft demand for coal and British Columbia over-capacity as the result of a major new coal mining operation in the north-eastern part of the province.

Another Canadian delegate added that if the project ever did go ahead, Canada would take environmental precautions. The British Columbian Member underlined the point by saying there were very stringent environmental standards in British Columbia, more so than in other parts of Canada. He assured the U.S. delegates that Canada recognized U.S. concerns and would guarantee minimal environmental impact.

The Garrison Diversion

The Canadian Member who began the discussion introduced himself as a Winnipeger who felt that Canada and the United States had come a long way during the past year in negotiating their differences over the Garrison. He described the Canadian concern by using the analogy of a car being assembled, one piece at a time. "As long as the engine isn't put in, there is no pollution. But there is a reasonable belief that installation of everything else is leading up

to the engine. We fear that all the parts of the Garrison, when put together, will be of danger to Canada." He suggested that, for this reason, the Joint Technical Committee would prove very useful in monitoring the situation closely and contributing to constructive negotiations.

The Democratic Senator from North Dakota spoke next. He said that he was pleased to hear that Canada was now willing to monitor the Garrison project and remarked that the United States had "bent over backwards" to reassure Canada. He described the concern about biota transfer as "just a theory so far" but, nonetheless the Garrison project would be confined to those parts of the watershed that flow south. The Senator then quoted at length from an August, 1983 editorial in the Winnipeg Free Press which criticized the Canadian side for refusal to accept U.S. invitations to participate in scientific monitoring of the Garrison. The Canadian delegate who had opened the discussion replied that the Joint Technical Committee had been formed and had met since the date of the editorial.

A second Manitoba Member joined the discussion to point out that joint meetings had been postponed at one stage because of Canadian surprise and anger at the U.S. decision in August 1983 to award the Lonetree Dam contract in advance of consultations. Canadians were also upset by the large additional appropriations ($53 million) approved by Congress in 1983. He remarked that it was essential the project move slowly. "The Technical Committee may reassure us or it may not. But every time there is a surprise it is bound to scare us. You must know that." He then went on to remind the U.S. delegation that fishing and tourism was a major industry in Manitoba.

The Republican Senator from North Dakota now joined the discussion by saying that the two sides had come a long way. He remarked: "I don't blame Canadians for being uptight. The environmentalists have ginned up some pretty frightening arguments". He suggested that many of the facts being used were not quite factual and, therefore, the Technical Committee would prove very beneficial. "Never before have you taken us up on our invitation to send scientists to monitor the project. We are glad you have now done so." He expressed confidence that solid scientific evidence would allay Canadian fears, citing a report of highly qualified engineering consultants which had concluded that water quality would be improved by the project. He noted that the IJC report on the Garrison had said only that <u>if</u> there was foreign biota it might be transferred, it did not say there was such biota. He pointed out that Americans were as concerned as Canadians not to foul their own water. "We think it is safe but we will proceed phase by phase. Let your scientists come and see for themselves." He concluded his remarks by saying that North Dakota needed the

project and the stream flow enhancement it would bring. "This project has been justified for a long time. We are happy that Canadians are now satisfied with our assurances."

The two Canadian delegates who had spoken earlier now impressed upon the U.S. delegations that not all had been solved by the appointment of the Technical Committee. Canadian apprehensions and fears remained. They stressed that in joining the Technical Committee, Canada had only agreed to a forum in which concerns could be identified and, hopefully, resolved. The Republican Senator from North Dakota concluded the discussion by saying that if the Technical Committee raised a red flag "we will be the first to stop."

Acid Rain

The U.S. Co-Chairman opened the discussion of Acid Rain by telling of a lecture by Jacques Cousteau on the environmental degradation of Easter Island. He quoted Cousteau's closing words: "Easter Island is a reminder that man's creative gift is linked to his self-destruct mechanism." He suggested that Acid Rain revealed the same human propensity for self-destruction.

The U.S. Congressman went on to say that we could see Acid Rain coming, "rolling like a prairie fire." Already its effects were widespread in North American but the example of Sweden, with its 10 thousand dead lakes, stood as a warning of worse to come. He concluded his remarks: "We know the facts about the damage. I hope we can have some discussion of the costs of cleanup."

A Democratic Congressman from Maryland then remarked that it might be useful for the Canadians to know the current policy of the U.S. Administration. He referred to the testimony of William Ruckelshaus, Administrator of the Environmental Protection Agency, before the Senate Committee on Environment and Public Works on February 2nd, 1984. He suggested the main point of the testimony was that we don't know all the facts, an argument that was extremely controversial in the United States.

The Republican Senator from Vermont and Chairman of the Senate Committee on the Environment and Public Works entered the discussion to outline the current situation on Acid Rain. He reported that a fairly small number of states in the mid-west were the principal cause of the problem and that about 70 percent of sulphur emissions came from big utilities burning high sulphur coal. The prevailing wind patterns then moved the sulphur emissions east and north. He went on to say that the United States was causing about 50 percent of the problem in Canada and Canada about 25 percent of the problem in

the U.S., and that sulphur loading in the atmosphere had grown from 10 million tons/year in 1950 to about 27 million tons in 1977. Since 1977 there had been a 2-3 million ton reduction to the current level of about 23 million tons.

The Senator then turned to proposed remedies. He reported that there were a number of promising technologies, including scrubbers (100 installed to date, 40 more planned) and fluidized bed combustion. While stressing that more research on these technologies was required, the Senator described the Administration's position as amounting to benign neglect. "I disagree with my own administration's position." He then reported that the position of the Environment and Public Works Committee had evolved: whereas in earlier legislation it had proposed an 8 million ton reduction over 12 years, current legislation (approved in committee by a vote of 16-2) proposed a 10 million ton reduction over 10 years. This would amount to about a 50 percent reduction in the eastern states. The Senator went on to say that if the bill came to a vote he believed it would pass, but it faced a probable filibuster. He concluded by saying he was delighted by the Canadian decision to go for a 50 percent reduction. "It will strengthen the cause in the United States."

A Canadian Senator replied that the U.S. point of view on Acid Rain had undergone a major change in that there was far greater awareness of the problem than existed even two years ago. He went on to say that President Reagan's statement came as a great disappointment because there was ample evidence of environmental damage: in Nova Scotia alone, 9 salmon streams now had no salmon. He described the recent Federal-Provincial ministerial meeting which concluded with an agreement that Canada should achieve a 50 percent reduction in sulphur emissions but remarked that while it would do a lot of good in some areas, it would have slight effect on other areas, unless the U.S. were to cooperate. He expressed delight that Congress was continuing to work on the problem and described himself as "cautiously optimistic" that progress would be made.

In response to a U.S. Senator's question how Canada would achieve the 50 percent reduction, the Canadian Co-Chairman responded that it would require federal-provincial cooperation, with the provinces taking responsibility for utilities and the federal government for industry, including the smelters. He went on to say that the principal methods used would be investment tax credits and accelerated tax write-offs. A Canadian Member then explained that only 15 percent of Canadian emissions came from utilities which were the major problem in the United States. The Democratic Senator from North Dakota remarked that even if coal burning utilities were a small part of the Canadian problem, scrubbers should be installed. "We cleaned up our State, you should do the same."

The Senator from Vermont observed that western states were no longer producers of Acid Rain and, partly for that reason, the Senate Committee's proposed legislation did not tell industry how to clean up nor did it provide financial or tax incentives to do so. "How they do it is up to them. We just set the goals." He then remarked that electric utilities in the east could increase their rates because they were still substantially below the national average. The Republican Senator from North Dakota said that the "Stafford Bill" was simplicity itself -either clean up or shut down. The Canadian Co-Chairman was sceptical that such an approach would be enforced when the crunch came but the Senator replied that cost-sharing was absolutely unacceptable in the West. He noted that the National Conference of Governors had recommended an approach very like that of the Senate Committee.

The Co-Chairman of the U.S. delegation, a Democratic Congressman from Minnesota, then outlined the situation concerning Acid Rain legislation in the House of Representatives. He remarked that there had been a long-standing struggle between Congressman John Dingell of Michigan, Chairman of the Energy and Commerce Committee, who is opposed to proposed Acid Rain legislation and Congressman Henry Waxman, Chairman of the Health and the Environment Sub-committee, who has been trying to get legislation to the floor of the House. The major issue concerned cost sharing. The Waxman bill would provide a $3-4 billion trust fund raised by an electric utility fee levied across the 48 states. However, those states which have already solved the problem of sulphur emissions (mainly in the West) are "violently opposed" to cost sharing.

The Senator from Vermont suggested that if the House of Representatives could take some action it would greatly improve the chances of his bill getting to the floor of the Senate and, further, that if Congress passed a bill the President would not veto it. But a Republican Congressman from New York said that Canadians should not be misled about the likelihood of Congressional action. "There has been plenty of legislation approved by committee and none of it has ever gotten to the floor." This point was strongly reinforced by the Democratic Senator from West Virginia who stated that he expected no action in the rest of this session. "I am in favor of calling it to a vote myself but Senator Byrd will talk on and on and Senator Luger will talk on and on. Faced with that, I doubt that Senator Baker (the Senator Majority Leader) will allow the bill to be called up."

A Democratic Congressman from Massachusetts observed that it would be easier for the House to act if the Senate acted first. He commented that nothing had been done on the Clean Air Act for years - "A show of strength on the part of the Senate would be best." The Senator from Vermont remarked that

while there were formidable political obstacles, the major polluting states were being isolated year by year. He then suggested that closure could be used in the Senate against those who filibuster the bill. "I think the sentiment for action is growing. But I would like to see some progress in the House so I can argue for bringing our bill to the floor."

The Senator from West Virginia observed that Canadian efforts to clean up Acid Rain had been less than stringent so far but the new federal-provincial agreement was a "very positive step." He noted the difficulty of getting support in his own state of West Virginia where there were 45,000 coal-miners out of work and an overall unemployment rate of 16 percent. He argued that the costs of cleanup would have to be borne across the country. A Canadian Member interjected at this point to say that even if Canada were to clean up emissions by 100 percent, it would reduce Acid Rain in Canada by only 40 percent. He remarked that it was nonsense to say more research was necessary. "Most Americans are concerned, as public opinion polls show. Why is political will missing?" He went on to suggest that the United States seemed unable to act because of powerful parochial interests that ignore the national interest. "It would be easy for us in British Columbia to say we don't give a damn because we don't have Acid Rain. But we understand and accept that it is a national problem. I don't understand why the United States can't see the same thing." He described it as a source of increasing frustration for Canadians that an agreement in both countries' national interest could be tossed aside by a single interest group or region.

A Democratic Congressman from Florida responded to these remarks by saying that much of the research being proposed by the President would go to the development of new technologies, which were badly needed to make the solution to Acid Rain "cheaper and faster". He acknowledged that such research could and should proceed side by side with remedial action. "Certainly I don't want to use research as a substitute for action." The Senator from Vermont closed the discussion by reporting that the Environment Protection Agency had presented several options to the President but Mr. Reagan had seen Acid Rain as a no-win issue in an election year. "He wants to be neutral in a no-win situation."

Toxic Wastes

A Canadian delegate introduced this issue by stating that the major Canadian concern was over the toxic waste dump sites near the Niagara River, which could have major effects on drinking water supplies as far away as Montreal. He noted that the International Joint Commission had described the area as suffering "significant environmental degradation" caused by industry,

water treatment plants and land fill sites. He went on to describe the Canadian feeling that there was a "growing divergence" between U.S. declarations and performance and, specifically, that the Niagara River had been put on the "back burner". This feeling had been reinforced by recent disclosures that the Love Canal and other U.S. cleanup operations had been inadequately carried out, by recent budget cuts and by failure to fully use the $700 thousand Superfund grant to initiate remedial activities in "S" area. He summed up his remarks by saying that toxic wastes were an environmental "time bomb" and that unless action was taken soon, we might soon have a major drinking water crisis.

The Senator from Vermont responded by saying there had been a two-year period when Congress was extremely unhappy with the Environmental Protection Agency (EPA) for making little or no use of Superfund. More recently, however, the new Administrator of the EPA, William Ruckelshaus, had assured Congress that the EPA would carry out the letter of the law and fully utilize Superfund. The real problem, the Senator went on to say, was the estimated 15 thousand dump sites in the U.S. Faced with the enormous magnitude of the problem, it had been decided that Superfund would be extended for another five years and its funding ($700 million in 1984) doubled. He assured the Canadian delegates that in spending these funds, "the areas along the border will not be ignored". The Senator went on to say that much more attention had to be given in future to avoiding dumps sites. He reported that the U.S. was currently producing 150 million metric tons of toxic wastes per year, and that much of it went into poorly constructed and unregulated deep wells, pits, ponds and lagoons. Under proposed new legislation (the Resource Recovery Act), these sites would be built and supervised much more carefully and industry would be encouraged to reduce the toxicity of it's products.

The U.S. Co-Chairman of Committee III joined the discussion to say there were some people in the U.S. who felt the Niagara River had already received too much attention. He also said there was no question that Superfund would be continued. He reported that consideration had been given to a surtax on small producers of toxic waste but the idea had been rejected as unenforceable. It was deemed more effective to apply a levy - perhaps a waste-end tax - on the 900 prime toxic waste producers in the country.

The Canadian delegate who had opened the discussion then raised a second issue, the two-way traffic in toxic wastes across the Canada-United States border. He noted that at the present time there was greater movement into the United States, a fact that aroused fears in Canada that the border would be closed. He argued it would be unwise to do so because the most economical and effective treatment of toxic wastes had to be the main concern. The Senator

from Vermont agreed with this but wondered if there was U.S. concern about PCBs from Canada. A Congressman from New York stated there definitely was concern on the American side about nuclear wastes from Canada being shipped to a disposal site in South Carolina.

In response to a question concerning Canada's method of controlling toxic waste, the Canadian Co-Chairman stated it was mainly a provincial responsibility with the federal government having the power to regulate inter-provincial or international transport of toxic wastes. Concerning storage of nuclear wastes, another Canadian delegate reported that the preferred method was "swimming pools" near nuclear plant sites. He went on to describe the problem as "not very urgent. We will solve it."

Cyrus-Anvil and the White Pass - Yukon Railroad

The junior Senator from Alaska began the discussion by saying Alaska preferred that ore from the Cyprus-Anvil Mining Corporation continue to be carried by rail. However, he acknowledged that the future of the railroad would depend on the world price for metals. He then said that the chances of Alaska subsidizing the re-building of the railroad were "very poor," even though there were important tourist benefits to the state. He also warned that if the railroad did not re-open soon, the costs would be prohibitive. He then inquired whether and when the mine would re-open. A Canadian Member reported that a $50 million mine investment program had been launched, half of the funds coming from Cyprus-Anvil and half from the federal goverment. He observed that the mine was a pretty cost-effective operation and that a decision on its future would be made soon. He went on to say that the company apparently preferred the road to the railway as a less expensive way of carrying its ore.

The Canadian Co-Chairman of Committee III reported that, in its report the Canadian Transport Commission (CTC) had favored the railroad while Cyprus-Anvil preferred the road. He pointed out that the federal government rarely financed road construction costs except where the road had multiple uses (passenger, hauling) and that in this case road costs were far too high. He suggested that the company was just "playing hard ball" to get the best possible deal from the railroad workers.

Another Canadian Member asked whether consideration might be given to maintaining the railroad as part of a Canada-United States international park. He said it was his understanding that no Canadian government expenditures would be considered until the parties involved - the union and the company - made solid commitments to maintain the railroad but, if that condition was met, the railroad could be one of North America's great tourist attractions.

West Coast Salmon

A Canadian delegate opened the discussion by expressing Canada's keen disappointment that the draft west coast salmon treaty had failed twice, presumably because of Alaskan opposition. She remarked: "We feel our offers have been reasonable but now, once more, you are asking us to take less. We had put forth our bottom line."

The junior Senator from Alaska replied that the entire negotiation had broken down in 1983 over the Fraser River. He argued it was unfortunate the two sides could not sign what they agreed on, leaving the rest for later negotiation. "I can't understand Canada's 'all or nothing position'." He then stated that the two sides had not quite reached agreement on management of the fisheries on the Taku and Stikine rivers which flow from British Columbia through south-east Alaska. He remarked: "Canada has created a subsidized fishery on those rivers as a way of strengthening your bargaining position. And it's worked. You have proved you can control the run on those rivers." In reply to a question about the source and nature of the "subsidy", the Senator commented: "We hear it is your Department of Fisheries."

A Canadian delegate then remarked that both sides to the negotiations were "shooting themselves in the foot." He observed that salmon was an endangered species and if both Canada and the U.S. did not soon improve their fisheries management there would not be any catch. "We must take the long view. The best short-term catch may be no long-term catch." Turning to the current negotiations, he commented that in the first draft treaty, finally rejected by the U.S. side, Canada had given up a great deal, and more had been given since then. "We can't go any further." Another Canadian member underscored the point by saying British Columbia was faced with a drastic cutback in the number of it's fishermen.

The Senator from Alaska then returned to his earlier comments about the "subsidized" Canadian fishery on the Taku and Stikine rivers. He said it was obviously not a commercially viable fishery because "men are flown in and fish are flown out" and remarked that Alaska's ability to manage the run had been completely thwarted. He then repeated his suggestion that a Canada-U.S.A. treaty be signed on items where agreement was possible, leaving the Fraser and other disagreements for later discussion. To this a Canadian delegate replied that Canada would not agree to splitting off the Fraser negotiations. "In any case, how can you ask us to thrash out an agreement when we always face second thoughts forced by your parochial interests?"

The Canadian Co-Chairman then asked the U.S. delegation to explain the significance and intent of the amendment to the Pelly Amendment which would permit the U.S. to embargo certain Canadian fish products upon a determination that Canada was undermining a conservation regime for Pacific Salmon. The Republican Senator from Oregon answered briefly: "That was our negotiating club. It sits there unenforced." The Senator from Alaska then returned to the discussion by arguing that U.S. enhancement and conservation measures had been far more effective than Canadian. "The bottom line is that you have been fishing your escapement and we have not." He went on to suggest that as a first step toward an agreement Canada should continue funding of joint scientific research.

There then followed a series of exchanges on the Fraser River. The Canadian side made the following points: that Canada had negotiated in good faith on the basis of the Pacific Salmon Commission; that the U.S. had repeatedly demanded additional benefits from the negotiations. The U.S. side replied that U.S. fishermen were entitled to their historic share of the catch, or at least closer to historic share than Canada would accept; and that increased U.S. demands followed evidence of greater escapement as the result of improved management. The Canadian Co-Chairman suggested that much of this discussion of details missed the point because Canada had totally lost confidence in U.S. negotiating procedure and tactics. "We need a bottom line. We are afraid to negotiate a treaty that will be changed." It was then agreed that a follow-up meeting of politicians from the two sides might be useful. In the words of a Florida Congressman, "If we can get the politicians to sign off maybe we can get somewhere."

Ontario Sports Fishing

It was arranged to discuss matters of mutual concern between Minnesota and Ontario at a breakfast meeting. In attendance were two Congressmen from Minnesota, an M.P. from Northern Ontario and an M.P. and a Senator from the bordering province of Manitoba.

One of the two Minnesota Congressmen began by saying that his state needed help on several items. First, customs and immigration matters. The Congressman explained that for some unknown reason, Canadian customs had become tougher lately. In addition it was becoming harder for U.S. guides to obtain Canadian work permits. Second, and more important, the United States needed to persuade Alan Pope, Ontario's Minister of Natural Resources, not to count shore lunches as part of the 18 fish per-boat limit for U.S. based fishing expeditions. The Congressman explained that shore lunches were typically one-

third of the limit and thus reduced the catch to only twelve fish per boat. Third, to explore the creation of a Boundaries Water Commission for the region. "Our people are concerned that access to Canadian waters will become progressively more difficult." He also expressed frustration about the difficulty of arranging meetings with Mr. Pope.

In response, the M.P. from Northern Ontario stressed that the toughening of Ontario fishing regulations was by no means confined to U.S. fishermen. He pointed out that the fish populations in many of the lakes, including Lake of the Woods, were declining very rapidly. Shole Lake, for example, was no longer being fished at all. Faced with this situation, the Ontario government had launched a quite successful walleye restocking program and was cracking down on its own fishermen.

The other Minnesota Congressman said that it was not clear to Minnesotans what Ontario intended by its actions. Was it conservation or was it to generate more tourism for Ontario? He agreed that a joint boundary commission for the area would be useful. The Ontario M.P. said that he too thought the Commission a good idea because the area was going to be a difficult one for years to come. At the same time he expressed doubt that Ontario would support the creation of a joint commission which might have the effect of reducing provincial power. It was agreed that the two sides would explore this idea further and exchange information on restocking programs.

II MULTILATERAL ISSUES (in joint session with Committee II)

Grenada and Central America

The discussion on Grenada was opened by a Democratic Congressman who noted that Canada had not supported the U.S. intervention. He briefly reviewed the history of the intervention -the growing divisions in the governing parties, the wholly unexpected assassination of Maurice Bishop and the rapid deterioration of law and order -and explained that the President had a responsibility to protect American citizens. He went on to say that all the evidence supported a clear indication of danger to Americans. This was the unanimous opinion of Americans living on the island and when it became clear that diplomatic means of evacuating Americans were unlikely to succeed, the decision had been taken to intervene. "All in all, there was sufficient justification for the action taken by the President solely in terms of getting our civilians out safely." He then went on to say that other justifications for the

invasion (that the airport was being prepared by the Cubans for military purposes, that there was a considerable Cuban presence, that the Organization of Eastern Caribbean States had requested the invasion) had been rejected by a House of Representatives investigation. The Congressman noted that U.S. military action had been carried out very carefully and the vast majority of Grenadians supported the action. Finally, he reported there were presently only 250 U.S. non-military personnel left on Grenada and that an election had been called for this year.

Following these comments, a Republican Congressman remarked there was no question that the President had acted just in time. Large quantities of weapons, sent from the Soviet Union through Cuba, had been found on the island and it had been clear these were intended for use somewhere in the region. He noted that the American medical students were very happy to get home. "I think Grenada was one of our finest hours."

The Co-Chairman of the U.S. delegation said that at first he had been extremely sceptical of the intervention but finally had concluded it was justified. However, he added two caveats. First, the United States might have avoided the situation entirely if it had been willing to work with the late Prime Minister, Maurice Bishop. He reported that during a visit to Washington in the summer of 1983, Bishop could not arrange to see Administration officials. Second, the policy of no press coverage of the invasion was "stupid." Those qualifications aside, he concluded the invasion had been justified because of the "tremendous danger to everyone on the Island" and the evidence that the American students were hostages. Three U.S. consular officials who had travelled to Grenada on the weekend prior to the invasion to arrange the evacuation of Americans concluded that their efforts were doomed to failure. Every approach had been rejected by Grenada authorities.

The U.S. Co-Chairman then turned to the subject of Central America. He stated that he had just served as one of four senior Congressional counsellors to the National Bipartisan Commission on Central America (known as the Kissinger Commission after its Chairman, Henry Kissinger, former U.S. Secretary of State). He described the Commission's principal recommendation as an $8.4 billion package of economic and military assistance intended to generate 3 percent economic growth in Central America. He went on to say that Central America was perhaps the most hotly contested issue in the U.S. Congress. The House Western Hemisphere Sub-committee, of which he was chairman, responded to the Kissinger Commission with its own recommendations: that 95 percent of recommended funding be provided for the next two years but that subsequent funding be provided only after peace was achieved; and that military assistance

to El Salvador be conditional on the curbing of death squads and achievement of a political settlement. He went on to say that these recommendations would be taken up soon in the full House Foreign Affairs Committee but that it would be very hard to achieve any agreement. "Last year we got a bill passed 36-1 by writing it in 'Bulgarian'. This year people are even more divided and locked in. Many Democrats say there should be no money for El Salvador or Guatemala."

A Member of Parliament noted that Canada had not been asked to join the invasion of Grenada and would not have done so anyway. He did suggest that Canada might participate in a peacekeeping force and was looking at aid for Grenada in three areas: security-police services, some aspect of the airport completion and public management training programs. The Canadian delegate then commented on Central America, having first mentioned that he had travelled extensively in the region. He suggested that a military solution was not the best approach and that while some revolutionary leaders were communists, not all were. He described the Canadian approach as helping countries if they need it and not because of the nature of their political systems. He remarked that U.S. military assistance was not very helpful but acknowledged it was necessary to find effective ways of keeping Soviet and Cuban influence out of Central America. "Both sides are simply escalating the conflict. Neither side can win." In response to a question from the U.S. side, it was explained that Canadian policy tried to promote human rights without demanding democracy as we know it. A Canadian added that Canada had cut off aid to Cuba because of the export of revolution and not because of its form of Government.

Another Canadian delegate joined the discussion to say that Canada had not thought the invasion of Grenada was justified. "It is not a sufficient justification that you dislike a government." While recognizing that the United States had legitimate concerns in the region, he said many Canadians were worried by U.S. paranoia. He cited as evidence of paranoia the U.S. attitude toward the Bishop government and the building of the airport. This participant went on to say that there was not a single, unified Canadian point of view on these matters but there was fairly widespread apprehension about U.S. policy. A Canadian participant underlined the fact that Canadians, like Americans, were divided on Central America. "My constituents are split 50-50." Concerning Grenada, he stated that the Progressive Conservative party had neither condoned nor condemned the U.S. invasion. He went on to express the wish that the U.S. government would use what he regarded as the strongest justification for the action - "humanitarian intervention."

Another Canadian delegate then remarked that this was a very important subject for Canada-United States relations. He argued that the United States

had legitimate concerns and must play a leading role in the region but that it was not in the U.S. interest to prevail through force alone. Instead, he suggested, the United States should seek to persuade others, including its friends. On the matter of Grenada, the Member agreed that the security of U.S. citizens had been an important concern but Canada had received assurances from Grenada that Canadians could get out. He argued that the United States could and should have sought British and Canadian help in getting out its own citizens but instead there was evidence of U.S. interference with Canada's efforts to evacuate Canadians. He expressed serious doubt that guaranteeing the safety of U.S. citizens had been the main purpose of the invasion.

Turning to Central America, the Member suggested that there were some fundamental questions to be asked about U.S. policy. Did the United States accept that political evolution could tend toward governments other than the U.S. type? Did the United States intend to overthrow the Nicaraguan government? He suggested that every effort should be made to de-militarize the region and allow people to choose their own type of government. In response, a Congressman said that Congress had spoken to the same effect: the people of Central America should be free to chose their own governments. He then remarked: "Some of us have been saying that the United States has no right to overthrow the Nicaraguan government."

At this point the senior Senator from Alaska commented heatedly that while the issues being asked were pertinent, he questioned the propriety of the Canada-U.S. Inter-Parliamentary Group discussing an issue that was deeply divisive in one or other country. "We have not discussed the Quebec issue in these meetings. I don't think its proper to discuss Central America either". A Canadian Member responded that she failed to see the parallel between Quebec and Central America - the former was an internal Canadian question, the latter a foreign policy issue of legitimate concern to Canadians. She stressed that the purpose of the discussion was to share information, not to attack U.S. policy.

The discussion of Central America then resumed with comments by a U.S. Senator. He told delegates that more than 40 years earlier he had helped provide U.S. funding for the Pan American Highway in the hope that it would bring Central Americans closer together. He remarked: "I am saddened that this has not been so." He went on to say it was now his judgement that by becoming more deeply involved the United States would not help Central America or itself. "I now believe the better part of judgement is withdrawal."

A Democratic Congressman brought the discussion to a close by saying he did not want Canadians to think there was universal approval of the invasion of

Grenada. "A cloud of suspicion still hangs over the reasons given for the invasion." Having lived in Haiti for three years and travelled widely in the region, he believed that human rights had to be the foundation of U.S. policy and assistance. "If we abandon human rights we will betray our own heritage. And no amount of arms will suppress human aspirations."

The Middle East

Opening the discussion, a Canadian Senator recounted the impressions he had formed during a recent visit to the Middle East with a Senate Subcommittee. The group had met leaders in Egypt, Saudi Arabia, Syria, Jordan and Israel as well as Palestinians and PLO representatives. He himself had returned more sympathetic than before to the Palestinian case but also more pessimistic about a solution. A wide gulf existed between Palestinians and Israel and the only answer seemed to be mutual recognition by Israel and the PLO. There was no doubt that Arafat was regarded by the Palestinians, especially in the West Bank and Jordan, as their prime spokesman. However he noted that internal dissension within the PLO Executive Committee in Kuwait had led to Arafat's inability to follow through on the protocol he had signed last year with King Hussein giving the King some authority to respond to the Reagan Plan on behalf of Palestinians.

In Saudi Arabia, continued this spokesman, the Foreign Minister had emphasized to the Canadians the importance of the U.S. role in resolving Middle East problems but had been critical that the United States had not taken a more objective view. Prince Saud had also had an unwarranted expectation of Canadian influence on U.S. policies.

In respect to West Bank settlements, the Canadian Senate spokesman said it was evident that Israel was pressing ahead, making it virtually impossible for an Israeli withdrawal from the area to take place. Arab leaders had been blunt in saying that the United States should have applied more pressure on Israel by withholding military aid. However in a U.S. election year, given the large Jewish population in some districts, the Senator concluded that such U.S. action was unlikely.

Another Canadian Senator wondered what were the prospects for the peace process under the Camp David framework and/or the Reagan Plan. He observed that Canada maintained low-level official contacts with the PLO.

A Canadian Member of Parliament then described his recent meetings in the area as part of another Canadian group. From Palestinians in Jordan he had heard of Israeli restrictions on West Bank Palestinians in respect to the digging

of wells, the planting of new trees, the exports of product to Europe and of the delays at the Allenby Bridge, all adding up to harassment of Palestinian economic development. As for Jordan itself, Crown Prince Hassan of Jordan had been very pessimistic. Faced with the flow of young West Bank Palestinians into Jordan which itself was already 60 percent Palestinian, Jordanians were concerned that the East Bank would become destabilized and the monarchy endangered if the demography continued to change.

In conversation with Arafat, the Canadians were told that the PLO was prepared to agree on the pre-1967 borders and on all the relevant UN Resolutions but it insisted that Palestinian self-determination would have to be recognized. Recognition of Israel would have to involve mutual and simultaneous recognition of the PLO following along the lines of the EC Venice declaration of 1980. Arafat reminded the group that in 1977 the PLO had approved the Vance-Gromyko proposals for a peace conference of all the parties including Israel but that Israel had rejected the idea. Moreover, the White House had backtracked only 24 hours after the proposal, bending to pressure groups. On the West Bank, he noted that Bir Zeit University was still closed after three months and students were continuing to protest the killing of a student and the attack on a mosque.

In Baghdad the Canadians were told that the United States and Japan should embargo Iranian oil. It was evident, continued this delegate, that Iraq was in trouble and in some danger of being overrun by Khomeini's forces. In Damascus, the PLO Chairman of the Palestine National Council, Mr. Fahum, had criticized Arafat for serious mistakes in Lebanon and Jordan but he did so with Syrians sitting beside him. Commenting on Lebanon, the Syrian Minister of State had noted that the May 17 agreement had been imposed on Lebanon with Israeli tanks surrounding the palace. In response to an inquiry as to what Syria's intentions in Lebanon were, the Minister had replied that it wanted two independent states with an affiliation between peoples. "Lebanon's Arab identity must be paramount", he stated. In respect to Israel, the Syrians were insistent on complete withdrawal to the pre-1967 borders and recognition of the inalienable rights of the Palestinian people including the right to self-determination, the right to return to their land and the right to a Palestinian state. The Canadian delegate observed that Arafat had seemed prepared to accept something less than the Syrians.

Responding for the U.S. side, a Congressman said there were misconceptions as to the effectiveness of possible U.S. pressure on Israel. He noted that there had been recent revelations as to the PLO contacts with the Administration but the House Foreign Affairs Committee had just adopted a resolution reaffirming more strongly than before the prohibition on the

Administration of discussions with the PLO. Further, there was a motion before Congress to move the U.S. Embassy from Tel Aviv to Jerusalem. This statement evoked a lively reaction among Canadian delegates and a Progressive Conservative wryly said he could offer advice to the American legislators. But the reason behind the Canadian reaction was not explained to the Americans during the Committee meeting.

A U.S. Senate spokesman was very critical of the Arabs and cited the Syrian government's massacre in Hama and the position of women in Saudi Arabia. He reminded the group that in past attempts to resolve the question of Israel in Palestine, the Israelis had accepted partition plans but the Arabs had never done so. Moreover, from 1948 to 1967 the Arabs had done little to press for a Palestinian homeland. If Jordan had not moved in 1967 to take control of the West Bank, they would still have it. In support of Israel, he said that Israel had given the Sinai back to Egypt and had made a standing offer to negotiate but Jordan, Syria and Saudi Arabia had refused. It was obvious that Palestinians who fled from areas of Israel between 1947 and 1967 were not going to be repatriated. Nor was their homeland in the West Bank, continued this Senator. Rather they should be resettled into other Arab countries. In any case until human liberties and democracy were respected in the Arab countries, the United States should support Israel.

Another U.S. Senator said the main U.S. interests in the Middle East were oil and a commitment to Israel. He himself did not perceive a major Soviet threat in the area as the U.S.S.R. had tried unsuccessfully to penetrate the area before. Regarding the Palestinian question, it was evident that Israel would not give up all the lands demanded by the Arabs. He agreed that there was no one who spoke more legitimately for the Palestinians than the PLO. As for Lebanon, he wondered if the Israelis had not withdrawn too soon in the face of Syrian-backed fighting. Partition of Lebanon could be the result, he speculated. Overall this delegate said he too was pessimistic over the Middle East situation. He affirmed that the Israelis would not be pressured and the United States would not pressure them.

In response to a U.S. delegate's earlier comments on Palestinians' lack of democracy and respect for human liberties, a Canadian spokesman said that Palestinians and the Israelis were the most educated and most democratic of all peoples in the area. In closing the discussion he noted that Shultz had pressed forward with the May 17 Israel-Lebanon agreement without involving Syria despite contrary advice from all U.S. senior diplomats in the area.

Plenary

Discussion in plenary covered two items: Making Canada's Case in Washington; and a review of the pre-electoral political situation in the two countries. The latter subject, since it is evolving rapidly, is not reported in these notes which cover only the first item on the plenary agenda.

Making Canada's Case in Washington

The Canadian spokesman opened this topic by suggesting humourously that one of the positive factors in the United States' positive balance of trade on service account was the high cost of lobbying in Washington by foreign governments and private interests. The softwood lumber case had been particularly expensive, and lawyers had been among the principal beneficiaries. Substantial companies could afford these large costs but they were a burden for a poor industry or even more for a single small company. He wondered whether there could be more flexibility in the system. Otherwise the complex U.S. regulatory procedures and the hearing process imposed a burden which became a form of non-tariff barrier.

Canadians are not used to U.S.-style lobbying. Foreign governments do not need to lobby the Canadian legislature, since an agreement made with the executive can be depended upon. But the fragmentation in power in the United States among Congress, the Administration and the regulatory agencies seemed to leave no alternative to lobbying all power centres in Washington whenever a Canadian interest is involved. How did the U.S. participants feel about foreign lobbying?

An American delegate pointed out that Canada's problem was not unique; all foreign governments faced the same challenge. The division of powers required a political process which was transparent and fair. Such a process was inevitably costly, although the costs were normally borne by the U.S. producer as complainant and by U.S. importers as defendant. Some legislation now before the Congress was partly intended to speed up the process and thereby reduce cost. However, there was no prospect of major change in the system. The U.S. revolution had been fought on the question of the power to control trade and this power had been consciously assigned to Congress in the Constitution. Although in practical terms trade negotiations could only be carried out by the executive branch, the negotiating authority given to the President by the Congress was always for a limited period of time and a defined purpose. The U.S. system not only accepts lobbying; it regards it as an important source of information.

Canadian participants asked for guidance as to whether private or official lobbying was more effective. A U.S. delegate commented that the U.S. system was "labyrinthine" and that several governments for which communications was less easy - Japan, Korea, Taiwan - were much more active in lobbying than was Canada. In recent years it was apparent that the Canadian embassy was devoting more attention to Congress, which prompted a Canadian Senator to comment that it was about time and that his Committee had almost a decade previously recommended a major increase in Embassy attention to the Congress. U.S. participants all spoke approvingly of the interventions of the Canadian Ambassador, whose official standing assured him of direct access to Congressmen and Senators. But many U.S. participants had also reported that they had received representations from agents of Canadian private interests and that this was helpful to them. The embassy delivered a policy message, whereas private interests could offer specific information. It was important that all interventions, public and private, should be coordinated and normally this function should be undertaken by the embassy.

The discussion concluded with agreement that, in addition to interventions by the embassy and the private sector, the annual meetings of the Canada-United States Inter-parliamentary Group and occasional special meetings of the Group, were important and helpful.

THE SENATE

Tuesday, November 27, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FARM PRODUCTS MARKETING AGENCIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-4, to amend the Farm Products Marketing Agencies Act.

Bill read first time.

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

Hon. Duff Roblin (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

This motion, of course, requires suspension of rule 44. I make this change from our usual procedure because I have been told that it would suit the convenience of those gentlemen opposite who are interested in the subject matter of this bill if we started dealing with it tomorrow rather than Thursday. I know of no reason why we should not do that.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if leave is granted—and, as far as I know, leave is granted—we also agree to the motion.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

FOREIGN AFFAIRS

NOTICE OF MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO STUDY CANADIAN RELATIONS WITH COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA

Hon. Heath Macquarrie: Honourable senators, I give notice that on Thursday next, November 29, 1984—St. Andrew's Day eve—I will move:

> That the Standing Senate Committee on Foreign Affairs be authorized to continue its examination and report on Canadian relations with countries of the Middle East and North Africa;
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine;
>
> That the Committee have power to sit during adjournments of the Senate; and
>
> That the papers and evidence received and taken on the subject during the Thirty-second Parliament be referred to the Committee.

QUESTION PERIOD

[*English*]

ACCESS TO INFORMATION

GOVERNMENT GUIDELINES FOR PUBLIC SERVANTS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am sure there will be no surprise at the line of questioning with which I would like to begin this afternoon. On Friday last, when the Senate was not sitting, the Prime Minister provided new guidelines to govern the transmission of communications between public servants and the public, the media and members of Parliament. Indeed, the Prime Minister stressed on Friday "the responsibility to provide open and accessible government" and, at the same time, issued the guidelines for public servants' communications with the public.

It would appear to me, honourable senators, that if those guidelines are implemented in their present form they will very sharply curb open and responsive behaviour among public servants in their day-to-day dealings with the public; and, indeed, do now create, from their very appearance, a further credibility gap between rhetoric and action—the proclamation that there will be open and responsive government and the issuance of guidelines that curb that openness and accessibility.

Honourable senators, it is clear that the guidelines issued on Friday have been substantially based upon those that were issued by Mr. Clark in 1979 when he was Prime Minister. In fact, the guidelines issued on Friday are precisely the same in three paragraphs as those issued by Mr. Clark in 1979. The second paragraph is changed rather substantially, and it is to that paragraph that I should like to direct some questions, because the answers might reveal more clearly the thinking of the government in making those changes.

For example, the former Prime Minister, Mr. Clark, stated, in guideline No. 2, that:

> Public servants should be prepared to discuss frankly information within their areas of responsibility.

I repeat the words "should be prepared to discuss frankly information within their areas of responsibility." That is a very open comment. However, the present Prime Minister says:

> Public servants should be prepared to openly provide factual information within their areas of responsibility.

My question to the Leader of the Government is whether that is a slip of the pen or whether it is intended to make a substantial change in policy. If it is a slip of the pen, could not the government restore the former words; and if it is a deliberate change, would the Leader of the Government tell us what is the purpose of changing those words in new guidelines?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe that most members of the chamber will be well aware that the subject matter of my honourable friend's question has been thoroughly canvassed in the House of Commons over the past two days, and the Prime Minister himself has taken upon himself the responsibility for dealing with this matter. Therefore, it must be quite clear that there is nothing I can add in answer to the question that has been raised this afternoon, apart from the information and the replies that have been given in the other chamber by the Prime Minister himself. If there is a particular question with respect to a matter of fact on which my honourable friend wishes clarification and if he will pose his question, I shall do my best to get an answer.

• (1410)

Senator MacEachen: Honourable senators, I draw your attention to the statement the Leader of the Government made on Thursday in reply to a question asked by Senator Frith, that he was awaiting the authoritative statement by the Prime Minister before he made any comments on this subject. In fact, it is reported in *Hansard*, at page 114, that he said as follows:

> I think that I had better postpone any comments on that subject until the Prime Minister has addressed the matter—

Now that the Prime Minister has addressed the matter, surely the Leader of the Government can tell us whether the difference between guideline No. 2 in both texts, the Clark text and the Mulroney text, is an error in draftsmanship or a change in substance. It seems to me to say that you will discuss frankly all information within your responsibility, and to say that you will provide factual information is quite a difference in policy. Is the minister saying that he does not know, that he has to ask the Prime Minister or that he will ask the Prime Minister if this is a slip of the tongue or the pen?

Senator Roblin: My honourable friend is an experienced member of Parliament and he knows perfectly well that it is not appropriate for him to ask me a question that does not come within my purview of responsibility. This is certainly one of those matters. However, it does not prevent my obtaining information, if I can, on the points he has raised. The honourable senator has asked the same question twice. I have given my answer, and that, I am afraid, is all I am able to give at this time.

Senator MacEachen: Honourable senators, I draw your attention to the statement made by the Prime Minister last Friday in which he stated that cabinet had approved these guidelines the day before, at the cabinet meeting on Thursday. Surely, the Leader of the Government will acknowledge that he is a member of the cabinet. Was he present for that meeting? If he was, I think he has an obligation to tell us. He does not have to ask the Prime Minister.

Senator Roblin: My honourable friend knows very well that I have no such obligation. He knows very well that I am not allowed to discuss, either here or in any other place, what takes place in cabinet. My honourable friend knows very well that the decisions made in cabinet are collective ones. They are confidential decisions and when they are made they are disclosed to the public. That is what the Right Honourable the Prime Minister has done—he has explained to the public the decision that was taken by cabinet. If my honourable friend expects me to put a gloss on what the Prime Minister said on this matter, he is very much mistaken.

Senator MacEachen: Honourable senators, the Prime Minister did not deal with the question of whether this discrepancy between the two guidelines, the Clark guidelines and the Mulroney guidelines, is a slip of the pen or whether it is a question of substance. I am asking the Leader of the Government to find out. He attended the cabinet meeting, but does not know and cannot answer. However, he has undertaken to find out, and I would ask him to do that.

While he is finding that out, will he explain to us the meaning of the last sentence in the second paragraph, which reads as follows:

> Off-the-record background briefings will only be permitted in exceptional circumstances and must have prior Ministerial approval.

Was the Leader of the Government present when that was approved, and will he tell us what these exceptional circumstances are that will permit off-the-record background briefings with ministerial approval?

Senator Roblin: Again, my friend refers to what transpired in cabinet.

Hon. Royce Frith (Deputy Leader of the Opposition): He is asking you what it means.

Senator Roblin: I simply tell him, again, that I am not going to tell him what transpired in cabinet.

The second question he asks is, what does it mean? This matter has been the subject of a very lengthy and detailed Question Period on two occasions in the House of Commons and, for all I know, it may be the subject of Question Period again today.

Senator Frith: But you won't get any answers.

Senator Roblin: If my honourable friend expects me to enlarge on what the Prime Minister said with respect to these matters, he is making a mistake because it would be quite improper for me to do so. The Prime Minister is the Leader of the Government; he will deal with questions of this kind in the House of Commons, as he has been doing. I am certainly not going to attempt to second-guess him in this chamber.

Senator MacEachen: Honourable senators, is the Leader of the Government saying that it is not appropriate to ask him, as the representative of the government in this chamber, what the exceptional circumstances are which would justify off-the-record background briefings? That is what I am asking.

The public will want to know whether they can ask for an off-the-record background briefing. We have been told that it will be given in exceptional circumstances. What are those exceptional circumstances? Have criteria been established with respect to these exceptional circumstances? I cannot go to the House of Commons and ask questions; I am asking questions here, as I thought was the legitimate right of a member of the Senate of Canada. Is that now to be done away with?

Some Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators, it is the legitimate right of a member of the Senate, and I do not quarrel with that for five seconds. My honourable friend is entitled to pose questions. However, what answers he receives are my responsibility.

Hon. D. G. Steuart: He didn't get any!

Senator Roblin: I have to exercise that responsibility with due regard to constitutional proprieties, with due regard to what has been said in the other place with respect to these matters.

I will do this for my honourable friend: On the basis of the question he has put, I will inquire whether there is any further information that can be given in addition to that which has already been offered in the other place on the two days I have mentioned and which has probably been raised today. That is my responsibility and I will be glad to discharge it.

Senator MacEachen: Honourable senators, I have asked the Leader of the Government four questions and he has undertaken to find answers, if possible. I think these questions cry out for answers. They are questions which will be asked in every part of the country.

I now wish to ask another question, which he can take to his master and find out if he can answer.

In 1979, Mr. Clark set out guideline No. 4, which states:

> It will be normal in many instances for public servants to be quoted by name, and to be interviewed for radio and television as well as by print media.

That was stated by the then Prime Minister, the Right Honourable Joe Clark, in the guidelines. He said he was doing it "to encourage open and responsive behaviour among public servants." It was a very good guideline, honourable senators. Why has it been dropped now? Can the Leader of the Government tell us how the dropping of this Clark guideline No. 4 is consistent with the Prime Minister's first profession of faith in open government, when he stated to the press on Friday afternoon, "My responsibility is to provide open and accessible government"?

Senator Roblin: My honourable friend referred to my political master. I wonder what the honourable gentleman was doing in the years when he was a member of the cabinet. Did he not respect the prerogative of the then Prime Minister to speak for the government? I am sure he did. I am doing the very same thing. I think every cabinet minister has an obligation to take that concept into consideration when dealing with affairs of a general nature such as those raised by the honourable gentleman.

My honourable friend returns to the objection he has to the guidelines which have been offered. If he will read *Hansard* of the other place for Thursday and Friday of last week, and probably yesterday, he will find that the very same point he has mentioned was discussed at some length among members of Parliament.

Senator Frith: By members of the House of Commons.

Senator Roblin: I can certainly add nothing to what has already been said.

Senator MacEachen: Honourable senators, I have asked a very important question. Is the Leader of the Government saying that he is not under some obligation to answer in the Senate for the Government of Canada? I can understand the Leader of the Government's saying that it is not his responsibility or under his purview—if it were, for example, an immigration matter—and I can understand his saying that he would have to obtain information on this matter. However, I gather that today he is saying that he is not responsible for answering to the Senate on a broad policy question such as access to government. I would like to know whether I am right or wrong in that.

• (1420)

Senator Roblin: My honourable friend knows the answer. I am responsible for answering for the government in this chamber, and I intend to do so.

Senator Frith: But then you ask us to read *Hansard* for our answers.

Senator MacEachen: Why don't you answer?

Senator Roblin: I shall answer for the government when I have the information to do so. I have already made the offer to my honourable friend that if there is any advance by way of information that I can obtain for him, over and above that which is already freely available in public print, I shall be glad to do so. However, I am sure he recognizes, that when information is in the public domain it is really not incumbent upon me to repeat what is already in the public domain in my answers here in the Senate. If my friend wants fresh information—and from what he said, I think he does—I shall do my best to obtain it for him. If there is any advance on what has already been placed before Parliament and the people in the

discussions on this matter in the other place, he can rely upon me to secure it for him.

Senator MacEachen: Honourable senators, I thank the Leader of the Government for acknowledging that he has a responsibility to answer for the government in the Senate, and that it is not our obligation to read what is happening in the House of Commons in order to be advised as to what government policy is. I thank him for that, and I thank him for his undertaking to provide additional information on those points which I have raised.

However, I would like to ask him something that must be in his own domain of knowledge. Do these guidelines apply to his exempt staff?

Senator Roblin: I shall take your last question as notice, because I am not aware of what the answer is. I would also say to my honourable friend that I have never denied my responsibility to deal with questions in this house, but I do say that the traditions of Parliament that govern Question Period apply to me as much as to anyone else here. My honourable friend knows perfectly well that when a piece of information is in the public domain, whether it is in *Hansard* or any place else, the members of this chamber have some obligation to make themselves familiar with it and not to ask the Leader of the Government in this house to repeat information which is already freely available.

Senator Frith: Well, that's quite a change.

Senator MacEachen: Honourable senators, the Leader of the Government has not been able to answer any of these questions—neither have they been answered in the House of Commons—and he has not been able to tell us whether these guidelines apply to his own staff. I think we are entitled to a better answer than that.

Senator Roblin: My honourable friend is complaining because he is in the complaining business. I understand; I have been there myself. However, I tell my honourable friend that he will receive every answer that the courtesies of the Senate require.

Senator Frith: Do the guidelines apply to the Senate?

WELFARE

ADEQUACY OF PAYMENTS

Hon. Hazen Argue: Honourable senators, in my speech to the Senate the other day I referred to levels of welfare in the province of Saskatchewan being as low as from $125 to $135 a month for a single person for food, clothing and everything else except, perhaps, rent or the cost of a place to sleep.

This morning I watched the television program *Canada A.M.* and at that time three unemployed Canadians were being interviewed. One of them was a young man from Saskatoon, Saskatchewan, by the name of Tom Ranks. In the course of the interview he was asked what his level of welfare payments was, and he replied that for food his payment was between $50 and $60 per month.

I would therefore ask the Leader of the Government in the Senate whether it is the position of the Government of Canada that that level of welfare payment is adequate.

The Leader of the Government in the Senate is aware that there are agreements under the Canada Assistance Plan. I ask him to look into the question: Is Saskatchewan living up to its responsibilities under that plan? How far do these levels fall below the maximum standards that are to be provided under the Canada Assistance Plan, and will he pass on to his colleagues in cabinet, particularly to the Minister of National Health and Welfare, what I would be so bold as to describe as a Senate concern for the poor of this country?

For many, many years Senator Croll has pleaded the cause of the low income people of this country, and, I think, with general Senate support. I ask the Leader of the Government in the Senate if he would use his good offices and put before cabinet the concern we have for these meagre and unsatisfactory levels of welfare payments.

Hon. Duff Roblin (Leader of the Government): My honourable friend has asked a complicated question which requires a great deal of investigation in order to determine what the facts are. I suggest that the question be regarded as a written one, and the information will be provided.

Senator Argue: I beg your pardon.

Senator Roblin: I said that the question would be regarded as a written one, and the information will be provided.

Senator Argue: I appreciate that. I have some further pertinent facts I should like to put before the leader.

The whole welfare system in the province of Saskatchewan, in my judgement, is in a state of shambles. It is so bad that the Reverend Tom Powell, the head of the United Church Conference in Saskatchewan, recently made a presentation to the Minister of Welfare for the province of Saskatchewan pointing out the very abject poverty in which so many recipients find themselves. He pointed out that those on welfare go to United Church ministers—and I am sure to all clergy—and ask for food. In Canada people are asking for food! They also ask for a few dollars to pay for medication and other essential needs.

A federal-provincial conference will be held in Regina on Valentine's Day. I ask the Leader of the Government in the Senate if he can tell us whether the question of the level of welfare payments across this country, and the welfare system generally, will be raised at that conference.

I know that that conference is going to deal with the economy, but I can tell him that the level of welfare in this country, and the need to keep Canadians in a good state of health, even if they are unemployed, is an absolute economic necessity. I ask him if he knows whether that item is going to be raised at that conference, and, if it is not, whether he will use his good offices to ensure that that item is placed on the agenda.

Senator Roblin: Honourable senators, I am sure we listen with a sympathetic ear to the case made by my honourable friend, because to be on welfare in any circumstance is an

unhappy situation. The question of how much money should be made available to persons in those circumstances concerns all of us.

I can tell him that—and I am sure he already knows this—the level of welfare payments is set by provincial authorities and not by the federal government. Our task is to share in the costs, which we do. So, I think that that part of his question will have to be addressed to another quarter rather than to me in the Senate.

He then asked another significant question, which was: Will the matter of welfare be placed on the agenda for the summit conference that is planned for early next year? I cannot give him a categorical answer but I will try to get him such an answer. However, I have every reason to believe that that topic will be addressed at that conference. At any rate, I will try to confirm that for him so that he will be left in no doubt.

Senator Argue: I appreciate the answer provided by the Leader of the Government. On the question of whether or not the level of payments is solely the responsibility of the provincial authorities, I point out that all actions undertaken under the Canada Assistance Plan are by agreement. I understand the schedules—and this is only my understanding and I may be in error—are also arrived at by way of agreement, certainly by way of an exchange of information.

• (1430)

My questions are: Has the present Government of Canada agreed to these disastrously inhumanly low levels? Has the Government of Canada made any representations to have them increased? Is the Government of Canada a party to agreements that allow this kind of abhorrent thing to take place?

Senator Roblin: Honourable senators, it depends on what Government of Canada you are talking about. If you are talking about the previous Government of Canada, I suppose my friend's strictures would apply. I do not think any changes have been made, certainly not in the downward direction, in respect to these allowances since the present government came into office. Undoubtedly, it is a matter which has been in the public domain before the two governments for some time, and the agreements to which my honourable friend referred were entered into before we had any responsibility for them.

Having said that, if there is any further information that I can give him with respect to these agreements, I will be glad to do so.

Senator Argue: I appreciate the comments of the Leader of the Government in the Senate. Undoubtedly, some of these things were undertaken by provincial governments before the election of the Mulroney government, but the former Minister of National Health and Welfare, the Honourable Monique Bégin, was totally on the side of the low-income people at all times in discussing these matters with the provinces. I am asking what the attitude of the present government is.

While watching television this morning I was shocked to hear a resident of Saskatoon saying that his income allowance for food was between $50 and $60 a month. When I spoke in the debate on the Throne Speech I thought the allowance for food was somewhat higher. This young man was reported as being 24 years of age, a truck driver by trade with some mechanical training, unable to get a job and if not literally starving, I would suggest, he certainly was susceptible to malnutrition as a result of receiving an allowance of only $50 or $60 a month for food.

Senator Roblin: Of course, the fact is that this allowance was arrived at before the present government came to power. One has to assume that however good-hearted her intentions were, the minister of the day approved of what was going on to the extent that she had the power and duty to approve it. However, let us forget about that. I am still interested in my honourable friend's point, and I will do what I can to get some information for him.

TRANSPORT

FREIGHT RATES—WESTERN GRAIN

Hon. D. G. Steuart: Honourable senators, I have a question for the Leader of the Government. Before the last election we heard a great deal from the Conservative Party, especially in Saskatchewan, concerning the Western Grain Stabilization Act, Bill C-155, to amend the Crow rate. Among the many promises which they made concerning that act, were that they would freeze the amount that farmers paid to transport their grain to market commencing January 1, 1984, and that that freeze would carry on until the end of the crop year, July 31, 1986. We are now into 1984 and not only has the freeze not taken place but there has, indeed, been an increase.

When that bill was introduced in this chamber an amendment was put forward by the Conservative opposition. Senator Asselin moved, seconded by Senator Macdonald, the following amendment to clause 41 of Bill C-155:

> (2) Notwithstanding anything in this Act, the rate a railway company may charge a shipper for the movement of grain for the period January 1, 1984 to July 31, 1986 shall not exceed the existing rates in effect on August 1, 1983.

That was very clear. That amendment was put forward by Senator Asselin in your absence and he mentioned that you supported this amendment, and it was then promised in the election campaign. My question is: What do you intend to do about it now? When do you intend to bring this freeze into effect?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has asked two questions, one with respect to the Western Grain Stabilization Act, and I think that he is probably aware that payments under this act have been speeded up and will be available for distribution to the farmers much more quickly than was otherwise the case. That is the statement of the minister in the other place.

I can also tell honourable senators that we may anticipate, although I am not announcing government policy in any detail, that there will be changes made to the Western Grain Stabili-

zation Act which may attract the support of honourable senators, but we have to wait to see what they are.

Certain undertakings have been given with respect to the Crow and with respect to freight rates generally in western Canada. I am not sure whether the one my honourable friend mentioned was included in the ultimate statement of the Conservative Party on this matter, but various statements were made with respect to the Crow. I can say to him that in due course—and I think before very long—the Honourable Minister of Transport will be introducing bills that deal with reforms which we think should be approved respecting the freight rate situation in western Canada. As my honourable friend understands, I cannot give him details, but he may expect to see a bill before too long.

Senator Steuart: Honourable senators, I misspoke the name of the legislation when I referred to the Crow rate; I intended to refer to the Western Grain Transportation Act.

Is the Leader of the Government saying that we can expect some changes to this in the future? If the promise made by the Conservative Party that they would freeze the level of freight rates to the farmers is kept—and so far this has not been the case since there has in fact been an increase—can we expect that there will be a reimbursement or a roll-back of the increase they have already paid? Can we expect that as part of the deal?

Senator Roblin: My honourable friend has asked me to give a forecast of government policy. Of course, as an experienced parliamentarian, he knows that that is something I am not going to do.

Senator Steuart: As an experienced parliamentarian, I am beginning to think that the leader cannot do much of anything in terms of answering questions in this chamber. I know the cabinet is large and that my honourable friend is probably seated near the back, but I sometimes wonder if he can hear what is going on or if the other members can hear him.

If the honourable gentleman can be heard, would he ask, on behalf of the Senate, what changes they intend to make in relation to western farmers? I would point out that the leader was strongly in favour of those changes when he was in opposition.

In addition, Senator Nurgitz mentioned that he felt strongly enough about this situation that, if the Crow rate were going to be changed, there should be an amendment to the act so that all lands ceded by British Columbia to the federal government and, eventually, given to the CPR, would be given back to British Columbia. Can he tell us now if any negotiations have started between the new Government of Canada, the CPR and British Columbia to have those lands given back to British Columbia as the leader's party so strongly advocated when in opposition? Is this in the books and are we likely to see it happen?

Senator Roblin: I would start off by telling my honourable friend that I can hear in cabinet just as well as I can hear him here, and that is very well.

Hon. Hazen Argue: What do they hear when they hear?

Senator Roblin: I am sure that all senators who have been in cabinet know what the rules of the game are, and that it is not appropriate to expect me to make announcements here, to divulge what has been taking place in cabinet, or to make announcements which should be made by ministers in their own right. It is not appropriate for me to make announcements that other ministers ought to make because of their cabinet responsibility.

There was no stronger advocate of that point of view than the gentleman who stood in my place a little while ago, who is not here today, although I think he might support me on this point, oddly enough.

I am not going to give my honourable friend information which is not in my possession to give at this time. I am not going to speculate on what future policy might be, and I am not going to answer for cabinet ministers who should be making those statements for themselves. Therefore, I cannot shed much light on the questions my friend has asked.

If my honourable friend keeps those questions on his file, and I am sure he will, I think, when the legislation comes in, he will see to what extent we have been able to satisfy him.

Senator Steuart: As a supplementary, I would ask the Leader of the Government in the Senate if he will talk to those people responsible. Surely he can say that some consideration is being given to these matters and give us some information that we can give to the prairie farmers who are most concerned about the situation; who looked forward, when they voted so overwhelmingly for the Conservatives, to seeing at least a freeze on their freight rates; and who now are hopeful that, since that freeze did not take place, they can look forward to a roll-back. Can the Leader of the Government find out from the minister responsible and at least give us some hope that that is being considered?

● (1440)

Senator Roblin: My honourable friend has asked the same question in different terms and he has to be given the same answer. From my contact with the farmers on the prairies, I can say that they do not seem to be too unhappy with the present administration. They see the sympathetic treatment given on the question of the taxation of gasoline and diesel oil on the farms of western Canada.

Senator Argue: The prices just went up.

Senator Roblin: They would have gone up a lot more if it had not been for this measure, as my honourable friend knows. Why did they go up? Well, I must not get involved in a debate. I will break my own rule if I start that.

Senator Argue: The farmers wonder why prices went up when they were supposed to go down.

Senator Roblin: If my honourable friend wants to debate that question, he can refer back to the Oil Compensation Act, for which he is responsible, and he will know the reason why. If he has need of any explanations in that regard, he can ask himself those questions because he knows the answers.

Senator Argue: It was announced that prices would go down, yet they never went down.

Senator Roblin: I cannot hear what the honourable senator is saying. Is he talking too much? No, no, not him—he does not talk too much. I am the one who talks too much.

Senator Argue: Honourable senators, I wonder if I might ask a supplementary question arising out of the response of the government leader to the questions put by Senator Steuart. I understood him to say that the current government had provided for a speed-up in the Western Grain Stabilization Act payments. If he said that, I just want to note that that is not correct. This government is implementing the current act. The act now on the statute books provides for an early payment this year, as well as a later payment. When I was discussing the bill that contained this provision before the agricultural committee, I said that the payments could probably be made in the last two weeks of October or the first two weeks of November. The Conservative members were of the view that that was not good enough and that the government should have been able to make the payments more quickly. Well, the Conservatives are now administering the act. Instead of making the payments in the early part of the time-frame that I mentioned, they were only able to do so in the latter part of that time-frame. In fact, they were not able to speed up the payments at all.

I got the impression from the Leader of the Government—and he can correct me if I am misinterpreting what he said—that there would be an effort made next year to provide for a speed-up in payments. Can he tell us that amendments will be made to the Western Grain Stabilization Act to provide for an early payment next year? Let us hope that it is a very early payment. We are told that it could amount to 50 or 60 per cent of a total payment that could go as high as $800 million. I am sure that such amendments would be welcome. Can the government leader tell us whether they are coming forward?

Senator Roblin: If my honourable friend would like me to share the credit with respect to these prompt payments under the Western Grain Stabilization Act, I am quite willing to go along with him. To the extent that he was involved with the administration of the act when he was in charge of the Wheat Board, I am willing to concede to him any aspect of credit to which he feels he is entitled. But I do say that the farmers are getting the money more quickly and that is really what we are interested in.

I have to tell my honourable friend that, to the best of my knowledge, changes will be made to the Western Grain Stabilization Act. As to what those changes will be, I am afraid that he will have to be patient and wait until the bill is available for presentation to Parliament.

Senator Argue: Honourable senators, I am a little disappointed with that response because I thought that statements had already been made by the minister responsible to the effect that the amendments would provide for a mammoth payment before seeding.

[Senator Roblin.]

Senator Roblin: Of course, that just illustrates the disadvantage of my trying to answer for ministers in a field with which I am not fully familiar and in which I am not fully briefed. My friend has underlined that point with great accuracy, and I thank him for it.

Senator Argue: I am not sure that I am right.

Senator Roblin: If my friend is right—and I have noticed that he often is—

Senator Argue: I am not going to try to return the compliment.

Senator Roblin: Well, I would not expect that of the honourable senator, but it would not do any harm if he did. The point I am trying to make is this, if the minister has gone further than I have, that is good. If my honourable friend has that information, then I am glad that he does.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

POSSIBILITY OF CANCELLING INTERNATIONAL SERVICE

Hon. Jean Le Moyne: Honourable senators, my question is for the Leader of the Government in the Senate. We all know that the international service of the CBC has been contributing eminently if discreetly for a long time to the propagation of Canadian culture abroad while serving extraordinarily well the cause of world peace. However, a rumour has been circulating to the effect that the Government intends to abolish this irreplaceable service. Can my distinguished colleague assure me that the Government has no intention of doing such a thing?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I appreciate my honourable friend's concern. He is a man whose judgment I respect considerably. I have to tell him, however, that the government is not making any plans with respect to the CBC at the present time. Those plans are being made by Mr. Juneau, the President of the CBC. In due course, he will be presenting his recommendations to the government.

Hon. Royce Frith (Deputy Leader of the Opposition): What of Tom Gould and his friends?

Senator Roblin: It will then be up to the government to decide whether it wishes to accept the suggestions made or whether it has other things in mind. Until such time as the President of the CBC has reported, however, I am afraid that I am unable to say what the prospect is likely to be.

Senator Frith: Honourable senators, I have a supplementary question. Does that mean that the Gould group has been called off?

Senator Roblin: I have no information that the Gould group has been called off. I would be very surprised if it were.

Senator Frith: Therefore, the statement that these cuts are being considered only by the President and officers of the CBC is not correct—or, I should say, not complete. Would it not be more complete to say that the recommendations are being

made by the Gould group in consultation with the president, and that the Gould group represents the Prime Minister's office?

Senator Roblin: If my honourable friend understands that, then he understands more than I do. I do not see it that way at all.

Senator Frith: How does the Leader of the Government see it?

Senator Roblin: I believe that, with respect to the CBC, there are two streams of information coming in to the minister. One is through the report of Mr. Gould and one is through the report of the President of the CBC. They may be identical. Then again they may not. But I see that they are operating under two separate terms of reference.

Senator Frith: Honourable senators, I have another supplementary question. Could the Leader of the Government try to find out whether his statement is correct? My impression was that the Gould group was to work with the executive of the CBC in the function of watchdog or consultant. I do not want to use any negative terms, but it was my understanding that they were to work together. Perhaps the Leader of the Government could find out whose understanding is the correct one.

Senator Roblin: I know that the minister in charge has already given a considerable explanation of the role of Mr. Gould and his associates. I will ask the minister whether there is any further information he can provide in order to satisfy my honourable friend.

TRANSPORT

RAIL SERVICE—GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, I direct my question to the Leader of the Government in the Senate. Last week the government announced that a new national rail passenger service would be undertaken. A task force was set up. The mandate of the task force made reference to the criteria to be established. After the careful reading I have given it, I can say that that mandate did not indicate the consideration of any economic criteria. I am sure that that is of concern to honourable senators and to Canadians in general. My question is this: Is it the position of the government that the matter of a national rail passenger service will not be considered from an economic standpoint?

Hon. Duff Roblin (Leader of the Government): I think it has been the tradition in the formulation of transportation policies in this nation, that there are a number of criteria that are taken into account when decisions are made. There are certain social aspects to be considered; there are matters of national development to be considered; and, of course, there are economic questions to be considered. I would be very surprised if, in this study of VIA Rail to which my honourable friend has alluded, consideration has not been given to the economic aspects of the matter. No matter what the VIA Rail study indicates, I am sure that the government will have to give consideration to the economic aspects of the matter.

Senator Sinclair: I have a supplementary question. I wonder if, in discussing this matter with his colleagues, the Leader of the Government would indicate whether there is going to be a departure from the economic standard of effective demand, which, as he may be aware, has guaranteed some type of economic approach to this problem.

Senator Roblin: I am rather sympathetic to the question because I think that the matter of effective economic demand is an important one. I am quite confident that it will be among those questions the government will have to consider when it reviews this entire subject.

Senator Sinclair: Honourable senators, my question arises out of some of the remarks made in this chamber respecting the Crow. Having spent half my life dealing with it, I do not want to get too involved. However, I am interested in whatever changes will be brought forward. Will other aspects of transportation in the national interest—as distinct from those in the interest of western Canada—be considered when the bill comes forward?

• (1450)

Senator Roblin: Honourable senators, I am sure that the bill to which we are referring—I cannot at this moment recall the precise name; it refers to western transportation—is limited in its provisions to the situation governing regional railways services in western Canada. That is my impression. My honourable friend is quite right in saying that does not present the full picture with respect to transportation in the nation. I can tell him that the Minister of Transport has already made a statement to the effect that he intends to look into all aspects of transportation, including trucks, airlines, railways, and so on. So while I am not hopeful that one can expect decisions or reports on this matter in the most immediate future, I do know that this is a priority matter with the minister, and I believe we shall be seeing some action from him.

Senator Sinclair: As a supplementary, in view of the fact that millions of dollars have been committed by certain corporations, including one owned by the Canadian government, based on the act to which my honourable friend made reference, could the Leader of the Government give consideration to that fact and to the question of how they can stop that type of expenditure?

Senator Roblin: Honourable senators, I believe we all agree that most of those expenditures—I hesitate to use the word "all" because in human affairs it is usually wrong to be too confident—are necessary for both the continued development of the transportation system in the west and the economy. I regard them as being extremely important, and I feel confident in saying that the policies of the government will be such as to ensure that such expenditures as are needed in the national interest will indeed be proceeded with.

ACCESS TO INFORMATION

GOVERNMENT GUIDELINES FOR PUBLIC SERVANTS

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question arising out of the answers given by the Leader of the

Government concerning the guidelines for public servants. Can he inform the Senate under what statutory authority those guidelines were issued, bearing in mind that section 1 of the Charter of Rights and Freedoms guarantees to all Canadians freedom of opinion and expression?

Hon. Duff Roblin (Leader of the Government): My honourable friend has asked me for a legal opinion, and I am sure he knows that ministers are not expected to provide legal opinions.

Senator Grafstein: I am not seeking a legal opinion. It is a question of fact. As a supplementary, I should like to know under what law, as guaranteed by our Constitution, those guidelines were issued? Under section 2, freedom of expression and freedom of opinion is guaranteed to every Canadian, including members of Parliament and public servants. I do not have to remind the Leader of the Government that section 1 says that the rights and freedoms are only to be limited or prescribed by law. I am asking the Leader of the Government to say under what law the Prime Minister purports to set out his guidelines, because I do not know of any such law.

Senator Roblin: I thank my honourable friend for clarifying his question. Obviously I misunderstood it on the first occasion. I will endeavour to provide him with an answer.

Hon. D. G. Steuart: It's the law of divine justice.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, now that we are back on the subject of guidelines, may I ask the Leader of the Government, when he is making researches into the intricate and manifold ways in which those guidelines will be applied, whether he will determine if Tom Gould is considered to be a public servant under the terms of the guidelines—and if those guidelines apply to the overall group that is consulting with the CBC with respect to expenditure reductions? It is interesting to know whether such a group would be bound by those guidelines. I should like to know the answer to that question.

Senator Roblin: Honourable senators, the Leader of the Opposition has asked me another question with respect to certain people who receive their pay from the public purse, namely, the Senate exempt staff. I do not know the answer to that. I shall try to ascertain the answer and will also endeavour to find out in what category Mr. Gould and his associates are grouped with respect to their duties.

METRIC CONVERSION

GOVERNMENT POLICY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government dealing with the subject of metric conversion. Honourable senators are aware that some confusion has existed concerning the government's policy with regard to metric. I hope that my question has not been raised in the House of Commons, so that I shall be able to receive an answer here. I believe the confusion arises from a statement made by Mr. Domm, the parliamentary secretary to the minister. As someone said: "Give Bill Domm an inch and . . .". In any event, he said there would be no prosecutions and made a statement that would seem to indicate some kind of government policy. The minister did not refute Mr. Domm's statement, but neither did he support it. I know that my honourable friend understands that confusion does exist concerning the government's position on metric.

My question, which no doubt the Leader of the Government will have to take as notice, is: Does the government intend to stand by and complete the decision made in 1970 to move Canada into metric?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I hardly dare say this to my honourable friend, but it is a fact that the question was asked in the House of Commons.

Senator Frith: So I am out of court.

Senator Roblin: It was phrased in almost precisely the terms that the Deputy Leader of the Opposition has phrased it here. It is a fact that the minister, in the other place, replied to the question and that it is in the public domain. However, I will not stop there. I will ask the minister if he can add anything to his statement in the House of Commons that would contribute to the enlightenment of the Senate.

Senator Frith: I am sure that eventually we shall have clarified for us the question of what we are entitled to ask in the Senate. I hope that the Leader of the Government would consider it reasonable for senators to believe that we are entitled to do more than merely add to questions asked in the other place. When the Leader of the Government brings back his answer, perhaps he will provide a statement to the Senate on the policy of the government concerning metric conversion.

Senator Roblin: Honourable senators, I would be the last man to attempt to circumscribe the rights of senators to ask questions on anything.

Senator Frith: And get answers.

Senator Roblin: That is a different matter. When it comes to answers, we have had 300 years of trying to work out the situation concerning what questions are suitable to be answered during an oral question period. Everyone knows what they are—

Hon. D. G. Steuart: We want quicker action.

Senator Roblin: It is somewhat frustrating. I cannot quite hear what Senator Steuart is saying, yet it is bound to be funny. Obviously I am missing a good laugh. Perhaps I should tell Senator Steuart that Senator Frith is trying to interpret what he said. However, I would rather hear it from the honourable senator directly. Senator Steuart, what did you say?

Senator Steuart: You referred to 300 years, but we were hoping for a little quicker action. But we will wait.

Senator Roblin: I was referring to 300 years in the past. You will get plenty of action before you are out of this Parliament. I would say to honourable senators that I am

afraid I shall have to restrict my answers to the form, tradition and accepted procedure concerning the way in which oral questions are responded to in this chamber, or in the other place. At the same time, I will endeavour to be as forthcoming as I can. My honourable friend has to remember that we are now facing a different situation in the Senate. During the last two Parliaments we had four cabinet ministers here, three of whom held important portfolios and were able to respond in this chamber as they were not able to respond in the other place. Therefore the nature of the Question Period under those circumstances was somewhat different from that of the Question Period we now have. Honourable senators will have to recognize my limitations. I just do not know all the answers. That is all there is to it. I just do not know everything. There are many things that I shall have to ask about. I will do that, but I will have to restrict myself to those regulations that are imposed on ministers and parliamentary bodies with respect to the answering of questions. Within those limits I will be as forthcoming and as co-operative as I can.

● (1500)

Senator Frith: However, I am sure that my honourable friend will agree that we are entitled not just to ask questions on government policy, but to receive answers, and that we ought to look to the Leader of the Government in the Senate to speak for the government, even though he does not have any colleagues here. We have both been here at times when there was only the leader speaking for the government. Is there any doubt that the Leader of the Government is here to answer for the government? Of course, he does not know everything and has to seek information. But we should not be told that the subject matter is not within his portfolio or that because he has no cabinet colleagues here he cannot get an answer. Are we understood on that point?

Senator Roblin: It seems that my honourable friend wants to set up a straw baby and then knock the living blazes out of it. I have never said anything like that and my honourable friend has received this answer half a dozen times.

Senator Frith: It is not an answer.

Senator Roblin: I will be glad to give it to him half a dozen times more. I answer for the government in the Senate and I will do the best I can. Within the limits imposed upon me by the rules of Parliament and within the limits of my own information, I shall answer questions. I am sure that my honourable friend would not expect me to go beyond that, because if I did, he would find me giving different answers to the ones given in the House of Commons, which, no doubt, would please him a great deal, and he would find me providing him with information that is not correct, which would distress him even more so. I am going to stick to my guns. I shall answer questions but it has to be done under proper terms and conditions.

Senator MacEachen: Guidelines do not apply to you.

THE PRIME MINISTER

REQUEST FOR CLARIFICATION OF STATEMENTS

Hon. Keith Davey: Honourable senators, I have a question for the Leader of the Government in the Senate and I hope that he can help me out. The other day the Prime Minister referred to an airplane as a "sacred instrument of travel." What exactly does that mean?

Hon. Duff Roblin (Leader of the Government): I have to thank my honourable friend. He informed us the other day that he was "a born again" senator, and I think that is true. I have seen him here pretty well since the session started, sitting through Question Period and even listening to some of the speeches.

Senator Davey: I wouldn't miss it for anything.

Senator Roblin: That really says something when one considers that we have not been favoured with his presence on previous occasions. He has now reached the point where he is asking questions and that indicates that he is coming along. However, I am not coming along because I do not know the answer to his inquiry about the sacred airplanes.

Senator Davey: Perhaps I could ask another question. A senior adviser to the Prime Minister says the Prime Minister's offspring do not have a nanny but his government-paid household staff "interface with the children in a habitual way." I wonder if the leader could explain that one to us.

Hon. Raymond J. Perrault: Was there very much interfacing over the weekend?

Senator Roblin: I bow to my honourable friend's experience. He has more experience with nannies than I have. When he was on this side of the house he had a nanny or two to account for, and if he will just look up in the files what he said about the matter then, he may be able to answer his question of today.

Hon. Royce Frith (Deputy Leader of the Opposition): That is a solid, clear, unmistakable answer.

Hon. Philippe Deane Gigantès: Am I to understand the answer of the government of the leader—excuse me, the Leader of the Government—I am getting confused by the leader's use of the English language. Sometimes I wonder whether he contributed to the writing of that famous television series "Mr. Minister."—However, on this issue of the nanny, is he saying that when the Conservatives do something which he thinks is reprehensible, if the Liberals did it, that makes it all right?

Senator Perrault: That is the only interpretation you can give it.

Senator Roblin: That is a philosophical question which causes me some problems. I simply say to him that right is right and wrong is wrong.

Senator Frith: And you will take it up with the minister of philosophy.

[*Translation*]

Senator Gigantès: Honourable senators, I want to ask the Leader of the Government in the Senate whether the issue of a "sacred instrument of travel" is not a matter of translation. In this bilingual country, the Prime Minister, the boy from Baie Comeau, as he likes to call himself, said previously and in French that a Government airplane is a "sacré" moyen de transport . . .

[*English*]

Translated into English it means "a sacred means of communication." Is that the case with Mr. Mulroney, that he got mixed up in the two official languages?

[*Translation*]

Senator Roblin: "Sacre bleu, je ne sais pas, mon ami!"

Some Hon. Members: Hear, hear, right on!

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Graham*).

Hon. B. Alasdair Graham: Honourable senators, I should like to congratulate Senator Charbonneau, our new Speaker. I am sure that he will uphold with fairness the interests of the various parties. His brilliant career in the public and private sectors has been good training for that office.

May I mention also the outstanding achievement of his predecessor, Senator Riel, Speaker and diplomat. He did much for the prestige of the Senate in Canada and abroad.

Among other eminent officials, Senator Asselin, Speaker *pro tempore*, distinguished himself by his well-known dedication.

[*English*]

Senator Roblin brings to the government leadership wide parliamentary experience, a keen mind and an eloquence difficult to match.

[*Translation*]

Finally, I would like to extend my greeting to Senator Flynn, a talented man whose spirited leadership will long be remembered.

[*English*]

Senator Doody's ability and fine sense of humour have already brought new happiness to the leadership of his party. The veteran Senator Phillips, of course, has a sizeable task before him in filling the considerable shoes of his predecessor, the much admired Senator John M. Macdonald, but I am confident that he, too, is equal to the task.

[Senator Frith.]

The leadership team on this side of the house has two veterans returning for another season and a new first draft choice rookie in a manner of speaking. Senator Frith, at times feisty, but always interesting, reasonable, resourceful and resonant, returns as deputy leader. Senator Petten as whip brings his negotiating oils and genuine charm. I cannot think of any individual in Canada who could greater enhance this chamber than the Leader of the Opposition, the junior senator from Nova Scotia. Senator MacEachen brings to his office a wealth of experience and finally honed debating skills which would be difficult to eclipse anywhere in the Commonwealth. Indeed, in my judgment his contribution to the public life of our country is surpassed by that of no other individual. I congratulate Senators Macquarrie and Tremblay, the mover and seconder, in launching this debate so successfully.

Honourable senators, on September 4 of this year the Progressive Conservative Party was given a massive mandate to form a new national government. The magnitude of that triumph was, I suspect, a surprise, even a shock to some of the party's most ardent disciples and prognosticators. During the election campaign every Tory speech was light with humour and heavy—almost weighted down—with promise heaped upon promise. "A new day, a new dawning," trumpeted their leader. Tens of thousands of new jobs created overnight. Simultaneously, the unemployment rate would tumble. There would be new assistance for young people, prosperity everywhere and liberty—whatever that may mean, in light of the gags that have suffocated everyone from the chauffeur to the "Chief High Priests of Staff."

• (1510)

Honourable senators, I do not know what it is like in your various parts of the country, but down in Cape Breton where I come from the unemployment rate has gone up an unprecedented four percentage points since the new government took office.

An Hon. Senator: Shame!

Senator Graham: In August, the official unemployment rate stood at 16.2 per cent and by the end of October it was up to 20.3 per cent. Unofficially, I am told, the unemployment rate is now well over 30 per cent. So how is the new government helping that hard pressed area of the country and how is it creating the much quoted "jobs, jobs, jobs"?

As I mentioned the other day, to start with they have cancelled the decentalization program which would have moved the Income Securities Branch of the Department of National Health and Welfare to Sydney, thus creating a total of 75 to 85 new jobs in that area. In addition, the construction of a new federal building to house those and other federal employees would have created some 100 jobs during the period of construction. However, tenders on that building have also been cancelled. Major cutbacks in CN Marine activities have been announced, resulting in another serious loss of jobs and service.

Rumour has it that the Canadian Broadcasting Corporation will shortly swing the axe in various areas of the country. Let

me put that remark in proper perspective in terms of my area of the country. We have two television stations in Sydney. A few years ago, ATV, an affiliate of CTV, abandoned its local programming. Thus, live maritime shows on that network all now originate out of Halifax. For the past several years, the CBC has carried a live hour-long show out of Sydney each evening called "Cape Breton Report". It is an excellent production and the only locally produced show on television. Again, the rumour mill is grinding away. Will "Cape Breton Report" fall victim to the cutter? Stay tuned, honourable senators, you may never hear from us again. But, against that possibility, I ask the Leader of the Government in the Senate and all the power brokers who sit around him to plead with Erik to spare "Cape Breton Report."

The list of cutbacks goes on and on. The problem is that too many employees are being kept in the dark. This government not only refuses to tell the public—they will not even tell one another. In some cases, the ministers themselves do not want to know; they are afraid they will talk in their sleep. And, of course, Erik hears all.

I have already congratulated the government party on its massive victory. Numerically, the Conservative Party has strong representation in every part of Canada. In our system of democracy it is good once in a while to change governments, to give others the opportunity to bring new ideas and new visions to the levers of power and authority.

But the election is over, and this government must remember it was given an unprecedented mandate—a massive responsibility—to look after the needs of every region and every constituency in the country, regardless of its location and regardless of how its people voted in the democratic process. So, please do not try to settle old political scores on the backs of the poor regions of the country.

I wish to speak briefly of the Cape Breton Development Corporation and the confusion which currently surrounds the future of the Industrial Development Division. Rumours are rampant that the Industrial Development Division will be scrapped. We are given to understand that a review is now under way both with respect to its record and its potential for the future.

I recall when Devco was first established. Its chief architect, Senator MacEachen, is in this chamber today. Because Hawker-Siddeley had given notice that the company was about to abandon the coal mines in Cape Breton, it was decided that a government agency had to be established to operate and eventually phase out those operations. For many reasons, too numerous to mention, that phasing-out did not occur—happily so. It was also determined that an Industrial Development Division should be established to help broaden the economic base in the region. At this time it is most important to remember that the Industrial Development Division was not intended to replace any existing programs, any existing departments or agencies, either at the provincial or the federal levels. It was established to supplement and complement those existing programs because of the fragile economic situation which has scarred Cape Breton for so many years.

It is difficult to measure accurately the success and/or the failures of the Industrial Development Division. However, I believe it is safe to say that without it, the economic situation in Cape Breton would be much worse than it is at present. At the very least, activities in the Industrial Development Division helped in many ways to maintain a reasonable standard of living for thousands of people in the area. With new technology being developed in coal, it would be advantageous to have an Industrial Development Division close at hand—not remote in some other part of the country—to take advantage of those new industrial job opportunities which it is hoped will be created in the not too distant future. A new government and new management may wish to take new directions. That is their right. However, it is my hope that it will be with a strengthened Industrial Development Division.

Last May, the Government of Canada through the then Deputy Prime Minister, Mr. MacEachen, unveiled a comprehensive package of federal government initiatives for Devco's coal division. Included in the measures was over $300 million in new capital investment which was expected to create between 2,500 and 2,700 person years of employment in construction and mine development over the next three years, and over 900 permanent jobs after that. Heading the list of capital projects was the Lingan-Phalen mine project and a related expansion of the Victoria Junction coal preparation plant. By bringing on additional coal production capability, Mr. MacEachen said at the time, "The federal government is supporting Nova Scotia's off-oil program." He also announced that the government was providing $24 million for the completion late this year of the exploratory tunnel for the proposed Donkin-Morien colliery. I understand that program is on target. The third capital project is the Prince Mine coal preparation plant and an associated railway loading station.

Honourable senators, the intent of the measures is self-evident—to guarantee the economic viability of the coal industry, to stabilize the economic base in that part of Canada and to do much to relieve the dependency on foreign oil.

Because of the loss of over 1,000 jobs as a result of the fire in No. 26 colliery last April, discussions have been taking place with respect to the possibility of re-opening the old No. 1-B colliery in Glace Bay. If studies demonstrate that such a move would be both safe and economically advantageous, then I would ask the government for its support in that endeavour.

Just recently, installation of the most modern small blast furnace in North America was completed at the Sydney Steel Corporation. Phase I of the business plan is just about finished. Close to $100 million has been expended—80 per cent of that by Canada and 20 per cent by the Province of Nova Scotia. I understand that Premier Buchanan has settled on the technological direction that he wishes to take in Phase II. I also understand that Local 1064 of the United Steelworkers of America has also endorsed the proposal which may now be before the Government of Canada. I hope that senators on the government side of this house will assist in ensuring that that program is indeed developed and given the support of the government.

● (1520)

For almost 20 years, and perhaps longer, Sysco has posed a difficult problem. However, I am especially pleased with the accomplishment of the last three or four years. My hope is that solutions will result in a modern plant that will be able to compete favourably in international markets. I should note that, much to the credit of the work force and the management, Sysco is producing rails as fine as any produced in the world today.

However, when we talk of markets, it is important to note that Sysco is not able to compete with Algoma Steel for rail orders for CP tracks, tracks which in western Canada will, I understand, be eligible to receive substantial subsidies. I would like to read from an article in the *The Chronicle-Herald*, Halifax, dated November 1 of this year, five days before the provincial election in Nova Scotia. The headline is "Sysco to be CN's exclusive supplier". I shall read a paragraph:

> Canadian National Railway has agreed to 'purchase exclusively' from the provincially-owned Sydney Steel plant, Solicitor General Elmer MacKay announced Wednesday.
>
> Acting on behalf of Transport Minister Don Mazankowski, Mr. MacKay told reporters at Province House that CN has agreed to purchase all its rails and tie plates from Sysco until the federal government can convince Canadian Pacific Railway to place an order with the Sydney plant.
>
> A prepared statement released by Sysco said CN has placed an immediate order for 20,000 tonnes of rail, valued at more than $12 million.

I do not know where that rail order is. I do not know whether it is on the books of Sysco at the present time. At the time, I congratulated the minister, Mr. MacKay, for doing something that I was unable to convince the government that I was supporting to do prior to September 4, and indeed I failed to convince officials at Canadian National Railway that they should encourage CP to move to open tender. It was my opinion that this was a great move in a positive direction. That was on November 1.

Then on November 2, there was another headline: "Sysco deal irks Kelleher" and I quote:

> The decision of Canadian National Railways to purchase all its rails and tie-plates from the Sydney Steel Corp. (Sysco)—and not from Algoma Steel of Sault Ste. Marie, Ont.—appears to have produced a split in the ranks of the federal cabinet.
>
> International Trade Minister James Kelleher, MP for the steel-making city of Sault Ste. Marie, issued a curt, four-paragraph press release late last night here . . .

That would be in Ottawa—

> —stating he is 'very concerned' about the CN announcement made Wednesday.
>
> Mr. Kelleher announced the convening of a meeting for early next week with Transport Minister Don Mazankowski, Solicitor General Elmer MacKay and CNR officials 'to discuss the implications of the Sysco announcement on Algoma Steel'.

[Senator Graham.]

I understand that that meeting was held the day after the provincial election. Then, two days after the provincial election on November 8, there is another headline in *The Chronicle-Herald,* Halifax, which says: "Compromise reached on rail issue." And I quote:

> A compromise agreement has been worked out to smooth the rift that developed last week between two federal cabinet ministers over the Canadian National rail contract awarded the Sydney Steel Corp. (Sysco). 'There was a bit of a misunderstanding but nobody will be hurt' Transport Minister Don Mazankowski told reporters last night after a meeting with two cabinet ministers and CN president Maurice LeClair.

In order to close the issue for today, I would like to quote from an editorial which appeared in the *Cape Breton Post* of November 13 of this year. It says, and I quote:

> Federal solicitor-general Elmer MacKay owes the people of Cape Breton and Nova Scotia an explanation. He has been blatantly contradictory in two recent utterances about Sysco.
>
> On Oct. 31, in the dying days of the provincial election campaign, Mr. MacKay enthusiastically announced that Canadian National had agreed to purchase its rails exclusively from the Sydney Steel Corporation until the federal government could convince Canadian Pacific to purchase some from Sysco. His reasoning? It's in the 'national interest' that both major railways purchase from both Sysco and Algoma of Sault Ste. Marie, Ontario. CP owns Algoma though, and places all of its orders there. Until CP changes its policy, CN would purchase from Sysco alone, balancing the situation, the Nova Scotia minister assured the public.
>
> But on Nov. 8, two days after the provincial election, the same Mr. MacKay announced that it is now 'in the national interest' for CN to purchase rails from both Algoma and Sysco, regardless of what CP does.
>
> In his first announcement, Mr. MacKay was guilty of either a gross mistake, or a shoddy political manipulation. Either way, he owes local citizens an explanation.
>
> The Mulroney government is supposedly striving to be all things to all people, but the shine will soon wear through on the new regime if it repeats reversals like this one. The lives and hopes of steelworkers and other citizens are not to be played around with casually or insensitively.

Need I say more, except for one comment, honourable senators. If in the western rail expansion program CP is receiving significant funds from the federal government—the people of Canada—why does not CP call public tenders? In that respect, I would encourage the government to go back to Mr. MacKay's original thinking as enunciated in his public statement of November 1.

Honourable senators, around the world our embassy and consulate ties with some of our allies—in some areas, the smallest, the most indefensible—are being cut. It must be a strange world we live in when we are told that children, even before they reach the age of reason, are terrified by thoughts of war, and are knowledgeable of the horrors of poverty and starvation. It is all the more mind-boggling when we realize that we have produced all of the destructive powers of war essentially within the last 100 years. No one can be sure whether it is happenstance, coincidence, a plan or a conspiracy that finds our world so volatile at the present time. When we look at some of the problems: the mid-East, Central America, the continuing war in southeast Asia, the on-going struggle between the communities in Northern Ireland, the confrontations in Africa and the incredible tensions between East and West, it is very difficult to find a truly safe haven in a very troubled world. Everywhere there is the threat to world peace, and the difference is only in degree.

When we look at all of these problems, there is one element that is common among all others: the common thread that holds true throughout is the poverty of the people. For all man's great abilities to develop destructive forces, how anæmic are our efforts to develop a world of peace. I am equating peace with development; with the concept of ridding the world of poverty. How difficult it is for us to understand that we contribute to war and destruction when we placidly accept the exploitation of third world countries that provide us with so many of our luxuries.

One always looks at the war-like cacaphony. One never knows whether it is the increase in the price of oil that causes the militarism, or the militarism that causes the increase in the price of oil. The great difficulty that we have in dealing with the north-south problem; the developed versus the underdeveloped; the "haves" versus the "have-nots" is always compromised when it is we who have, when it is we who must give up if these people are to be released from poverty and have a measure of freedom restored to them.

• (1530)

One has only to look at the desperate poverty of the Philippines, Southeast Asia, the Middle East, Central America or Africa to be convinced that in the midst of this oppression and exploitation there can be little hope for peace. And yet we must not be tied to a depression that makes it impossible for us to react.

If we are going to pursue peace in the world, we must begin by understanding something of the complexity of the problem. We also have to be convinced that, as long as people are kept in poverty, there will be conflict. And while we must defend ourselves and help defend others, we must be convinced that we cannot truly make peace while we prepare for war.

Those of us who live in the so-called free and developed world must continue to go to others to share with them some of the rewards of our development. What a treasure of information the people of those countries can be. We must realize how important it is for us to communicate with them, to learn of their problems, their economic difficulties, but also to hear their culture and potential contribution to a better world. That is why it makes me so sad to see some of these embassies and consulates being cut in terms of our relationships with some of the most disadvantaged areas of the world.

Honourable senators, much is said about this place, its work and its possibilities. I have taken a special interest in the most impoverished areas of the world and, indeed, in the most disadvantaged regions of our country. We have the chance to be constructive and to create our own visions and our own opportunities to help others. That is the challenge which faces all of us today. I look forward to working with honourable senators in the days ahead.

Hon. Martha P. Bielish: Honourable senators, it is an honour for me to participate in this debate on the Address in reply to the Speech from the Throne. I join with my colleagues in congratulating our Speaker, the Honourable Guy Charbonneau, and through the Speaker, the Speaker *pro tempore*, the Honourable Martial Asselin, on their respective appointments.

To the Leader of the Government in the Senate, the Honourable Duff Roblin, to the Deputy Leader in the Senate, the Honourable Senator Doody, and to the Government Whip, the Honourable Senator Phillips, I offer congratulations and thanks for accepting their respective positions, along with their accompanying responsibilities.

I should like to extend a warm welcome to the Leader of the Opposition in the Senate, the Honourable Allan J. MacEachen. I wish him many happy years in that position. I regret that he is not in the chamber now because I was going to remind him of the first time I met him many years ago.

My sincere thanks and appreciation for their kindnesses, understanding and exemplary leadership go to the Honourable Jacques Flynn and the Honourable John M. Macdonald.

At this point I should say that I would like to have the eloquence of Senator Macquarrie, the wit and humour of Senator Doody, and the parliamentary experience of Senator Tremblay; however, I do not have those attributes, so you will have to bear with me.

The First Session of the Thirty-third Parliament was opened by Her Excellency, the Governor General, Madame Jeanne Sauvé. That marked the first time a woman appointed to that office, the highest office in the land, represented the reigning monarch, Her Majesty Queen Elizabeth II on such an occasion. Across the nation there was cause for rejoicing as another milestone in the quest for equality for women was reached.

On that same day, 27 women took their places in the other place, almost double the number that were there at dissolution. Of that number, 19 were in the government and six of them were appointed to cabinet positions. Others were appointed parliamentary secretaries. Surely, another milestone had been reached to the combined credit of the women themselves, in the first instance, and the Prime Minister who made the appointments, thus ensuring that social justice keeps pace with the changing needs and circumstances of women in the political field and their rightful claim to equality with men.

Lest I forget, I do want to welcome all new honourable senators who have joined us in this new Parliament, and especially my two colleagues from Alberta, Senator Joyce Fairbairn and Senator Daniel Hays, with whom I hope to consult on matters of common regional interest.

Alberta, a magnificent province with every natural feature except an ocean, is made up of 14 tourism zones. Lakeland, my designation in the Senate, is the largest of those and is situated in the northeastern part of the province, stretching from the Northwest Territories on the north to the city of Lloydminster on the Saskatchewan border to the east, thence in a northwesterly direction almost to the Edmonton city limits, then north and east until it reaches the Northwest Territories again.

In the northern reaches is Wood Buffalo National Park. That is home to the largest herd of buffalo in the world, and nesting grounds for the near extinct whooping crane.

Fort McMurray, the home of the world-famous tar sands, the world's largest-known oil deposits, is also located there. Further south, we come to beautiful lakes and rolling parkland, and Grand Centre, where a Canadian Forces air base is situated. Cold Lake and Redwater are other oil fields in that region.

St. Paul, an agricultural area, and Smoky Lake County, where the largest tree nursery in Canada is situated, and from which 60 million seedlings are lifted each year and taken to be planted in the various forest areas, are also located in this area. The balance of the Lakeland tourist area consists of land utilized for mixed farming.

The population is composed of several Indian reservations, a Métis colony, and people from different parts of the world. It is unique in that St. Paul, often called the French capital of Alberta, has a Ukrainian as its mayor while, conversely, Smoky Lake, basically Ukrainian, has a French Canadian for its mayor. So, you can see that people from diverse roots live in quiet communities and in harmony. This basically gives you the background.

● (1540)

My home is on a farm near the village of Warspite within the boundary of Lakeland. A Women's Institute organized in the district in 1921 is still flourishing and provides rural women and homemakers with opportunities for leadership and exchange of ideas. Members are volunteers, often the sole providers of their community's recreation, adult education and many other services. Women's Institutes are found in every province of Canada, with one umbrella organization at the national level. At the international level they become societies of the Associated Country Women of the World.

In the Speech from the Throne renewed Canadian internationalism is mentioned. I should now like to follow through on an example pertaining to that subject. In 1977 the international organization known as the Association of Country Women in the World held their conference in Nairobi, Kenya. Canadian women visited homes of rural Kenyan women. They observed Kenyan women carrying containers of water strapped to their shoulders and to their heads. A rural woman's day in Kenya consists of spending at least five to seven hours searching for water.

Following this visit to Kenya, Canadian women endeavoured to do something for women in those rural areas. They started a project called "Wish a well for Kenya." The women of this association collected $4,000 through their wishing wells and then went to the provincial government and their international agency matched them dollar for dollar. They went to the national organization which turned to CIDA and got it matched three-to-one. The women from Kenya also asked their government to match the money that they received from Canada, shilling for shilling, and it was matched. Out of that project, 13 villages had water piped in, serving over several thousand people. There are many such projects but this particular one was publicized in UNICEF and UNESCO papers, and in many other UN periodicals. That is an example of where rural women are doing a tremendous job in international relations and goodwill.

In the Address in Reply to the Speech from the Throne, the Minister of Agriculture, the Honourable John Wise at page 317 of the *House of Commons Debates* said the following about the Canadian agriculture industry:

> It is an industry with retail sales of nearly $60 billion, an industry that exported about $10 billion worth of products and generated a trade surplus of about $4.3 billion in 1983.
>
> It is an industry that directly employs some 1.4 million Canadians and accounts for almost three million jobs, if one counts all the services used by primary producers and all the services used by processors, distributors, and indeed retailers from coast to coast.
>
> Food has always been so plentiful and cheap in this country that many Canadians overlook the fact that our agri-food industry is a big business. Many people are not aware of the fact that it is a big business that, I regret to say, faces some very big and serious problems. These problems include low and declining farm incomes, stiff competition in export markets, and soil degradation.

The agricultural industry could be a wonderful industry but it is facing many problems.

The year 1985 is the culmination of the decade for women. An assessment is being made of the countries that were signatories to the convention on the elimination of discrimination against women and how they have progressed. In developing countries it is obvious that rural women are at the bottom of the ladder. Rural women and homemakers in Canada may be better off in comparison to those in many countries, but in our own country they are the last ones to be considered.

Why am I saying this to you today? Because the majority of the population of this nation is urban and many urban people do not have the opportunity or the inclination to learn about agriculture and their own food supply. As we travel and meet people from different countries we try to build bridges of understanding. Today I am throwing out a net, a lifeline, to people in the urban areas to ask them to make themselves

acquainted with the situation of rural people and the agricultural industry. I believe this is something we must do. We, in this chamber, have, I could easily say, a majority of people who are urban, and it is to them that I look for understanding and support.

• (1550)

The Senate Agriculture Committee report, "Soil at Risk," which was tabled in this chamber on November 6, will give us more opportunity to debate and discuss this issue. My hope is that we take heed of time, especially when we know what is happening in Africa and in many other parts of the world. My plea is for the agricultural industry, the farming community and the rural people who live there.

Hon. Senators: Hear, hear.

On motion of Senator Cools, debate adjourned.

NATIONAL DEFENCE

APPOINTMENT OF SPECIAL SENATE COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Lafond, seconded by the Honourable Senator Thompson:

That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;

That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada, and to such places abroad where members of the Canadian Armed Forces may be stationed;

That the Committee have power to sit during adjournments of the Senate;

That the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee; and

That the papers and evidence received and taken on the subject before the Committee during the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I yield to Senator Lafond who originally proposed the motion.

Hon. Paul C. Lafond: Honourable senators—

The Hon. the Speaker *pro tempore:* I have to inform the Senate that, if Senator Lafond speaks now, his speech will have the effect of closing the debate on the motion.

Senator Lafond: Honourable senators, I have taken note of the observations and reservations of Senator Frith and have no further comment to add.

Motion agreed to.

HUMAN RIGHTS

EXPRESSION OF SYMPATHY TO PRIMATE OF POLAND

Hon. Stanley Haidasz, pursuant to notice of Wednesday, November 21, 1984, moved:

That the Senate of Canada express to the Primate of Poland its deep sympathy on the recent brutal murder in Poland of a patriot-priest, Reverend Jerzy Popieluszko, which has shocked the conscience of the world; and

That the Senate of Canada, condemning this act of violence, call upon signatory countries to defend human rights, pursue justice, and ensure respect for freedom of speech and association, in compliance with the provisions of the Helsinki Final Act.

He said: Honourable senators, although I believe this motion standing in my name is both clear and succinct, I also believe its subject matter is of a grave nature and of critical importance, warranting some remarks from me as its proposer.

Canada, as a signatory state of the Helsinki Final Act of 1975 and as the strongest proponent of the part dealing with human rights issues, has both a vital interest in and a duty to express its concern about the violations of the agreement and about the need for the full implementation of its provisions.

Furthermore, since the signing by states of the Helsinki Agreement, the raising of such issues can no longer be considered an internal affair; indeed, there are times when specific protest is both justified and necessary, as silence in such matters may be regarded as neglect or indifference.

It is hoped that these concerns will be thoroughly discussed at the forthcoming special meeting of experts on human rights to be held next May in Ottawa, as proposed three years ago at the Madrid review meeting by Canada's then Secretary of State for External Affairs, the Honourable Mark MacGuigan.

Last week, we learned of a series of very disturbing events in Poland. There was the news of the banning of the activities of the human rights monitoring groups in Poland. Then came the news that West Germany's foreign minister had cancelled his official visit to Warsaw only four hours before his intended departure, giving as one of the reasons for that cancellation a public warning from Warsaw that he should not visit the grave of the murdered patriot-priest, the Reverend Father Jerzy Popieluszko. Then, just last Sunday, there was the sermon at the church of the late Father Popieluszko describing Polish society as being paralyzed with terror. And today we read that Cardinal Glemp, after conferring with Solidarity's leader, Lech Walesa, had flown to the Vatican to confer with Pope John Paul II.

Father Popieluszko was a staunch supporter of Solidarity, celebrating monthly masses for the Polish nation in his Warsaw parish church of St. Stanislaus Kostka.

Religion, patriotism and a tragic history fuelled a romantic fatalism that pervades the Polish character. Polish patriotism has been closely tied to religion ever since the baptism, in 966, of the nation's first ruler, King Mieszko I. During periods of foreign occupation, the Catholic Church kept the Polish language and culture alive and served as the main bastion of Polish nationalism.

Heroic sacrifices and grand gestures come naturally to the Poles who appear to have an alarming capacity for martyrdom. Reverend Father Popieluszko is the most recent of such martyrs. In times of national peril, inspiring their countrymen, he follows Polish patriot-priests like Skarga, Kordecki, Skorupka, Wyszynski, and, recently, Wojtyla, now Pope John Paul II, a foremost defender of human rights, whose visit to Canada last September was a great inspiration.

The Nobel Peace Prize laureate, Lech Walesa, stated at Father Popieluszko's funeral that a country with priests like him will stay alive. In a great tribute to the martyred priest, President Ronald Reagan stated that Father Popieluszko did more for freedom than those who live in freedom.

In concurring with these tributes and mourning this martyr for the principles enshrined in the Helsinki Final Act, I hope that honourable senators will approve my motion.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not intend to speak to the motion because I was much impressed by my honourable friend's eloquent statement; I merely seek some information because, in that part of his motion which calls for action, he says:

> That the Senate of Canada, condemning this act of violence—

And this is the part I would like some clarification on.

> —call upon signatory countries to defend human rights—

Exactly what did my honourable friend have in mind when he used the words "call upon"? Is it sufficient for us to express our opinion in this house or does he anticipate that some further action will be required?

• (1600)

Senator Haidasz: I do not foresee the need for any further action. As I mentioned in my previous remarks, in agreeing to this motion we simply call upon states signatory to the Helsinki Final Act to observe its provisions.

Senator Roblin: I thank my honourable friend for his clarification of the matter. He is asking us to move this motion but he does not anticipate that further action will be required.

Motion agreed to.

[*Translation*]

YOUTH

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

Hon. Jacques Hébert, pursuant to notice of Wednesday, November 21, 1984, moved:

[Senator Haidasz.]

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age;
>
> That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to adjourn from place to place within Canada;
>
> That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and
>
> That the Committee present its report no later than October 1, 1985.

He said: Honourable senators, today and since the beginning of the recession, Canadian youth and Canadians as a whole have been faced with serious problems. How we decide to approach and solve these problems will largely determine the kind of society we will pass on to the youth of this country.

At the present time, young people are worried about the lack of job and career opportunities. In fact, more than 17 per cent of young workers are unemployed. Discouraged by this situation, many commit acts that are anti-social and self-destructive. These problems arise at an important stage in their lives. When they are out of their teens and in their twenties, young people are usually finishing their education and entering the labour market. It is also a time when they leave home to live on their own. In many cases the normal transition from school to job, from being dependent to being independent, has been disrupted as a result of their precarious financial situation.

I think these are the main points to which the Special Senate Committee on Youth should address itself. It can continue the work started by its predecessor during the previous Parliament. Before giving a quick overview of the work done by the first committee on youth, I would like to elaborate on the problems and challenges facing young Canadians today.

The main problem, though not the only one, is obviously unemployment. Since the middle of the sixties, unemployment rates in all age groups have, generally speaking, increased. Young people have followed the general trend although they are now well above the national average. Between 1966 and today, the average national unemployment rate has risen from 3.4 per cent to 11.9 per cent, while the youth rate rose from 5.6 per cent to nearly 20 per cent.

The unemployment rate is even higher among young people who did not go beyond primary or secondary school. In many cases, young people who want to work full time are only able to find part-time jobs. Many young unemployed workers remain unemployed for periods of more than six months.

Many others are unable to find work commensuate to their education, training and professional aspirations.

The employment problems facing young Canadians today will become even worse as a result of technological change and competition on international markets.

[*English*]

Closely tied to the employment problems facing Canadian youth today is the educational and training system which has given them whatever skills they possess. More young Canadians are staying in school longer. Many young people question the quality and relevance of what they are being taught. The optimism many of them have developed in school is often undermined and, indeed, negated by their difficulties in finding that first job. Their education is often inadequate and unrelated to a working environment. Many young people have unrealistic career aspirations. There is a controversy among educators themselves as to the type of education and training they should be giving to young people.

Along with these educational and employment difficulties, young people are experiencing a number of social problems. It is essential that these issues be effectively addressed if young Canadians are to have confidence in and fully participate in the future of their country.

In recent years there has been a marked increase in anti-social and self-destructive activity among young Canadians. As an example, the 1981 suicide rate among the total population was less than twice that in 1961. The 1981 suicide rate among young people 15 to 19 years of age was five-and-a-half times that in 1961, and among those 20 to 24 years old it was three-and-a-half times that in 1961.

Although there has been an increase in criminal activity among adults in the last 20 years, it has gone up, on a proportionate basis, much more among young people. Between 1962 and 1981, the number of offences against the person alleged to have been committed by juveniles increased eight-fold, while the number of crimes against property alleged to have been committed by juveniles increased six-fold. This rate of growth in criminal activity exceeds that of the juvenile population itself by several times.

Young people today also appear to be facing a number of crises in values. They often feel poorly served by government and volunteer services. They believe that society's institutions are not adapted to their needs. Faced with job and career limitations, the arms race and major environmental problems, many young people react by being detached from political and social institutions, and by having little or no confidence in the future.

These difficult, inter-related problems and issues facing young Canadians, and indeed all Canadians, are not only of grave import to the future of this country but are very painful for those who have to live them.

It is most appropriate that this committee be set up in the spirit of the United Nations' International Youth Year, 1985, whose three themes are participation, development and peace. This committee would not only constitute part of Canada's participation in International Youth Year, but would continue the work of and fulfill the expectations built up by the Special Senate Committee on Youth in the last Parliament. I would like to describe briefly this work and these expectations.

The predecessor to the committee I am proposing today was established by a motion adopted unanimously by the Senate on April 10 of this year. Between the time of its creation and the dissolution of Parliament, the members of the committee considered the issues and problems facing Canadians of 15 to 24 years of age. The committee held a number of meetings at which it discussed these issues and was briefed by its staff from the Research Branch of the Library of Parliament. The committee's staff developed a research program and had a number of meetings with government officials dealing with different aspects of the problems of youth.

The committee placed advertisements in newspapers and periodicals throughout Canada in which it set out the issues it wished to address and invited submissions from interested groups and individuals. In addition, the committee sent out hundreds of letters to governments at all levels, to youth-serving organizations, schools, universities, teachers' associations, unions, student associations, social clubs and many others, including all the main organizations representing the different ethnic groups. These letters were accompanied by a short discussion paper entitled "Problems and Issues Facing Canadian Youth" which had been adopted by the committee. The discussion paper set out in some detail the issues upon which the committee invited submissions. These issues were (1) employment and changing labour market conditions; (2) education, training and career aspirations; (3) family and social issues; and (4) crisis in values.

• (1610)

In addition to these activities, the committee held an opening press conference in early June and a public hearing later that month, at which appeared the then Minister of State for Youth, Madame Céline Hervieux-Payette. At the press conference, the committee members described the issues they hoped to address, answered a number of questions from journalists and gave interviews to the media.

As a result of both its advertising and its letters, the committee has received 71 briefs and letters, 85 notices of forthcoming briefs and 91 requests to appear. The committee continued to receive submissions from groups and individuals even after it had legally ceased to exist with the dissolution of Parliament. It has continued to receive letters and briefs throughout the summer and fall. Hardly a day has passed that we have not received a communication of some sort.

Just a few days ago I received an important paper from a professor of the Faculty of Education at the University of British Columbia. He is under the impression, as are a great many prominent Canadians, that the Special Committee of the Senate on Youth still exists or can soon be revived. Let me quote from his letter:

> I noted with interest the formation of the special committee of the Senate to examine the problems and issues

facing Canadian youth. Clearly one of the important issues facing young people is in the area of jobs, careers and employment. On this topic, the enclosed paper may be of some use to the committee. It organizes and reviews the literature on the career development of adolescence from an ecological perspective. I would be pleased to be of further assistance to your committee on this topic.

I am absolutely sure that no honourable senator would suggest that I write to that professor at the University of British Columbia and say "Thank you very much; we do not need your paper, your ideas and your offer of assistance. Thank you, sir, but the Senate has other priorities now".

We have received briefs, letters and submissions from every part of Canada. They have come from provincial governments, universities, teachers, parents, youth-serving organizations, unions, ethnic groups, student associations, and from the young people themselves. The tone of those submissions is both serious and thoughtful. Life experiences are described, existing programs and activities are presented, and solutions are proposed.

The tenor of the communications we have received indicates both a confidence that the Senate is the place where the issues and problems affecting youth can be examined, and also an expectation that we will give them serious consideration leading to their resolution.

[*Translation*]

The solutions will not be easy to find, but they exist, I am sure. I am convinced that a special Senate committee would stimulate or continue to stimulate the imagination of many Canadians who, like us, are distressed by the public drama we are witnessing, Canadians who are awaiting an opportunity to express their views.

I do not have time to go into the details of the documents we have received. At least, I can tell you that I have been shocked by some of the testimony.

Among others, I have in mind the letter from a 57-year-old man from Toronto whose son of about 20 is a Ryerson Polytechnical Institute graduate totally unable to find a job and has to rely on his father to feed his own wife and son.

I have in mind the testimony of a young man who graduated in mechanical engineering two years ago. He crisscrossed the country seeking permanent employment in his field, but to no avail. He sent quite a few applications and was interviewed dozens of times, but without success. He finally managed to land a part-time job which has nothing to do with his training; such a situation is a horrendous waste of energy and know-how, not to mention the money invested to train that engineer. If we were in his shoes, we would be tempted, as he is, to lose confidence in such a spendthrift society.

In my opinion, therefore, it is imperative that my motion be adopted. Canadians expect the Senate to make that kind of inquiry which, in addition to its political impact, has a truly human perspective.

It is interesting to note that during the recent election campaign, the three major political parties stressed the seriousness of unemployment and the other problems with which young Canadians have to cope. Each one of them has advocated a policy or a program with minor variations, but they all acknowledge the urgent necessity to do something about it.

The motion aimed at establishing the first committee had been adopted by both sides of the chamber. During its short existence, it did operate on a non-partisan basis, as Senators Yuzyk and Tremblay would certainly confirm.

The causes of difficulties experienced by Canadian youths are deep-rooted and will certainly have dire consequences for the country and the public at large unless we immediately and resolutely come to grips with them. They will not vanish, nor will their solution drop from the sky. As senators, we are supposed to have the wisdom, ability and vigour required to examine them and come up with practical and realistic answers. The people who wrote to me and to the members of the first committee, and Canadians generally, expect us to live up to that challenge.

I realize that many senators are busy and concerned about other issues that are important for the future of our country. Still, I am also convinced that none of my colleagues will hesitate to endorse a motion which may not only bring hope to a generation just about ready to give up, but also enable the Senate to show once again that it can indeed tackle a major problem, consider it in depth and recommend sound and promising solutions.

Honourable senators, if I may conclude as I did last April—it must have been a good conclusion, followed as it was by the unanimous endorsement of the Senate—by creating this special committee on youth, the Senate, so widely discredited these days, will show that it can still be the conscience of Canada!

Thank you, honourable senators.

[*English*]

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 28, 1984

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

LIBRARY OF PARLIAMENT

REPORT OF LIBRARIAN TABLED

The Hon. the Speaker *pro tempore:* Honourable senators, I have the honour to table the report of the Parliamentary Librarian for the fiscal year 1981-82.

[*Translation*]

NATIONAL FINANCE

FIRST REPORT OF STANDING SENATE COMMITTEE TABLED

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the Second Session of the Thirty-Second Parliament, December 7, 1983 to July 9, 1984.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

NOTICE OF MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

Hon. John M. Godfrey: Honourable senators, I am nothing if not persistent. I give notice that on Tuesday next, December 4, 1984, I will move:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and
>
> That a message be sent to the House of Commons to acquaint that house thereof and to invite them to join with this house in the aforementioned action.

I originally moved that motion two and a half years ago. I hope that next Tuesday we shall finally be able to deal with it. It has already been fully debated.

NOTICE OF MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

Hon. John. M. Godfrey: Honourable senators, I give notice that on Tuesday next, December 4, 1984, I will move:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and contains the powers set forth in paragraph 2 of part 9 of the Cabinet directive on the preparation of legislation approved on 16th April, 1981, the said part 9 reading in part as follows:
>
> "9. REGULATIONS
>
> In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:
>
> (1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.
>
> (2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:
>
> (a) power to make regulations that might substantially affect personal rights and liberties;
>
> (b) power to make regulations involving important matters of policy or principle;
>
> (c) power to amend or add to the enabling Act or other Acts by way of regulation;
>
> (d) power to make regulations excluding the ordinary jurisdiction of the Courts;
>
> (e) power to make specific regulations having a retrospective effect;
>
> (f) power to subdelegate regulation-making authority;
>
> (g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;

(h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulation." and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

QUESTION PERIOD

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

EQUALIZATION PAYMENTS

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate. At a recent meeting in Winnipeg the Minister of Finance told the Government of Manitoba that he would consider its request to extend equalization payments so that Manitoba would not lose the $72 million of equalization payments that it will lose if there is no change in the present policy. At the same time a memorandum from the Deputy Minister of Finance to the Minister of Finance stated that no compelling arguments have been advanced thus far to suggest that the minister should encourage Manitoba to believe such assistance is possible. Given that the Leader of the Government in the Senate also hails from Manitoba and that this shortfall would seriously affect the economy of the province of Manitoba, could he give us his views as to whether or not he believes the $72 million should be paid by the government?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have to tell my honourable friend that that is precisely what I cannot do, give my views. Obviously, the matter will be the subject of the cabinet and government policy making process. However, I can say that the problem arises because of legislation that my honourable friend supported, along with his other colleagues in the Liberal Party when legislation on the last set of equalization agreements was before the Senate and the bill was passed. So we can identify the cause of this regrettable circumstance whereby the Province of Manitoba feels that it has a grievance. It is a matter of long standing—several years at any rate—since this particular measure was put in train. Now, we see what the results have turned out to be, and we have to deal with it.

I cannot give any opinion on the matter, but I can give my friend some further information. Speaking publicly in Winnipeg the Minister of Finance said the matter could be and would be considered but it would have to be done in co-operation with all the other provinces which have an interest in equalization payments. That seems to indicate to me that we may expect the matter to receive further consideration, although what the outcome will be is impossible to prophesy.

[Senator Godfrey.]

Senator Everett: As I understand it, the memorandum which has now been made public states that there is no reason why the government should encourage the Province of Manitoba to believe that it will get any additional amount of money. I am mystified as to how one can come to the conclusion that the government is reviewing this matter when, in fact, the public information from the deputy minister is to the effect that no encouragement can be given to Manitoba in this regard.

Senator Roblin: I have already explained to my honourable friend that the minister has made a wider statement than that contained in the advice received from his deputy. Also, by no means does it follow that because a public servant—however well informed or highly placed he may be—offers advice to the minister that advice will be followed in every particular. Obviously this is one case where that does not apply.

Senator Everett: But that advice is now on the public record. Would the goverment leader consider tabling the advice that was given, which is now quite contrary to what the minister says, what the government leader says and what government policy purports to be?

Senator Roblin: Perhaps my honourable friend should take the trouble to peruse *Hansard* of the other place. I know how tiresome that can be.

Hon. Royce Frith (Deputy Leader of the Opposition): Maybe we should not bother meeting here. Maybe we should gather and read *House of Commons Debates*.

• (1410)

Senator Roblin: My honourable friend would do himself justice and would fulfil his duty a little more effectively if he were to take the opportunity to inform himself of the information that is available. It is no good coming in here and asking for information that is already available.

Senator Frith: It is no good coming in here asking for it from you. You are right about that.

Senator Roblin: If my honourable friend wishes to neglect his responsibility to inform himself then that is his problem.

Senator Frith: As a senator, I am entitled to an answer. I do not have to read the *Hansard* of the House of Commons before asking a question.

Senator Roblin: I tell him where he can find the answer and he can take the trouble and exercise the patience to go and look it up for himself. That is what he is going to have to do.

Senator Frith: As a senator, I am entitled to come here and obtain the information, and that is the case with all all senators. We do not have to read *Hansard* of the House of Commons first.

Senator Roblin: You are going to have to take advantage of the information that is in the public domain. You need not expect me to repeat that information here, because I am just not going to do it. I am under no obligation to do it.

Senator Frith: Until the government changes.

Senator Roblin: When you had a majority like you had in the old house—

Senator Frith: But we never said, "Go read *Hansard* for the House of Commons", for crying out loud!

Senator Roblin: If my honourable friend were to restrain his bursts of petulance here then we could get back to the question asked by my colleague, the honourable senator from Manitoba. I must say that as a result of this little interchange I have quite forgotten the point my honourable friend was making. Would he care to ask his question again?

Senator Frith: The answer is probably in *Hansard* of the other place, anyway.

Senator Everett: Honourable senators, I would like to depart from my point for a moment. I have indeed read *House of Commons Debates* on this matter. My questions arise out of the fact that I do not fully understand the issue, and I seek more information from the Leader of the Government in the Senate. I am mystified—I really cannot understand how the Leader of the Government in the Senate can say, "My job is not to supply information which is already in the public domain." It seems to me all that is doing is devaluing the Senate both in the eyes of the Senate and the eyes of other people.

Some Hon. Senators: Hear, hear.

Senator Everett: Surely to goodness, the conduit we have—in fact, the only conduit we have—to the government is through the Leader of the Government in the Senate. Thus, we ask him questions. If we ask the precise question which was asked in the House of Commons then, perhaps, he could say that that precise question was answered and that the reply he might give is on all fours. However, we are not asking the precise question; we are asking for an enlargement on an issue today that, yes, has been taken up in the House of Commons. Who else do we have to go to? Does the Honourable Leader of the Government say that everything happens in the House of Commons and that there is nothing worthwhile in this chamber?

An Hon. Senator: Shame!

Senator Everett: Does he say that he does not answer for anything? When something does come up does he say, "Check and see what has happened in the House of Commons. Check and see what was said there"? No, I really do not think that is the way things work.

Surely to goodness, the Leader of the Government in the Senate is here to answer reasonable questions and to enunciate government policy when asked to do so. I remain totally mystified as to why the honourable gentleman is taking the attitude he is taking. I ask him if he would not reconsider and answer the questions which have been asked of him as though they were asked here for the first time.

Some Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators, I certainly know that applause was not for me.

Senator Frith: It depends on what you have to say.

Senator Roblin: I will say to my honourable friend that since he is such an eloquent advocate I will give him a direct answer to the question he put to me even though it has already been given in the House of Commons. That answer is: "No."

Hon. L. Norbert Thériault: Honourable senators, I have a supplementary question I should like to ask of the Leader of the Government in the Senate. I will not ask any question that is a repetition of those which have been so ably put by my colleague from Manitoba. However, I would like to ask a somewhat different question. I recall last year, some time during the study of the estimates before the Standing Senate Committee on National Finance, the honourable senator who is now Leader of the Government in the Senate making his views publicly known as to where he stood with respect to the so-called $72 million shortfall. My question to him is very short and direct: Has he changed his views since the last time he attended a meeting of the Committee on National Finance and made the point on behalf of the Province of Manitoba?

Senator Roblin: My honourable friend has been in cabinet himself and he understands the limitations that are placed on cabinet ministers. For example, he might say to me that I have been advocating an elected Senate while I was a private member, and that is the case. However, I am not able to do so now unless I can carry the support of my colleagues in the cabinet. It applies to all issues.

Senator Thériault: Honourable senators, I am at a loss to understand how the Leader of the Government in the Senate expects to get away with answers of that kind, day after day. I did not ask him for his views on an elected or an appointed Senate. I think that, right now, he is quite happy that he was appointed. Perhaps he has changed his views on that, also, but I know what his views were. I am simply asking him whether he has changed those views since last summer.

Hon. Raymond J. Perrault: An agonizing re-appraisal.

Senator Roblin: No, it is not agonizing at all. I simply point out that my honourable friend is again asking me for an opinion, and he knows that that is not appropriate for an oral question period in this chamber or in any other. As to what my views are on this matter, perhaps he should wait and see what the policy of the government turns out to be.

Senator Frith: We shall have to read about it in House of Commons *Hansard*; no point in asking for it here.

Senator Thériault: Honourable senators, again I hope that other honourable senators who know more about the rules of this house than I do will be able to prevail upon the Leader of the Government in the Senate to at least change his mind, if he has one, about how he intends to answer questions in the Senate.

Senator Perrault: He comes from Stonewall, Manitoba.

Senator Roblin: No, my honourable colleague sitting in the back row comes from a place that is pretty close to Stonewall,

Manitoba, and I think he might agree with me that it is a mighty fine place to come from.

Let me say that I am doing my best. I know that I am not going to get any brownie points from my honourable friend who just spoke. I know that I am not going to satisfy the inquisitive interrogations of the members opposite, but frankly, I intend to do my best to answer questions to the best of my ability and within the limits of my office.

Hon. Eymard G. Corbin: Honourable senators, I have a supplementary question, following in the footsteps of the previous questioners. My question is to the Leader of the Government in the Senate. In view of the fortuitous and timely revelation of incipient transfer payment cuts to the Province of Manitoba, and the very grave concern this covert planning exercise on the part of the Minister of Finance has raised in the hearts and minds of every dedicated premier of every province in Canada, would the Leader of the Government in the Senate tell us what is in store for my own province of New Brunswick, which has already scraped its budget to the bone?

Senator Roblin: I cannot really agree with the premise of the question. However, I can attempt to give an answer, and that is an answer which is contained in the Statutes of Canada which the government supported by my honourable friend is responsible for passing. If he would care to take a look at that statute, he would find there the formula for the calcuation of equalization payments to the Province of New Brunswick.

Senator Corbin: Honourable senators, I have a supplementary. Would the Leader of the Government in the Senate be prepared to go so far as to say that Premier Richard Hatfield and his Minister of Finance could sleep restfully between now and Valentine's Day, and that the only real target in this exercise is the socialist government of the province of Manitoba?

Senator Roblin: Honourable senators, if the target of the exercise is the socialist government of the province of Manitoba, then it is my honourable friend and his colleagues who loaded the gun and took aim. It is their bill; it is not ours. We were not in charge of this bill when it was put through. Therefore if my honourable friend is concerned about the application of the bill, he should examine his own record.

Senator Everett: Honourable senators, I believe I heard the Leader of the Government in the Senate state that he was not allowed to give an opinion on certain matters.

Senator Perrault: He is just following orders.

Senator Everett: I refer him to rule 20, subsection (1)(a) which reads as follows:

> the Leader of the Government in the Senate (may reply) if it is a question relating to public affairs

I do not see anything in our rules or in practice that states that an answer must relate to an enunciation of government policy.

Given that the Leader of the Government in the Senate is not prepared to enunciate government policy, if one takes into account everything that he has said in the last three or four sittings in this chamber, can he tell me why he has not been prepared to give his opinion on certain matters? It would be valued by the Senate.

• (1420)

Senator Roblin: I can tell my honourable friend that it is difficult for me to separate my private opinions from my opinions on government policy. As he well knows, I am more than eager to give my personal opinion on things, but that is not possible, bearing in mind my present position. Therefore, my opinions must be consonant with those of my colleagues in cabinet, and I cannot go beyond that.

Senator Frith: Honourable senators, I have a supplementary question resulting from the answer given to the Honourable Senator Corbin's question and an answer given in another context.

Do I understand that the Leader of the Government is saying that what Mr. Wilson was being advised to do—namely, not to encourage Manitoba to expect these transfer payments—was something that was provided for by a law that was passed by the Parliament of Canada at which time the Liberal Party was in government, and that the answer to the question is in the law? What was the Minister of Finance talking about, then, breaking the law?

Surely the answer cannot be in the statutes; if the answer were in the statutes, Mr. Wilson would have had no room to talk about it at all. So, it is one or the other; he cannot have it both ways. Either it is the law, in which case Mr. Wilson and Mr. Cohen should not be talking about breaking it, or it is not the law, in which case it is proper to ask what the government's policy is.

Senator Roblin: Of course, I can have it both ways, because that is the way it is.

Senator Frith: You can have it both ways, but most people could not.

Senator Roblin: If my honourable friend would give me the courtesy of a few moments of silence I might express my opinion, or at least give him my interpretation of what he is telling me, even though I know very well that I am not going to convince him that I am right.

The fact is that there is a law, and that law provides the ways and means by which equalization payments are calculated. It is the implementation of that law—which my honourable friend shares some responsibility for—that gives rise to the problem with which the Province of Manitoba finds itself faced. The minister has suggested to the people of Manitoba—this was a public statement; it was not done in any hole in the corner—that he would be willing to examine the situation in the context of the federal-provincial financial arrangements. That implies that if something is to happen a change will have to be made to the law. Certainly, that cannot be done without changing the law. I think that that point should be registered.

Senator Frith: In fact, it is a formula that deals with forecasts and, therefore, it is not absolutely four-square covered by the law. So the question is a proper one and is not properly answered by saying, "It's in the law."

Senator Roblin: The question has been properly answered because the formula by which the equalization payments are calculated has to do with figures, which cannot be in the law because they have to be gathered together afterwards; but the figures are calculated and are made known to the public, as happened in this case, and we know what they are supposed to be. These figures depend not upon themselves for a life of their own, but they are in conformity with the law. Therefore, my position is not so off base as my honourable friend likes to contend.

Senator Frith: It is off base. Maybe not that much, but enough.

Hon. Michael Kirby: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate with respect to the comments he has just made regarding the equalization formula. If you check the act, I think you will find that the facts are as follows: First of all, when the act was amended three years ago the amount of money provided to the Province of Manitoba under the new equalization formula resulted in a decrease of equalization payments to that province. As a result, a special transition formula was negotiated between the federal government and the Government of Manitoba to ease that transition period. That transition payment expired at the end of the last fiscal year. Therefore, the issue before Parliament and before the government is not one of law, but is one of whether or not the present government is prepared to do as the previous government did—that is, make a transition payment to the Government of Manitoba in the order of $72 million in order to ease this transition period to the new formula.

To follow up on the question asked by Senator Frith, it seems to me that this is clearly a matter of government policy; it is not a matter of law. It is a matter of active federal-provincial negotiation and not an issue which has been completely resolved, and therefore it is clearly a legitimate issue to be debated in a body such as this which is supposed to deal with regional issues.

Some Hon. Senators: Hear, hear!

Senator Roblin: I thank my honourable friend because, to the best of my knowledge at the moment, I think he is substantially correct. The law has been implemented as far as that law goes, and the question as to what shall follow it is obviously on the table. I think that is the impression I got from my honourable friend.

This whole exchange illustrates the curious nature of Question Period in the Senate, because this matter certainly would be the subject of a spirited debate if my honourable friends opposite put a motion to that effect so that the matter could be dealt with at some length. Obviously, Question Period is really not a very good way of settling anything.

Senator Frith: It is a way to get answers.

THE ECONOMY

TAXATION AND UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in the Senate. I rise, in particular, following his admonition to us to do our homework, and I am sure that he has done his. The annual report of the Economic Council of Canada is a matter of public record and was available to all of us to study last evening. Its title is "Steering the Course," which I think is a very apt one. It is in juxtaposition, if I may recall this to my honourable friend, to the title of last year's annual report, which was "On the Mend." This report states that it is not enough to look at expenditures; you must raise taxes if you are going to attack the deficit.

My question is: Why have we not heard something about the increases in taxes that are necessary instead of just looking at the programs that are in effect?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I can vouch for the fact that my honourable friend was up early this morning. Knowing him, he probably read the report before breakfast. I think that the point is well worth making here. I do not know what the budgetary policy of the government will be when the budget is presented to the people. I do know that between now and budget day there is going to be a wide-ranging series of consultations both with the finance ministers of the provinces and with the public generally, including all the important actors on the stage. I am morally certain that the question of taxation will be one that will be raised. What the government's policy will be, of course, is something that I am unable to forecast at the moment. I am afraid that we shall have to wait until those conversations with the people of Canada have reached some conclusion, at which time we may expect the government to announce its policy.

Senator Sinclair: I have a supplementary question. Another item that I noted in the annual review of the Economic Council of Canada was that the primary problem that must be addressed and given priority is unemployment and not deficit reduction. If that is so, what is the response of the government to that advice that they got from the Economic Council of Canada?

Senator Roblin: I think it is pretty good advice. I believe that the problem of unemployment and the problem of deficits really go together because the thrust of the government's policy in getting its fiscal regime under control is to make room for the development of the economy, which means more jobs. I do not think that the two issues are mutually exclusive. I think that they cannot be separated one from the other, and to that extent I agree with my honourable friend.

Senator Sinclair: I have a further supplementary. My difficulty with the answer given by my honourable friend is that priorities have to be given and that everyone who looks at the problem must realize that unemployment has to be attacked first. You cannot leave it to cutting deficits by increasing revenues. You have to attack it now.

Some Hon. Senators: Hear, hear.

Senator Roblin: Of course, I agree with my honourable friend. I do not think you can leave it either. I know that the government has the intention of bringing down new policies quite soon with respect to job creation and dealing with the problem of unemployment. My information is, and I stand to be corrected, that these measures will be announced long before any budget is produced.

• (1430)

Hon. Michael Kirby: I have a supplementary question. In response to the questions from Senator Sinclair, the Leader of the Government in the Senate said two things: first, that there would be an extensive period of consultation with the people of Canada about proposed tax changes; and, second, that measures would be forthcoming some time in the future to deal with the unemployment question.

Could the Leader of the Government in the Senate inform us if that is the sequence of the events the government is undertaking. Before any of these consultations have been started, let alone completed, and therefore before any tax changes have been made, why is it that the government is attempting to get all the revenue it can from the people of Canada who can least afford it? I refer specifically to the approximately 350 people whom the Minister of National Revenue has recently hired in order to track down what he calls "income tax cheaters." I also refer to the 700 people whom the Minister of Employment and Immigration announced yesterday she had hired to catch what she called "unemployment insurance cheaters."

I point out that these two actions are coming from a party which, two years ago, strongly criticized the government for attempting to do income tax audits on, for example, low-income fishermen.

My question is: In light of the fact that the government is quite prepared to go slowly on the question of taxation changes—presumably tax changes which include such things as the minimum tax which would be vigorously opposed by large numbers of that party's supporters—would the Leader of the Government care to say whether they will be prepared to go equally slowly on collecting funds from, for example, those disadvantaged Canadians who are receiving UIC benefits and those disadvantaged Canadians who are having trouble with the income tax department.

Some Hon. Senators: Hear, hear.

Senator Roblin: Of course, the honourable senator knows the answer before I stand up. The answer is that anyone who has a just, fair and equitable claim, either under the income tax law or under the Unemployment Insurance Act, will receive just, fair and equitable treatment.

Senator Kirby: As a further supplementary, it seems to me the issue—using the Leader of the Government's own words—is what constitutes "just, fair and equitable" taxation treatment. I think the question which Senator Sinclair and I have been trying to raise with the Leader of the Government is simply this: In our view, just, fair and equitable require that there be some significant changes in the current taxation scheme, particularly with regard to such areas as minimum tax and some of the existing tax loopholes. The question we are asking the leader is: Why do the words "just, fair and equitable" apply to one group of Canadians and not to another?

Senator Roblin: Of course, these mini-debates we conduct under the guise of Question Period—

Hon. Royce Frith (Deputy Leader of the Opposition): I am sure the honourable gentleman recalls conducting some himself.

Senator Roblin: —are rather unsatisfactory in terms of coming to grips with the problem. I am not disposed to extend the area of argument my honourable friend has raised.

If he is just a little patient, he will see that these questions of tax fairness, equity and policy, or the advisability of the taxes we have now as opposed to some other groups, are on the agenda and will be addressed. I know that he is too experienced in the ways of government to expect that these things can be resolved quickly because, as we have learned from the experience of my honourable friend opposite—and I do not attach any blame to him for this; I just state it as a fact—when you are dealing with taxation changes, there are unexpected and undissipated fall-outs that are guarded against by adequate consultation.

I would tell my honourable friend that I do not think he and I are on a different wavelength; I am simply saying that he will have to be patient while we work these problems out.

Senator Kirby: As a supplementary—

Senator Roblin: My honourable friend has already had three, and that is enough.

Some Hon. Senators: Oh, oh.

Hon. Charles McElman: Honourable senators, on a point of order, the point at which questions will finish is a decision that will be made by honourable senators. They can be directed to the Leader of the Government and he can refuse to answer them, but he cannot say how many will be asked.

Senator Roblin: I have to tell my honourable friend that he is right, and I withdraw my remark.

The Hon. the Speaker *pro tempore:* You may pose your supplementary question.

Senator Kirby: Thank you, Your Honour.

My final supplementary simply relates to the fact that the Economic Council of Canada report, to which Senator Sinclair referred, also makes it very clear that the tax burden on average Canadians and, indeed, in particular, on upper-income Canadians is substantially less than it is in most other OECD countries. In fact, the Economic Council of Canada report makes it clear that Canada is fourteenth among 17 OECD nations in terms of the tax burden it imposes on wealthy Canadians. I urge the government leader in the Senate, in light of his own and his government's determination to do everything it can to extract every penny it can from low-income Canadians, to start now to do exactly the same thing to

upper-income Canadians. There is no need to wait until next April when the new budget comes down to begin that task.

THE CABINET

RESPONSIBILITIES OF LEADER OF GOVERNMENT IN THE SENATE

Hon. John B. Stewart: Honourable senators, I direct my question to the Leader of the Government in the Senate. Twice today, in dealing with questions put to him, he has relied upon a distinction between his private or personal opinion and the opinion or view of the government. We are all aware that the government leader in the Senate is a great authority on the Constitution. I am certain that he would not want to mislead anyone who might happen to read the *Debates of the Senate*, but surely the truth of the matter is that he cannot, while he remains a member of the government, make a distinction between his private opinion and the opinion of the government. As long as he is a member of the government, he has no opinion other than that which he accepts under the doctrine of collective responsibility.

My question to the Leader of the Government in the Senate is this: Will he not now rise and state his understanding of the principle of collective responsibility? Will he not abjure this notion that he can enjoy the luxury of having private or personal opinions which, by implication, are different from unpopular policies of the government? Will he not now renounce that position publicly and on the record?

Hon. Duff Roblin (Leader of the Government): I think that my friend has expressed the point precisely. I have to admit that he is completely correct. I have been tempted—indeed, I have been urged by some other honourable senators—to have a private opinion. Although I have been tempted to think that that might be possible, I realize, from what my honourable friend has said, that such is not the case. I accept his definition of constitutional responsibility.

Hon. Royce Frith (Deputy Leader of the Opposition): Will you accept also that you will give us the government position? That is the problem.

STATUS OF WOMEN

EQUAL PAY FOR WORK OF EQUAL VALUE—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. When speaking on the Throne Speech debate last Tuesday, I asked whether the government intends to implement Mr. Mulroney's commitment of August 15 last to ensure that equal pay for work of equal value will be achieved not by grievance, as it currently is, but through uniform application of the principle to all employees falling under the federal governments' pay jurisdiction. I think that it was taken then as a rhetorical question.

Last Thursday, the Ottawa *Citizen* reported that the Treasury Board had asked for such an application of the equal pay rules. I have not been able to confirm the report of the *Citizen*. My question is: Is it true, as reported, that such instructions have been issued by the Treasury Board? If it is true, what system of evaluation will be used to apply the concept of equal pay for work of equal value? When will this work be completed? If it is not true, when will such instructions be issued?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I shall take the questions as though they were written and will provide written answers as soon as possible.

REFORM OF PARLIAMENT

PROPOSED JOINT COMMITTEE

Hon. Dan Hays: Honourable senators, my question to the Leader of the Government in the Senate relates to parliamentary reform. I have observed that there is a proposal in the other place to establish a committee which will be a task force on reform. The terms of reference of that committee are, among other things, to examine practices of the House of Commons, "bearing in mind the balance between the respective constitutional responsibilities and roles of the House of Commons and the Government," which would include the legislative process. This proposed committee will deal with the relationship of the executive branch of Parliament to the legislative branch, of which the Senate is an important part—indeed, many here might say that it is the most important part.

An Hon. Senator: You're new!

Senator Hays: In addition, a precedent has been established in connection with committee studies of the question of reform, in that the committee previously appointed to study Senate reform was a joint committee.

In light of these factors, my question is: Has the government given consideration to the formation of a joint committee for purposes of studying the reform of Parliament? What is the government's position on the appropriateness of the work of such a proposed committee on parliamentary reform proceeding without the involvement of the Senate?

Hon. Duff Roblin (Leader of the Government): My honourable friend's question touches a delicate spot, does it not? I say that because the House of Commons had a certain view with respect to the reform of this body. I have not forgotten that. I must tell him that the way in which the terms of reference are being interpreted is that the reforms are limited to those that would apply to the House of Commons itself and not to this body. Therefore on those grounds I believe there is not much likelihood of the Senate's being asked to contribute formally as part of the committee.

• (1440)

Senator Hays: The proposed terms of reference, as I tried to point out in my question, deal with the relationship between the legislative and executive branches of government. In light of that, I would appreciate the Leader of the Government's further comment; and also his comments on how he might see the Senate contributing to the work of that committee, particularly bearing in mind the expertise that exists in this

chamber and that has been enriched by the work of the Special Joint Committee of the Senate and the House of Commons on Reform of the Senate.

Senator Roblin: Honourable senators, I do not have anything to add to the reply I gave to the first question, which covered the points raised in the honourable senator's second question, with the exception of my being asked what can the Senate do. If my honourable friend wishes to propose a motion on that subject, we might have the benefit of his views, and those of other honourable senators, with respect to the Senate's participation in the reform of the rules of the House of Commons.

PUBLIC SERVICE

PLACEMENT OF FORMER MINISTERIAL ASSISTANTS

Hon. Pierre De Bané: Honourable senators, I have a question for the Leader of the Government. As he knows, there is a regulation of the Treasury Board entitling those Canadians who have worked in a minister's office for more than three years to the privilege of becoming members of the federal Public Service without competition on a priority basis at the level of salary they were enjoying when working for ministers. That regulation of Treasury Board is still in force. For the information of the Leader of the Government, despite that regulation, the Public Service Commission has been instructed not to try to place former assistants who have worked in ministers' offices.

I have two questions for the Leader of the Government: First, can he advise how many former assistants to ministers there were prior to September 4, 1984, and how many former assistants, since the swearing in of the new government, have found a position within the federal Public Service? Second, can we have the Leader of the Government's assurance that the instructions given to the Public Service Commission, which were relayed to me by some of those who are suffering because of those instructions, will be withdrawn and that the persons affected will benefit from the rights to which they are entitled?

Hon. Duff Roblin (Leader of the Government): The honourable senator's question is not one that can be dealt with orally. I will therefore take it as a written question and will provide a written answer. It would be helpful, however, if the honourable senator would pinpoint the investigation by providing me with the names of those people about whom he is concerned.

ACCESS TO INFORMATION

GOVERNMENT GUIDELINES FOR PUBLIC SERVANTS

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government. I should like to return to the question of the Prime Minister's guidelines restricting information to the public. Concerning media access to information provided by public servants, I wish to raise an issue which concerns the prerogatives of the Senate. Can the Leader of the Government assure honourable senators that these government guidelines will not interfere with honourable senators who are seeking to carry out their constitutional duties and exercise their prerogatives as members of the Senate, and that public servants will not require the prior consent or approval of the government to provide senators with the information, advice and data necessary to enable them to fulfil their constitutional duties and responsibilities in connection with the work of this chamber and the committees of the Senate? I should like to receive that assurance because I consider that the government's attitude on this matter may constitute an interference with the prerogatives and duties of the Senate.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has raised a question of considerable magnitude which I am unable to answer immediately. I will take the question as a written one and will provide him with a written answer.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the announcement made earlier regarding the Canadian embassy in the United States, with particular reference to the Garrison. The United States Ambassador, Mr. Paul Robinson, is often outspoken and what he says is not always meaningful, although I am hoping that what he said on this occasion is true. Can we take it from what the Ambassador said to the Winnipeg Chamber of Commerce, that the Garrison project will not be built? Also, did the report of the Canadian Embassy of November 21 include the recommendations that were made by the joint committee of federal and provincial representatives to the United States Congress, as the Leader of the Government mentioned to me the other day?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have no means of validating or assessing the remarks of His Excellency, the Ambassador of the United States. He is a gentleman who speaks for himself, sometimes for the Government of the United States and sometimes not. I do not know what the situation is regarding this particular matter.

With respect to the honourable senator's second question, I believe my honourable friend has himself stated the position correctly, namely, that the note given to the Secretary of State in the United States contains the joint federal-provincial position on the Garrison project.

DEPARTMENT OF THE ENVIRONMENT

RESEARCH SCIENTISTS—TERMINATION OF EMPLOYMENT

Hon. Joseph-Philippe Guay: Honourable senators, I have a further question for the Leader of the Government. I do not require the names of those persons who have been given notice to leave their employment by the Minister of the Environment.

My question refers specifically to our qualified scientific researchers, a great many of whom have received notice to leave their employment. I would like to know whether it is true that such persons are being attracted to move to the United States. Let us consider the loss that will be sustained by Canada if such is the case. Perhaps the Leader of the Government will take this question as notice and provide an answer as soon as possible. I consider this an important matter, because not only are such persons losing their jobs but they are leaving Canada, possibly forever. They are being attracted to the United States after receiving notice of termination by the department.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will take the honourable senator's question as notice, as he suggests.

INTERNATIONAL RELATIONS

PROPOSED PARLIAMENTARY COMMITTEE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the excellent question raised by Senator Hays concerning the participation of the Senate in the reform of the rules of the House of Commons prompts me to ask another question which may not cause the same delicate reaction on the part of the Leader of the Government as the one posed earlier. My question has to do with a statement contained in the Speech from the Throne which indicated that it is the intention of the Government to establish a special parliamentary committee to conduct an in-depth study of our international relations. At the time I thought it was a good way to utilize the expertise that exists in the Senate on international affairs.

Hon. Jacques Flynn: Yours.

Senator MacEachen: Therefore I would ask the Leader of the Government whether it is the intention of the government to have that special parliamentary committee on international relations as a joint committee? If that decision has not yet been made, will he take this cause under his wing and convince his colleagues that the Senate would like to participate and has much to offer?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can tell my honourable friend that the proposition that the study should be by a joint parliamentary committee of the Senate and the House of Commons is one that is receiving consideration at the present time. I will let my honourable friend guess on which side of the argument my weight, for what it is worth, is being placed, but if I am successful I will expect him to congratulate me.

Senator MacEachen: Honourable senators, would it help the Leader of the Government if we passed a motion in support of his position before the cabinet that indeed there should be participation by the Senate in that special parliamentary committee? If he thought it would be helpful, I am sure we could arrange to do that rather quickly.

Senator Roblin: If I experience difficulties in which I think my honourable friend's assistance and the support of my colleagues in the Senate would help, I shall not be backward in letting them know.

Hon. Royce Frith (Deputy Leader of the Opposition): In other words, don't call us; we'll call you.

• (1450)

FARM PRODUCTS MARKETING AGENCIES ACT

BILL TO AMEND—SECOND READING

Hon. Martha P. Bielish moved the second reading of Bill C-4, to amend the Farm Products Marketing Agencies Act.

She said: Honourable senators, the legislation before us today, Bill C-4, is to amend the Farm Products Marketing Agencies Act to include tobacco as a commodity that may be regulated by supply management provisions. Although this legislation would not in itself create a national supply management agency for tobacco, it would enable tobacco growers to look into the possibility of establishing such an agency. This legislation has been requested by farmers. It is one of the last matters dealt with before the last session of Parliament ended, and it is one of the first pieces of legislation introduced in this Parliament. Those factors speak for the urgency of this legislation and require that we give it our immediate and careful attention.

Bill C-4 is a significant piece of legislation for Canada's tobacco industry, an industry that is on shaky ground. Production costs have increased. The domestic market for tobacco has shrunk and domestic demand for tobacco has declined by 20 per cent since 1983. This bill will have no effect on tobacco consumption at the consumer level one way or the other. We are not debating the pros and cons of smoking. However, we must realize that there is still strong world-wide demand for tobacco, and Canadian farmers produce some of the best in the world. In the past, growers have profited well from tobacco production; so has government and so has industry. Millions of dollars in tax revenue are collected annually in this country. Moreover, tobacco earns Canada over $100 million a year in foreign exchange.

But gone are the days when tobacco production was a lucrative business. In fact, this year, Ontario growers expect to lose millions of dollars on their 1984 crop. Not only will growers lose, a lot of students and farm workers will also lose. In fact, the tobacco industry provides seasonal employment for some 5,000 people. Add to that the loss that local communities will experience when farmers have less money to spend on machinery, cars, hardware, clothes and even groceries. The government is making efforts to help tobacco growers find alternative crops. However, sandy soil that is ideally suited for tobacco production, is not the best soil for most other cash crops. Taking all these factors into consideration, it is easy to understand why tobacco growers want the legislated ability to work together nationally toward the same goals.

At present the Farm Products Marketing Agencies Act only allows supply management in the production of eggs and poultry. In comparison, provincial marketing organizations regulate tobacco production, and tobacco prices are negotiated with buyers. Canadian tobacco growers are in a crisis situation. They believe that a national marketing agency could help bring stability to their industry.

I should point out that passage of this bill would allow the National Farm Products Marketing Council to hold public hearings to explore the possibility of establishing a marketing agency for tobacco. Details of an agreement on the agency would then be negotiated by provincial signatories. While there may be other farming sectors that would also like the opportunity to explore the possibility of national supply management, Bill C-4 is concerned only with tobacco because of the urgency of tobacco growers' problems. Tobacco growers deserve the option of playing a larger role in marketing their product. That option would be provided by Bill C-4.

Hon. Hazen Argue: Honourable senators, I appreciate the remarks of the Honourable Senator Bielish and can certainly agree that the tobacco growers of Canada are in support of and require this legislation in Bill C-4. Action is being taken for tobacco growers and we support that. However, the question arises: Why is similar action not being taken following the requests of the Canadian Cattlemen's Association, the cow calf producers and the grain producers to improve their cashflow, because the producers of these commodities are experiencing very difficult times as well. It is perfectly correct that the Minister of Agriculture should deal with the difficulties of the tobacco industry. Its sales are down, incomes are down, costs are up and many tobacco producers are experiencing very substantial losses. It is also true that the tobacco industry, no matter what we may feel about the use of tobacco, is of substantial economic importance to Canada. Our exports of tobacco are in excess of $100 million, and my figures say it is very close to $125 million. So tobacco is an important foreign exchange earner.

However, the question in my mind is: Why is this legislation before the Senate at this time? The reason it is before the Senate is that the members of the Conservative Party prevented Bill C-56 from passing the House of Commons on June 29 during the last session. That bill was comprehensive and provided amendments to the very act we are speaking about today. Moreover, a major clause of that bill allowed action to be taken where it was clear that the producers of not only tobacco, but other agricultural commodities wanted action to be taken. The position of the tobacco growers has worsened because of the five months of enforced delay in dealing with this problem brought about by the intransigent position taken by the Conservative Party in the House of Commons on June 29 when it prevented the passage of Bill C-56. The Conservatives are following the normal course for Conservatives. They really do not believe in farm marketing organizations. They have to be pushed and prodded before any action is taken on such matters. Not only did they prevent action being taken on June 29, but they have allowed five months to go by before taking any action at all. We have other marketing organizations in place which are under attack by the present government. The Canadian Wheat Board is under attack. As the President of the Canadian Federation of Agriculture has said, the attack by the Minister of Finance on the arrangements for the sale of grain on credit endangers—and these are his words—"wheat deals worth $3 billion—are at risk." It is a case which demonstrates the government's attitude to a marketing agency which is extremely efficient and which has shown the way.

• (1500)

I am not one of those who think that every farm product should be subject to rigid supply management.

Hon. Jacques Flynn: You certainly used to be.

Senator Argue: No, I do not think I ever was. I think I have always been pretty practical. I like to see something which works. The Canadian Wheat Board is a mixture of marketing methods and it is an outstanding success. I think the principles the Wheat Board follows may well be used by the tobacco producers. I am speaking of export deals, long term agreements, initial payments and allocation of markets in a fair way, not necessarily through supply management but through allocation among producers. The Wheat Board works. I suggest it is under serious attack from the present government.

We all know that legislation passed in the last session of Parliament dealing with the creation of Canagrex. We all know that was over the opposition of the Conservative Party. However, honourable senators will also know that its operation was mainly in the export field. It was said, and I think correctly, that it would undertake operations only when it had the general support of the agricultural producers.

I have in my hand a clipping from the Winnipeg *Free Press* of November 20, 1984, in which Mr. Glenn Flaten, the President of the Canadian Federation of Agriculture, is quoted as saying this about Canagrex:

> In the one year of operations Canagrex made contacts for potential purchases of canola oil by Pakistan and Nigeria, corn by Sudan and Kenya, potatoes by Egypt, tobacco in the Middle East and other products by several Latin American countries . . .
>
> He estimated the value of the sales to be at least $100 million.

I suggest that Canagrex was on the way to becoming a successful organization. I think $100 million in export sales is a very substantial amount. Senator Bielish said that the export value of tobacco is $100 million. That is a major amount of money. Canagrex had already made arrangements for the sale of some $100 million worth of farm products.

A successsful organization has been killed by the present government because their interests are really not on the side of producers who need marketing arrangements but, rather, on the side of others who feel that those marketing arrangements should be opposed and prevented on every possible occasion.

We are dealing with a bill which is narrow in scope. If farmers producing other commodities wish similar treatment

then they have to come before government, or the government has to present another bill on another occasion. The government has been pushed into action by the serious position of the tobacco growers. I ask why special provisions are being made for tobacco growers when there is a lack of action with respect to other commodities which are also produced by farmers and which also require attention.

We on this side of the house are prepared to support the measure before us. We point out that while it has merits in its own right the delay in its introduction has prevented the tobacco industry from dealing with its problems. The actions of the Conservative Party over the last five months make it difficult for other commodities to be brought under this type of legislation when producers wish it to happen. I regret, and I hope others regret, that Canagrex was killed before it was really given a chance.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, this is one of those occasions when I can honestly say I did not really intend to make a speech on the subject of this bill today. However, a number of items raised by my honourable friend prompts me to offer a few comments which do not really support the gravamen of his charge. It is interesting to note that while this Parliament has been in session only since November 5, which is scarcely three weeks, he accuses us of not acting for five months. For goodness sakes, the election is not five months over.

Senator Argue: You killed it five months ago.

Senator Roblin: We have acted promptly. Just three weeks after the commencement of this Parliament we have the bill before us. Perhaps it could have been brought before us the first day, I do not know. What I do know is that it is here on approximately the twenty-first sitting day, and that is really not such a bad record.

Senator Argue: Five months late because of the actions taken by the Conservative Party.

Senator Roblin: That is what my honourable friend says. If the bill had been brought before the other place in decent time to have been dealt with in accordance with regular parliamentary procedure, then my friend who tosses his head would not have had anything to talk about because it would have been dealt with. It came in at the last moment, which is why it was a difficult problem to deal with.

Senator Argue: If you had not been opposed to the bill then you would have brought in some other type of bill.

Senator Roblin: The bill is here and my honourable friend will support it, I promise honourable senators that.

We had heard that the honourable gentleman might not find it convenient to speak on the bill at a later date, and that it would suit him to speak on it today. Thus, we made the appropriate arrangements, and I am glad we did, since it gave us the opportunity to hear his opinions on some other subjects. He talks about Canagrex. That is a very debatable topic. However, I think it is clear that our mandate did not include support for Canagrex, so he need not be surprised that it has been done away with. That came about as a result of what the electorate had decided and that has to be accepted.

The other thing he complains about is that we have been remiss in extending marketing support arrangements for other commodities, particularly livestock. I am happy to tell him that the Minister of Agriculture in this government met with the ministers of agriculture of the provinces, with the exception of Newfoundland, I think, whose agricultural effort is not as significant as it is in some other places, and, strangely enough, in comparison with meetings held with the previous Minister of Agriculture, they got along all right. They not only got along all right, which is a record my honourable friend cannot boast about, since his minister could not get along with these gentlemen one scrap, but in the getting along a program to bring in a stabilization plan for the red meat industry about which my honourable friend speaks has resulted.

Senator Argue: May I ask a question of the honourable gentleman?

Senator Roblin: No, you may not. You can ask me a question when I am through. When I am through you can ask all the questions you like; you are not going to interrupt me now. I did not interrupt my honourable friend and I expect him to extend the same courtesy to me.

Senator Argue: I asked for permission to ask a question and you were not courteous enough to allow me to ask it.

Senator Roblin: It is not a question of courtesy, it is a question of interrupting my argument. I am not going to permit you to do it; you will just have to sit tight and wait until you have heard it all.

Senator Argue: That is enough!

Senator Roblin: You can be quite sure it is enough. When I get through, and if you still have a question you think you want answered then I will be pleased to deal with it. I get a lot of practice with respect to answering questions around here, so one more from my honourable friend will not hurt me one scrap.

I want to say that this government has produced an agreement with the provinces with respect to the red meat industry. Before long, that agreement will be part of the legislative rules and regulations which govern the marketing of livestock in this country.

I could expand on the other points of agreement that the ministers of agriculture have been able to reach, which situation represents a happy change from the unpleasant atmosphere that we had to deal with in the past.

However, what I really stood up to talk about was something else, that is, the Canadian Wheat Board. My friend does a grave disservice to the agricultural history of this country when he questions the *bona fides* of this government with respect to the Canadian Wheat Board; a grave disservice because the Minister of Agriculture and the Minister of State for the Canadian Wheat Board have made it plain in public statements, several times since they came to office, that the

government would do nothing to jeopardize the export marketing system of the Canadian Wheat Board — and that includes credit. If anyone knows anything about the operations of the Wheat Board, they know that the provision of adequate credit is an important part of their selling effort. The Minister of State for the Canadian Wheat Board has made the statement on several occasions that the government will do nothing to jeopardize the export marketing system of the board, and recognizes the importance of credit in maintaining sales of grain in the intensely competitive marketing situation that we face today. Also, he has stated that no steps will be taken to weaken the operation of the Canadian Wheat Board in its selling effort on behalf of the Canadian farmers. That is the reason I felt I had to reply, because I could not leave on the record an allegation that was quite different from the statement I have just made. I want to assure my honourable friend that the Wheat Board will receive good support, solid support, constructive support, consistent support from this administration in respect to the operations of that board.

I feel I must apologize to the mover of this motion because very little of what my honourable friend and I have said had anything to do with the tobacco industry. I, for one, would have been reluctant to raise these matters if I had not been invited to do so by the remarks of my honourable friend.

Now if he has a question, let's have it.

Senator Argue: My question is this: What did the Minister of Finance mean when he said in his economic paper that his department would be looking at the $3 billion guaranteed credit? As far as I know, that was not public information until it was put in that paper. He has indicated that his department would be looking at the cost of that credit to see whether or not private companies could be brought in to provide that credit. I suggest that that means a huge increase in the cost of credit to the Canadian Wheat Board, and that in turn means a reduction in price to the producers. Also, for nations where the credit question might be a difficult one, I ask whether it is likely that the private companies will insure that kind of credit?

I suggest to you that what the Minister of Finance is proposing would be a huge burden on the Canadian Wheat Board and would jeopardize current markets that are underwritten in the amount of $3 billion by the former government, now by the present government because of its responsibility following those actions.

I would also ask whether the red meat stabilization policy that is being put forward is not, in principle, exactly the same kind of red meat stabilization policy involving three parties—the producers, the provincial government and the federal government—sharing the costs on a equal basis, as was proposed by the former Minister of Agriculture?

Senator Roblin: I cannot give my honourable friend the detail that he asks for in the red meat system. However, I can tell him that, under the aegis of his colleague, the former Minister of Agriculture, the parties did not agree. However, under the aegis of the present Minister of Agriculture, they have agreed and that is what matters; they are agreeing to do it enough to get the thing off the ground. My honourable friend can belittle it if he likes, but it is a very adequate start in an area where some action is undoubtedly needed.

My honourable friend's colleague struggled with this problem for four years, or perhaps eight years, and could not achieve an agreement. Now we have an agreement, so I think that is something to be satisfied about.

Respecting the question of farm credit for the Wheat Board, I can tell my friend that all of the bogeymen he is raising with respect to an enormous burden on the farmers of Canada because of the fact that the Government of Canada intends to make some change in the method of credit support for the Canadian Wheat Board, amount to nothing but scare tactics. The farmers of Canada will receive the support in the nature of credit from the Wheat Board that that great industry deserves.

Senator Argue: I would like to ask the Leader of the Government in the Senate a specific and precise question: Does the assurance that he has now given us—and I appreciate that assurance—with respect to the attitude of the government to the Canadian Wheat Board's operation extend to any new policies affecting credit? In other words, can he assure us that there will be no increase in the cost of credit to the Canadian Wheat Board, and therefore a reduction in the net return to the producers by that precise amount? Will the future credit be at the current cost or will the cost be higher, because of the fact that it may be put in place by private companies?

Senator Roblin: If my honourable friend can tell me what will happen to the rate of interest, I guess I could answer his question. However, if he is asking whether there will be any change in principle that will hurt the Canadian farmer, the answer is no.

Senator Argue: I will be a little more precise: Credit now provided by government guarantees is provided at a shade under prime. I believe that "shade" is one-eighth of one per cent or one-quarter of one per cent. My question then is: Would any new government provisions or any new change in policy that the government insists be undertaken maintain a rate that is as favourable as the current rate, namely a shade under prime?

Senator Roblin: I am not sure what my honourable friend means but a "shade under prime".

Senator Argue: One-eighth of one per cent or one-quarter?

Senator Roblin: That is not a shade. That casts a pretty considerable shade when you are talking in terms of $2 billion or $3 billion dollars, so I would like to point out to my honourable friend that that is significant.

What I am telling my honourable friend is that the statement of the Minister of State for the Canadian Wheat Board is that the interests of the farmers will be protected, and that they will not be damaged by the policies of this government respecting farm credit.

Senator Argue: I do not think that that answer really covers my question. That answer suggests to me that when the new credit arrangements are in effect, the cost to the producer through a lower return for wheat will be higher than the current rate.

Senator Roblin: My honourable friend has been doing nothing but suggest all afternoon. When we get to the facts, then I will expect him to look at it with a more favourable eye.

Senator Argue: But you haven't said it will not go up.

Senator Roblin: And I haven't said that it will.

Senator Argue: I'm asking you: Will it remain under prime at the current level, and there is no answer to that question.

The Hon. the Speaker *pro tempore:* Order, order!

Hon. Eymard G. Corbin: Honourable senators, with the introduction by the government of Bill C-4, we have come full circle because I remember very well how long and how hard the Progressive Conservative Party fought in the very late sixties to prevent the adoption of the original Farm Products Marketing Agencies Act. Today we have the government introducing a new commodity to be named within that act.

The legislation is simply permissive. You can name anything at all in this act, but it means absolutely nothing unless the farmers at the grass roots level, the provincial producer organizations and the provinces agree among themselves to do something.

[*Translation*]

What I find particularly distressing, honourable senators—I suppose I should declare my interest, so I am a non-smoker, although quite a bit of tobacco is grown in New Brunswick, starting with the lovely County of Kent, as the late Hervé Michaud was so fond of saying in this Chamber, in the sixties—is the fact that this Government has two ways of dealing with issues, depending on the subject or the individuals that will be affected by its legislation. I will try to be brief, since later on in the session, I intend to table a notice of inquiry on a subject for which I can muster more enthusiasm, and that is the potato industry.

I think it is unfortunate that the Government is so anxious to table this legislation—indeed no one here is going to object to its passage—while when the Minister of Finance made his economic statement in the other place, it was announced that a royal commission of inquiry on potato marketing in Eastern Canada would be abolished. We see the government's almost indecent haste in responding to the needs of the tobacco industry—obviously, since the heart of this industry is located in Southern Ontario and parts of Quebec which have elected a number of Government Members. In New Brunswick, the potato industry has become a very serious problem, and now the Government, without consulting with the people concerned, the producers and growers, decides just like that to abolish a commission of inquiry which was to be chaired by Judge Carter from Ontario. In some cases, potato growers and provincial associations had already finished drafting their briefs for submission to the judge. In other cases, briefs were close to the final drafting stages. So, all of a sudden, without advance notice, the program is axed. Today we are being asked to support this Bill, and I will do so quite generously, because I feel that tobacco growers are facing very serious economic problems.

Potato growers are also faced with a number of problems due to factors that are far more complex than the simple fact that a certain percentage of the population has decided to stop smoking because it is bad for their health. At least potatoes are good for your health, so people are going to go on eating them!

We have become such efficient potato producers that we have created insurmountable problems for ourselves. All potato producers, be they American, Canadian, Dutch, Russian or Polish, are so good at it that they have flooded world markets with potatoes and their by-products.

What I do not like in all this—I will go into this issue at a more appropriate time—is that they are using two sets of standards, according to the electoral fall-outs, if I can put it that way.

I predict to honourable senators, to the sponsor of this bill and to the Leader of the Government in the Senate that one of these days you will rise in this chamber and voice sincere regrets about the new government's decision to abolish this commission of inquiry. In 18 months, in three years, potato farmers throughout eastern Canada will again be knocking at the door of the Minister of Agriculture. With their hands out, they will be begging for grants to keep their family farms afloat, repay bank loans, pay for their farm equipment and God knows what else. This problem is much more complex than the tobacco issue.

That is all I have to say for now. I serve notice that I intend to table a notice of inquiry about this. I support the bill. I do so with all the generosity I can command, for I know very well the agricultural community not only in my native province of New Brunswick, but elsewhere in Canada.

When I was a member of the other place, I had the privilege of travelling throughout the country and I know just how much one's heart and one's purse can be affected when industries such as the potato and tobacco industries are going through hard times.

Motion agreed to and bill read the second time.

Hon. Martha P. Bielish moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 29, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

COMMITTEE OF SELECTION

THIRD REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Thursday, November 29, 1984

The Committee of Selection has the honour to present its

THIRD REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on each of the following select committees:

COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Asselin, Corbin, Everett, Flynn, Frith, Lewis, Lucier, Macdonald, *MacEachen (or Frith), Macquarrie, McElman, Molgat, Molson, Phillips, Riel,* Roblin (or Doody), Turner. (15)

*Ex officio members.

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Argue, Bélisle, Charbonneau, Denis, Doody, Frith, Graham, Guay, Kelly, LeBlanc (Beauséjour), *MacEachen (or Frith), McElman, Petten, Phillips, Riel, *Roblin (or Doody). (14)

*Ex officio members.

SPECIAL COMMITTEE ON NATIONAL DEFENCE

The Honourable Senators Buckwold, Hicks, Kelly, Lafond, Langlois, Lapointe, *MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Muir, *Roblin (or Doody), Yuzyk. (12)

*Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(f), I move that the report be placed on the Orders of the Day for consideration later this day.

Hon. Royce Frith (Deputy Leader of the Oppposition): Are you asking if leave is granted, first, Your Honour?

The Hon. the Speaker: Yes. Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

THE CABINET

ACCESS TO INFORMATION—NOTICE OF INQUIRY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, in the name of Senator Davey, I give notice that on Tuesday next, the 4th of December, 1984, he will call the attention of the Senate to the Government's preoccupation with secrecy.

[*English*]

ADJOURNMENT

On Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this is the point at which I usually move the adjournment. However, I would ask leave to revert to Notices of Motions later this afternoon. We are waiting to hear from the House of Commons their schedule for next week. Whether we sit next week will depend largely upon their schedule. Therefore, I ask leave to revert to Notices of Motions later this day.

The Hon. the Speaker: Is it agreed honourable senators?

Hon. Senators: Agreed.

QUESTION PERIOD

[*English*]

JUSTICE

UNLICENSED CABLE TELEVISION OPERATORS—STAY OF PROSECUTIONS

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate, which refers to the question of the unlicensed cable television operators' stay of prosecutions discussed in the House of Commons yesterday. At that time, the Minister of Justice, Mr. Crosbie, made the following statement:

> In connection with the prosecutions that were requested by the Minister of Communications, the Department of Justice acts as a legal agent of the Department of Communications. If the Department of Communications decides that it is reviewing policy and does not wish to go ahead with prosecutions, we naturally accept those directions. That Department is our client and we are its legal agents. What could be simpler for anyone to understand?

Honourable senators, when I read those words, to say that I was absolutely astounded is putting it mildly. I would have thought that even a law student would have known better, let alone a Minister of Justice.

I should also like to refer to a well-known work called *The Law Officers of the Crown* by Mr. J. Ll. J. Edwards. I quote from page 177, where the author quotes Sir Harold Macmillan who, in 1959, said:

> It is an established principle of government in this country, and a tradition long supported by all political parties, that the decision as to whether any citizen should be prosecuted, or whether any prosecution should be discontinued, should be a matter, where a public as opposed to a private prosecution is concerned, for the prosecuting authorities to decide on the merits of the case without political or other pressure. It would be a most dangerous deviation from this sound principle if a prosecution were to be instituted or abandoned as a result of political pressure or popular clamour.

This principle goes back a long time.

Hon. Jacques Flynn: A nice speech.

Senator Godfrey: I should also like to quote from page 179 of the same work.

Senator Flynn: Notice of inquiry!

Senator Godfrey: This is the basis of my question.

Hon. C. William Doody (Deputy Leader of the Government): Don't serialize it.

Senator Godfrey: This was standard practice when the senators opposite were in opposition. I am merely trying to be helpful to the Minister of Justice, so that he will not have to take the trouble to read this book.

Honourable senators, this is a well-established practice, going back to 1793.

Hon. D. G. Steuart: Perhaps the honourable senator was there.

Senator Flynn: We were together.

Senator Godfrey: The famous Lord Chancellor Eldon stated:

> I protest against that doctrine, that the Attorney-General of England is bound to prosecute, because some other set of men choose to recommend it to him to prosecute, he disapproving of that prosecution.

Some Hon. Senators: Shame, shame.

Senator Godfrey: At page 215, there is a quotation from Sir John Simon.

My question to the Leader of the Government is—

Some Hon. Senators: Hear, hear.

Senator Godfrey: Perhaps I should also cite—

Some Hon. Senators: Oh, oh.

Senator Godfrey: I have even greater authority, that of a former Minister of Justice, Mr. Basford, who, on March 17, 1978, said:

> The first principle, in my view, is that there must be excluded any consideration based upon narrow, partisan views, or based upon the political consequences to me or to others.
>
> In arriving at a decision on such a sensitive issue as this, the Attorney General is entitled to seek information and advice from others but in no way is he directed by his colleagues in the government or by parliament itself. That is not to say that the Attorney General is not accountable to parliament for his decisions, which he obviously is.

Will the Leader of the Government in the Senate draw the attention of the Minister of Justice to chapters 10 and 11 of this book to which I have referred? Would he then ask the Minister of Justice, having read that and briefed himself as to his duties, to make a written statement, through the Leader of the Government in the Senate, to this chamber as to how he then sees his duties as Attorney General of Canada?

Hon. Duff Roblin (Leader of the Government): My honourable friend has raised a legitimate constitutional question, and I recognize that fact because it is in accordance with our constitutional precepts that the Attorney General operates as a semi-judicial officer without taking instructions from other people.

I think it is quite probable that the Attorney General will make a statement in the other place later today clarifying the situation and expressing his determination to adhere to the constitutional precepts my honourable friend is proffering. In addition, it might be appropriate if I were to take my honourable friend's statement and send it to the minister as an aide-mémoire.

• (1410)

Senator Godfrey: As a supplementary, would the Leader of the Government also draw the attention of the Minister of Justice and Attorney General that the Attorney General has never been in the British Cabinet since 1928 for these very

reasons, so that he will not be subject to direction by his colleagues. That principle was laid down there, but we have not followed it.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, as the Leader of the Government has indicated that the Minister of Justice may be making a statement on this important subject this afternoon, I wonder if he can tell us whether the minister, in his statement, will clarify for us—

Senator Flynn: For you.

Senator MacEachen: —for us, the people of Canada, if indeed he took direction from the Prime Minister, as he stated in the House yesterday, or seemed to state, in deciding to stay prosecution. The question was directly asked of him, whether he had taken direction, and he said yes. Later in the day he said publicly on television that he had not taken direction. I wonder whether that clarification will be made by the minister, or, if not, can the Leader of the Government make it for us today?

Senator Roblin: Honourable senators, I believe that aspect of the question will be covered in the statement which, although I cannot give a positive assurance, I believe will be made this afternoon. I believe the point referred to will be covered when the statement is made. If it is not, I shall do my best to provide the answer for my honourable friend.

Senator Flynn: If the interpretation is incorrect, then I am sure he will correct it at the next sitting.

Senator Steuart: He will probably erase all the tapes in the meantime!

[*Translation*]

CULTURAL ORGANIZATIONS

RELATIONSHIP TO GOVERNMENT

Hon. Jean Le Moyne: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Our cultural agencies are generally safe from any political interference, and their independence is correctly seen as one of the unique and noble traditions in our society.

The Minister of Communications implied recently that the relationship between the Government and these institutions would soon be undergoing significant changes. Could the Honourable Leader of the Government in the Senate give us the assurance that these changes will not lead to any interference, especially in the case of the Canada Council?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe I can say that at the present time no change has been made in the understanding that exists in the nation with respect to the role of government and those cultural institutions. If any changes are going to be made—and I acknowledge the fact that the minister has made a statement that might give rise to some concern in this respect—they are going to be made in the proper parliamentary fashion, with full opportunity for members of Parliament to take part in the debate. I hope that will set my honourable friend's fears at rest.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I take it that the Leader of the Government will keep his eye on this question. When he is considering the position of the government and that of the Minister of Communications on the relationship between government and those agencies, perhaps he will take into account an answer, given by his leader during the election, to a questionnaire from the Canadian Conference of the Arts—Conférence canadienne des Arts—on this subject. What the present Prime Minister said will be found in paragraph three of the questionnaire from the Canadian Conference of the Arts. The following question was asked:

> What will you and your Party do to see that the federal cultural agencies continue to exist at arm's-length from undue political and bureaucratic influence? What will you and your Party do to ensure that they also are given adequate resources to fulfill their important responsibilities?

In reply to the question the present Prime Minister said:

> We are committed without question to the arm's-length principle and regard peer review as the most equitable and consistent mechanism for federal funding support to individuals, groups and institutions. The cultural agencies and councils are more able than politicians and bureaucrats to assess the needs identified by the cultural sector, and must be assured adequate resources to respond effectively. We will undertake to develop formal procedures to ensure that the government policy process is informed regularly and accountably by the agencies and councils. The Cultural Agencies Act must ensure that the Minister receives and responds to recommendations from the federal agencies which work most closely with the cultural sector. . .
>
> We are convinced that the agencies and councils must be independent from shifts in political perspectives, bureaucratic theories and expenditure priorities. We are prepared now to translate our efforts in Opposition into action, through implementation of five-year financial plans, formal structures—

et cetera. Then there is a short paragraph on funding:

> We are committed to maintaining federal funding for the agencies and councils in line with inflation. We believe that five-year expenditure plans are essential to accommodate the particular circumstances of the cultural sector and to allow these bodies to make internal adjustments without political and bureaucratic interference.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will do as my honourable friend requests and make sure that the statement that he has referred to is not lost sight of. It would be helpful if he would be kind enough to send me a copy, because I do not have one myself.

Hon. Jacques Flynn: Senator Frith has collected everything on the campaign trail.

Senator Frith: You did?

Senator Flynn: No, you did.

Senator Frith: I was busy doing other things, like playing golf.

FOREIGN AFFAIRS

NICARAGUA—ABSENCE OF CANADIAN OBSERVERS FROM ELECTION

Hon. Henry D. Hicks: Honourable senators, I have three questions arising out of Canada's participation—or should I say non-participation—in the recent election in Nicaragua. I address my questions to the Leader of the Government in the Senate.

First of all, it is well known that the Secretary of State for External Affairs decided not to send observers from Canada to participate in or to observe that election. Secondly, it has recently been reported that the Secretary of State for External Affairs did not even know whether there was a resident ambassador from Nicaragua here in Ottawa. My first question therefore is: Can the Leader of the Government find out whether the decision of the Secretary of State for External Affairs not to send observers to this election was made before he knew whether there was a resident ambassador in Ottawa or after he had learned that there was?

Hon. Duff Roblin (Leader of the Government): I am unable to tell what data my honourable colleague the Secretary of State for External Affairs was operating on when he made his decision. However, I will do my best to find out the answer to your question.

Senator Hicks: If the answer is yes, that he had learned beforehand that there was a resident ambassador in Ottawa, did the Secretary of State for External Affairs or any of his officials confer with that ambassador or any of his staff? Perhaps the Leader of the Government in the Senate would attempt to find out the answer to that question.

My third question is rather delicate, but I feel it must be asked. Did the Secretary of State for External Affairs confer with our American colleagues before or during the making of the decision not to send observers to Nicaragua?

Senator Roblin: I shall request an answer to my honourable friend's questions from my colleague the Secretary of State for External Affairs.

NATIONAL PAROLE BOARD

FEDERAL COURT DECISION

Hon. Andrew Thompson: Honourable senators, I have a question to direct to the Leader of the Government in the Senate. In view of the recent Federal Court ruling concerning the requirement for a full panel of the National Parole Board to hear individual parole requests, it would appear that there will be procedural complications for that board in holding its approximately 26,000 hearings each year.

In view of this ruling, may I ask what alternative—among those proposed by the various interested organizations, such as the Criminal Lawyers' Association—the Solicitor General is considering adopting?

Hon. Duff Roblin (Leader of the Government): I think my honourable friend is quite right in saying that the Federal Court ruling will cause complications. One would think that this would result in some delay in dealing with parole matters. However, I noticed in a recent press statement that the authorities stated that this would not be so.

I must say that I think my friend's question deserves an answer, and I shall find out what I can from my honourable colleague the Solicitor General.

FINANCE

RECORDING OF MINISTERIAL DISCUSSIONS

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government. Could he assure us that when the Minister of Finance visits Washington he will not attempt to tape his conversations with the Secretary of the Treasury of the United States, or, if he does tape them, will he make sure not to mislay the tape?

• (1420)

Hon. Duff Roblin (Leader of the Government): I am sure my honourable friend will agree with me that taping is a delicate subject in Washington at any time. The thought that our minister may fall afoul of the prejudice against taping in the United States boggles the mind. I think I can give my honourable friend the assurance that he will not indulge in such a process.

Hon. Ian Sinclair: Honourable senators, I have a supplementary question about tapes which I would like to direct to the Honourable Leader of the Government in the Senate. Both the leader's and my roots lie deep in Manitoba. My question arises from what I shall term the negligence and misadventures that have been going on over the past few days. My question is: Is this indicative of the Minister of Finance of this great country being accident prone?

Senator Roblin: My honourable friend couched his question in very reasonable language because "negligence" and "misadventure" certainly describe the situation very well.

Hon. D. G. Steuart: "Stupidity" might work.

Senator Roblin: My impression is that after that experience we may expect the Minister of Finance to be particularly careful to guard against a repetition.

Senator Steuart: He won't go to Winnipeg.

Senator Sinclair: I wonder if the leader can assist honourable senators and answer the question as to why an aid to the Minister of Finance would be carrying one of these machines

around, particularly to a meeting on very sensitive negotiations with another officer of the Crown?

Senator Roblin: I guess I can only use the words of the minister himself who describes it as a "dumb mistake", and I think we can all agree with that.

Senator Sinclair: A dumb mistake on whose part?

Senator Roblin: The minister accepts responsibility for what his people do.

Hon. Royce Frith (Deputy Leader of the Opposition): The minister beat me handily at squash on Saturday. Maybe he got over-confident.

PUBLIC SERVICE

ALLEGED REQUIREMENT FOR MINISTERIAL APPROVAL OF JOB APPLICATIONS

Hon. Charles Turner: Honourable senators, if we might digress for a minute—

Hon. Senators: Hear, hear.

Senator Turner: —on July 28, 44 years ago, when I made my first trial trip on a CNR steam locomotive to Windsor, Ontario, little did I think at that time that some day I would be elevated to be a member of this red chamber. It is a great honour and privilege for a little working guy to sit with all the great Canadians that I read about in the newspapers of this country, especially the Honourable Ian Sinclair, a man for whom I have great respect and a tough but fair brother railroad man.

Hon. Senators: Hear, hear.

Senator Turner: My question is to the Leader of the Government in the Senate. For over 66 years, November 11, Remembrance Day, is a time when millions of Canadians pay their respects to our fellow countrymen and women who sacrificed their lives in defence of the ideals which make the democratic nations decent countries in which to live. On this special day, we pay tribute not only to those who died, but we also salute those who served and had the good fortune to survive. All Canadians rightfully recognize the debt we owe our surviving veterans. Many honourable senators of this chamber served, and I am informed that the Leader of the Government in the Senate has a very distinguished war record. Therefore, I presume he still believes in the democratic principles that he fought for. Is this statement true, Mr. Government Leader?

Hon. Duff Roblin (Leader of the Government): I should hope so.

Senator Turner: I did not receive a brown envelope in my office, but I did receive the following message on a black telephone:

> Contrary to the rules and regulations of the Public Service Commission of Canada, a person's work application for a public service job must go over the minister's desk in each department.

[Senator Sinclair.]

Is this statement true, and are these the type of democratic principles that the Leader of the Government went and served overseas to protect for all Canadians?

Senator Roblin: Honourable senators, I think I would have to investigate the accuracy of my honourable friend's statement before I could deal with it any further.

Is there any more he would like to add to his statement that would help me in my investigation?

Senator Turner: That is the message I received on the telephone, sir.

Senator Roblin: Telephone communications of that kind always present certain difficulties because it is hard to track those down. Ask your informant what department he is concerned about, and that would help me.

I see the point of my honourable friend's question and I would like to look into it, but unless he gives me something more to go on, it will be difficult.

Senator Turner: Maybe the next message I receive will be in a brown envelope, and if it is, I will send it to you.

PLACEMENT OF FORMER MINISTERIAL ASSISTANTS

Hon. Pierre De Bané: Honourable senators, I think the answer just given by the Leader of the Government in the Senate is most unfair. Why is it possible for me, as a senator, to inquire and to learn easily that several ministers have given instructions to their deputy ministers—not to the guy on the elevator, but to their deputy ministers—that they should isolate anyone within their departments who worked for Liberal ministers, that they should not allow them to sign any documents, that they should not allow them to become involved in any way in any sensitive policy, and that they not let them participate in any interdepartmental committees? Surely, if I can learn about that first hand, it is your responsibility to inquire into it.

With respect to the question I put to the Leader of the Government in the Senate yesterday, I think it is up to the leader to obtain the information I asked for. I asked: How many people who had worked for Liberal ministers and who have the right to enter into the Public Service of Canada without competition on a priority basis, have received offers since September 18?

My information is that the Public Service Commission of Canada and the departments have been instructed not to make any offers. That has been the situation since September 18.

An Hon. Senator: Shame!

Hon. Duff Roblin (Leader of the Government): The question my honourable friend has asked is not one with which I can deal on an oral basis; therefore, I will accept it as a written question and will provide him with the best answer I can.

Hon. Jacques Flynn: He does not want an answer; he wants to simply put the question. That is more important than the answer.

The Hon. the Speaker: Delayed answers to questions?

Senator Roblin: Honourable senators, I have no delayed answers to questions today; I hope to have some at the next sitting.

Hon. Allan J. MacEachen (Leader of the Opposition): Please do. We are getting very anxious.

Senator Flynn: All you want to do is put your questions. The answers are not important to you.

FARM PRODUCTS MARKETING AGENCIES ACT

BILL TO AMEND—THIRD READING

Hon. Martha P. Bielish moved the third reading of Bill C-4, to amend the Farm Products Marketing Agencies Act.

Motion agreed to and bill read third time and passed.

● (1430)

COMMITTEE OF SELECTION

THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Third Report of the Committee of Selection presented earlier this day.

Hon. Orville H. Phillips: Honourable senators, I move that the report be now adopted.

Motion agreed to and report adopted.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FIFTH MEETING—REPORT OF CANADIAN DELEGATION—DEBATE ADJOURNED

Hon. Richard J. Stanbury rose pursuant to notice of Thursday, November 22, 1984:

> That he will call the attention of the Senate to the Twenty-fifth Meeting of the Canada-United States Inter-Parliamentary Group, held at Dorado, Puerto Rico, from 8th to 12th March, 1984, and to the Report of the said Meeting.

He said: Honourable senators, this is the first opportunity I have had to speak in the Senate since the beginning of the Thirty-third Parliament. Therefore, I would like to pay my respects to our new officials and those who are charged with the responsibility of making the Senate an effective chamber.

I am delighted to greet Senator Charbonneau as our new Speaker and Senator Asselin as our Speaker *pro tempore*. I am aware of the heavy calendar of duties which we impose upon our Speaker and his deputy. I hope that their enjoyment of the more social aspects of those duties will compensate for what may sometimes be regarded as the tedium of their more solemn ones.

Senator Roblin will make an excellent Leader of the Government in the Senate. I notice that he has already learned to back and fill and dodge and squirm out of difficult questions; but that is not surprising in view of his great parliamentary experience and his magnificent command of both official languages. It has always been a pleasure to work with Senator Roblin and, partisan considerations aside, I am sure it will continue to be so.

Senator Doody will certainly be no less adequate in his role as Deputy Leader of the Government. He tackles his parliamentary responsibilities with great joy and goodwill.

It seems somewhat strange to me to roll the name of Senator MacEachen off my tongue. However, I am greatly pleased that the then Prime Minister and now Leader of the Opposition in the other place, the Right Honourable John Turner, had the wisdom to preserve for our parliamentary system not only the person of a great humanitarian but the resource of expertise in parliamentary and international affairs which the Honourable Allan MacEachen represents. I welcome him as my leader in the Senate and assure him of my support.

My old friend, Royce Frith, is learning the ways of opposition very quickly—about as quickly as Senator Roblin has learned the ways of government. As Deputy Leader of the Opposition he will no doubt inspire us to keep our critical eye on the performance of this massive government.

Honourable senators, on November 22 I tabled and caused to be appended to the *Debates of the Senate* of that day the Report of the Twenty-fifth Meeting of the Canada-United States Inter-Parliamentary Group which had been held from March 9 to March 12, 1984, in Dorado, on the outskirts of San Juan, Puerto Rico.

Due to the fact that we have a number of new senators, most of whom will take a particular interest in our parliamentary relationships with the United States, I should explain that the Canada-United States Inter-Parliamentary Group in the Parliament of Canada usually exceeds 200 in membership and meets annually to hear reports and to elect officers. The 1985 general meeting will be held next Tuesday evening at 6 p.m. in Room 200 of the West Block. I hope that all honourable senators who are interested in this matter will make a point of being present.

Once a year 24 delegates are chosen, 16 from the House of Commons and 8 from the Senate, to meet with a similar number of delegates from the United States Congress to discuss a pre-set agenda of matters of mutual interest to delegates from both countries. The most recent of these international meetings was held in Puerto Rico last March, and it is the report of that meeting which I would now like to discuss. The next international meeting is planned for Niagara-on-the-Lake in mid-May 1985. Again, delegates will be selected from the Senate and the House of Commons. Between meetings, various follow-up activities occupy our attention.

The purpose of the organization is to ensure a constructive discussion of matters affecting the economic and political relationships between our two countries and what parliamentarians might do to improve them.

The American delegates always come to these meetings very well briefed and extremely interested in these issues. We

Canadians have begun to understand that Congress is as important in the United States as the administration, and that while our executive branch has the main responsibility for interfacing with the American administration, it is we parliamentarians who have the responsibility for ensuring the understanding of the members of the American Senate and the House of Representatives. As a result, the Canadian delegates are also meticulously briefed, and to become a delegate one must commit oneself to attendance at all briefings and to a willingness to take the leadership in the discussions of some important issues.

The spirit of the annual conference is always very warm and friendly. While sometimes we agree to disagree, we do go away with a better understanding of each other's point of view and with many false impressions having been destroyed. The 48 delegates are arranged in three committees, each with an American and a Canadian co-chairman. At this convention the committee dealt with trade and economic questions. After an opening discussion of U.S. and Canadian economic conditions and prospects, which dealt largely with the problems of deficit, debts and interest rates, there was a searching examination of the differences in responsiveness of the Canadian and American parliamentary systems.

The growing importance of trade in both countries led to a discussion of the effect on trade of the unmanageable debt of a number of the developing countries. Canadian and U.S. banks had allowed themselves to become overly levered. The International Monetary Fund had insisted on austerity as a price of its support to the borrowers. That had caused reduction of imports by the borrowers and that, in turn, had reduced the opportunities for export by Canadian and American companies, and contributed to our recession. High interest rates and the exorbitant American dollar had also affected trade.

Canada's dependence on the United States market and our need to ensure fair treatment in a protectionist era drew us into a discussion of bilateral free-trade arrangements. There was general agreement that the discussions initiated by Canada and welcomed by the United States should proceed, although concerns were expressed about the attitude of GATT, the behaviour that could be expected from multinationals in maintaining employment in Canada and as to whether we should seek a general agreement, which would be cautiously phased in, or whether we should continue to seek sectoral arrangements.

Specific irritants still include our treatment of advertising on border broadcasting stations. We think in terms of cultural protection against stations which are not licensed to broadcast in Canada; they think of it as the pirating of their signals.

• (1440)

Our provincial licensing of trucking firms and FIRA's control of trucking company acquisitions irritate Americans in an era of their own domestic deregulation. On the other hand, we are very much concerned about their application of American law to individuals and companies under our sovereign jurisdiction. As examples, we drew their attention to the early drafts of their Export Administration Act and to the extraterritorial use of subpoenas to force one of our banks to comply with the order of a court in one of the states, even though the complained-of activity had not been carried on in the United States.

The dangers of the principles contained in their draft Reciprocity and Services Bill were of great concern to the Canadian delegates. Unilateral definition of subsidies and the concept that the countermeasures need not be limited to the product being subsidized struck us as departures from fair market legislation. Our government's move to collect sales tax on tourist pamphlets was an aggravation when entry of such material to the U.S. is free. Our revelation that Canadians pay the tax, too, did little to remove the irritant.

The prospect of Canadian steel producers facing a possible negative recommendation from the International Trade Commission and also a steel import quota bill from Congress shocked the Canadian delegates. There were serious discussions of the disastrous effects on steel shipments back and forth between Canada and the United States in a highly integrated industry. Americans wanted to protect a less-than-efficient industry from unfair competition. Canadians would be caught up in the restrictions even though they are fair-traders.

No doubt the discussions, together with subsequent correspondence and visits, helped to gain a positive result from the President in September.

Committee II on Energy, Defence and Multilateral Questions began with a discussion of natural gas. The new U.S. import policy was explained and complaints were lodged as to Canadian export price policy. Again, the discussions were effective. The National Energy Board and the Canadian government subsequently relaxed those regulations to meet the competition brought about by deregulation in the United States.

The Alaska Highway Gas Pipeline discussion caused a few sparks to fly, but the Americans insisted that all guarantees of construction were based on the availability of financing—which had not become available.

The "back-in" provision of our National Energy Program was resented by U.S. delegates. We pointed out that it was like the U.S. windfall tax, and was consistent with the historic approach of the Canadian government to participate in the development of and to share in the benefits of frontier energy exploration.

Canadian electricity exports to the northwest states were causing some consternation because of the cheapness of B.C. hydro power. On the other hand, exports from Ontario and Quebec were welcomed into the northeastern states because of their shortages of capacity and difficulty in building new plants.

The committee dealt with defence issues by considering the modernization of the NORAD early warning system in view of the threat of the Soviet Union's bomber force.

The reluctance of the U.S. to share its satellite technology and the fairness of Canada's contribution to NATO caused

some heated discussion. However, there was acknowledgment that Canada's NATO forces and equipment are steadily improving.

American restrictions on sensitive military and industrial technologies are being applied to Canadian manufacturers in spite of our interdependence in NORAD and NATO. Canadian delegates were given no assurance that that would change, although it makes it most difficult for Canadian firms to contribute to the building of F-18s and other equipment in which we are entitled to have Canadian manufacturing content. We were assured that there was a recognition that Canadians were not being fairly treated and that an effort was being made to repair the situation. A lively exchange of views on nuclear arms deployment and disarmament, followed by a discussion of Mr. Trudeau's peace initiative, brought the committee to agreement that NATO must be supported, but that every effort must be made to create a climate of peace.

Committees II and III joined to discuss Grenada, Central America and the Middle East. Most of the Americans were supportive of their government's action in Grenada and Central America, and Canadian criticism was not always happily received. However, one U.S. delegate wanted it made clear that opinion in Congress was not at all unanimous on these matters. There was a feeling that these issues were so sensitive within Congress that discussion with the Canadian delegation was not well accepted. The discussion on the Middle East was full and interesting but, perhaps predictably, came to no conclusions.

Committee III on Environmental and Multilateral Issues discussed nine issues of varying degrees of concern. The Garrison Diversion question brought forth expressions of great concern by the Canadians and expressions of warm reassurance by the Americans. The most recent staff report to the American Commission would seem to give us hope that that struggle is about to be won.

The discussion of acid rain centred on the lack of action in the United States and the dissatisfaction of delegates from both countries with the American efforts. The American delegates expressed their belief that sentiment in the United States in favour of strong remedial action is growing rapidly.

Toxic wastes in the Niagara River appalled everyone. The new United States Resource Recovery Act would provide for proper storage and disposal, but clean-up would be difficult. Transportation of toxic wastes across the border, mainly from Canada to the U.S., was causing some concern.

The failure of the west coast salmon treaty was a real worry to the west coast delegates from both countries. Since that time, a very effective committee of the Canada-U.S. Inter-parliamentary Group has brought the matter closer to the resumption of negotiations.

Our final plenary allowed us to review the pre-election political scene in each of our countries. All that is history now, and I have no heart to regurgitate it. At the time, however, the discussion was enjoyed by all.

The other subject of the plenary was "Making Canada's Case in Washington." The Canadians were aware of the expense of lobbying in Washington and asked if there was another way to make our case. We were assured that there is not. The American government system requires that you know and work with each of the administration, the Congress and the various agencies. It is expensive but indispensable. Other countries are much more active than Canada, although the Canadian Embassy is doing an effective job within its resources. Private interests must also lobby. It would help if our efforts were co-ordinated.

We came away with the distinct impression that our discussions at this meeting had been particularly productive. Since the meeting, which took place last March, that feeling has been borne out by the success of our follow-up activities, particularly in respect of steel and west coast salmon.

I invite honourable senators to read the report and to use the forum of this chamber to extend the discussion so profitably begun at the 25th Annual Meeting of the Canada-U.S. Interparliamentary Group in Puerto Rico last March.

Hon. Andrew Thompson: If I may be permitted, I should like to ask the honourable senator a question. I am interested in any discussion about the toxic materials going into the Niagara River and into Lake Ontario. I do not know whether Senator Stanbury had an opportunity to see this morning's edition of the *Globe and Mail*. In it there is an editorial about the recent findings of a report concerning toxic waste. In the editorial it was suggested that the federal minister responsible for the environment should take a more aggressive posture, intervening when necessary in any court procedures in the United States to force industries to clean up their act. Although Canadian industry is also responsible for some of the pollution, American industry is the greater offender in that regard.

Could the honourable senator enlarge upon the committee's discussions about this subject? It seems to me that it is a very pertinent one to all of us. I wonder whether Senator Stanbury could make any concrete suggestions in this regard?

Senator Stanbury: Honourable senators, in the context of the conference, of course, the report to which my honourable friend refers was not available. That report is a very recent publication.

● (1450)

At the time of the conference we were certainly aware of the very serious leakage of toxic wastes into the Niagara River and that there was a real problem. That concern was not expressed only by the Canadians. One of the important features of that particular conference, in my mind, was that there seemed to be a very serious concern about these matters on the part of many of the delegates from the United States. That may have been emphasized or exaggerated by the fact that many of them were from New England states and from western states; there were few American delegates from the heavily industrialized states.

There was a feeling among the delegates that the consciousness of the problem of acid rain, the escape of toxic waste, and so on, was becoming so important in the United States itself that the political pressures would cause it to be solved for their own benefit and, perhaps accidentally, for ours at the same time.

On motion of Senator MacEachen, debate adjourned.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, December 4, 1984, at 2 o'clock in the afternoon.

He said: Honourable senators, it was originally thought that the Senate would adjourn until Tuesday, December 11 because, although there are several bills being dealt with in of the House of Commons, it appeared that they might not come to us until the week following next.

However, assurance in that regard has not been forthcoming. At present, the members in the other place are in Committee of the Whole to deal with the amendments to the Customs and Excise Tax Act and the Income Tax Act. I believe there is a third bill which could also come before us next week. In consideration of that, it was decided that we should sit next week.

In any event, there is some other business of which we have to dispose, such as the final day of the Throne Speech debate and several other items on the order paper. We can deal with those items on Tuesday and Wednesday of next week in anticipation of receiving the legislation from the House of Commons.

Motion agreed to.

VETERANS AFFAIRS

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO REVIEW SENATE COMMITTEE REPORT ENTITLED "THEY SERVED—WE CARE"—DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of Tuesday, November 20, 1984, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to review and update the recommendations contained in the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981, and to enquire into any matter related thereto; and
>
> That the papers and evidence taken on the subject and the work accomplished during the First Session of the Thirty-second Parliament be referred to the Committee.

[Senator Stanbury.]

He said: Honourable senators, it is with a great deal of satisfaction that I rise to speak to the motion which I placed on the order paper on Tuesday, November 20, that the report of the Standing Senate Committee on Health, Welfare and Science entitled, "They Served—We Care," tabled in the Senate on October 20, 1981, be referred back to the newly-constituted Social Affairs, Science and Technology Committee for updating and with the objective of directing once again the attention of the government to the necessity for implementing the recommendations contained therein. I do so at this first opportunity in the new session because time is of the essence in our efforts to remove some of the still existing inequities in the Veterans' Charter.

Honourable senators, I am inspired to make this request because, by recent government action, two other Senate committee's recommendations, which affect some 51,200 disability pensioners and some 6,500 widows of pensioners in a most positive way—recommendations that were long sought after by veterans' associations across the nation—will, at long last, be realized. This means that three of the seven recommendations of the committee have now been accepted by the government.

I am sure that honourable senators, including my colleague, the former chairman of the committee, Senator Bonnell, and other members of the committee who worked so diligently to produce the report, will agree with this new commitment and statement of purpose by the Honourable George Hees, the new Minister of Veterans Affairs, who has acted in record time to commit some $22 million to pay another long-overdue instalment of the debt of recognition to our Canadian veterans, their survivors and their dependents who have deserved generous treatment from a society which owes so much to their wartime service and sacrifice.

Honourable senators, before dealing with the recommendations in the report, which must be reviewed and recommended to the government for action, I beg the indulgence of honourable senators to explain briefly the details of the changes that will come about—announced by the Minister on November 13—because, unfortunately, they seem to have gone unnoticed by veterans and a large segment of the public.

The first amendment in the provisions has to do with the basic rate of pension. By way of background, in 1973, the Woods Committee which studied the Pension Act recommended that the basic rate of pension should equal the average of the composite of five selected categories of unskilled public service workers. That recommendation was accepted. The committee also recommended that the formula should remain stable and that the rate of pension should maintain parity. Unfortunately, however, no mechanism was put in place to ensure that that would happen. When the basic rate of pension falls behind the amount compatible with the formula, an act of Parliament is required to bring it up to that level. As a result, the basic rate now lags behind what it should be by some $611 a year. This has been the case for several years. Each time this happens, the veterans' organizations have to come begging for an amendment to the act to correct that discrepancy.

Under the new provisions, the Pension Act will be amended to provide that the basic rate will be changed each year to reflect the same percentage increase as the increase in the consumer price index or the increase in the average composite wage, whichever is the greater. This will remedy a situation which all veterans' organizations have considered grossly inequitable, and which for many years they have demanded should be changed. That change will cost approximately $14 million annually and will benefit approximately 51,200 disability pensioners.

• (1500)

It is worthwhile mentioning that on April 6, 1982, the then Minister of Veterans Affairs responded to our recommendation as follows:

> The Royal Canadian Legion and the National Council of Veterans Associations will be making a formal joint presentation to the House of Commons Standing Committee on Veterans Affairs on this subject in the very near future, and while honourable senators may be assured that I have discussed this proposal at length with my officials, I do not wish to prejudge the evidence which will be presented by Canada's two major veterans' organizations.

That, as I say, was on April 6, 1982. It is now two and a half years since the minister's statement, and there should be no further excuse, particularly in view of the fact that legislation will have to be drafted and still more time will be lost.

As a result of the declaration by the minister, the urgency of the situation is realized and it now appears that we shall see legislation coming before Parliament in the very near future.

To my mind, the more prominent provision announced by the minister will finally recognize a group of widows whom I refer to as Canada's forgotten heroes. They are the widows who had to provide their husbands with constant care, because in a great many cases the veteran could not be left alone. Those widows of veterans were restricted in their opportunity to share in the freedom enjoyed by others to pursue new careers, and were also restricted in their ability to participate with their spouses in achieving a much better way of life. I am not aware of any concrete evidence indicating that any other group, other than veterans' groups and women's organizations, has come to the forefront in recent years to protest against the government's reluctance to recognize the principle of equality in the many areas of society in which women participate. I do not know of any other group that has brought this inequity to the attention of the government. We should therefore commend the efforts of our lady senators who were on that committee—Senator Bielish, Senator Rousseau and former Senator Bird—for their active interest in securing this provision.

Some Hon. Senators: Hear, hear.

Senator Marshall: In order to give honourable senators some background to the provision I should explain that under the act disability pensions at present carry additional allowances for spouses and children. When a pensioner dies, at the end of the month in which he dies the pension ceases and dependents receive survivors' benefits. But that may represent a substantial decrease in family income. The new provision provides a more reasonable period for the widow to adjust to a lower level of family income, to the extent that the disability pension and pay at the time of death will now continue to be paid for 12 months following the death of the pensioner, if it is greater than the widow's pension paid to the surviving spouse of a deceased veteran. The cost of that provision is approximately $7 million per year.

Approximately 6,200 widows will benefit from the change, and it will remove the shock of an immediately reduced income at a time when the widow is under great emotional stress in having to adjust to the death of her spouse. The change also provides needed time for adjustment to changed financial circumstances.

For example, honourable senators, prior to the announcement of the change on November 13, the widow of a deceased veteran who died in receipt of a 50 per cent disability pension, which now amounts to $678.89, was entitled to a widow's pension of $814.67, which is the equivalent of that for a married pensioner at 60 per cent. The amount of benefit was fair up to that point because she was entitled to $135.78 more to allow her to adjust.

However, for some reason, in the case of those veterans who were in receipt of more than 60 per cent at the time of death, their spouse lost $67.89 for every 5 per cent of pension over 60 per cent immediately on the first of the following month.

It is difficult to reconcile that in the case of a married veteran at 50 per cent disability pension, who at death was receiving $678.89, his wife would receive $135.78 more while in the case of a veteran at the 70 per cent married rate who at his death was getting $950.44, his wife's income would be reduced by $135.78.

To carry it further, the rate of pension for a veteran at 100 per cent disability and his wife is $1,357.78. Prior to this change, which will come into effect on the death of the veteran, the pension was reduced to $814.67 on the first of the month immediately following, which meant a reduction of $543.11.

Under the change, the widow will now be able to receive the original amount for 12 months—that is, at the married rate—and then be reduced to $814.67, indexed each year for the rest of her life.

It means that for the first year after the death of a veteran at 100 per cent disability, the widow will receive an extra $6,517.32 and for every 5 per cent lower she will receive a proportionate variation of that amount.

Another group of veterans even more seriously affected were those entitled to an allowance for exceptional incapacity and an attendance allowance over and above the 100 per cent disability pension. In other words, they were entitled to an additional amount of pension because of the extent by which their disability exceeded that which would entitle them to the

100 per cent rate. This provision will benefit another 300 widows at an annual cost of $1 million.

The veterans to whom I am referring are those who were receiving an allowance over and above that for 100 per cent disability and, as I mentioned, an allowance for exceptional incapacity. Those veterans are mostly war amputees who were getting a much greater amount than the 100 per cent disability rate because of the intense severity of their condition. In the exceptional incapacity grade, they could receive, depending on their condition, from $191 to $575 a month. In the case of the attendance allowance, there are ten grades of variations, from $115 to $718. The widows of such veterans, as honourable senators will realize, by having their allowance reduced the first month following the death of the veteran, could lose $7,000, $8,000, or $9,000 a year immediately following the death of their husbands. I am sure that the Executive Director of the War Amputees, Mr. Cliff Chadderton—who has raised this matter before our committee on many occasions and before other committees throughout the years—is probably the happiest man in Canada today after hearing that announcement, because the war amputees asked for only a three months' extension of the benefits in order to allow the widows of veterans, who have given constant care over the years, to adjust to their new circumstances. The widows of such deserving veterans who fall into that category will now benefit from the humanitarian action of the new Minister of Veterans Affairs, the Honourable George Hees.

I am surprised that the announcement, which impacts to such a great extent on the financial status of many thousands of widows of veterans, did not receive greater attention. I also feel strongly that much credit should go to the National Council of Veterans and the Royal Canadian Legion for pressing this serious inequity on the government through the parliamentary committees of both chambers over the past 20 years; and I repeat that this chamber can take a good share of the credit because of its committee deliberations in 1981. Strangely enough, the minister at that time gave the following reason for not accepting the recommendation:

> The result of the Senate recommendation is that the widow of any disability pensioner who received pension at the rate of from 5 per cent to 55 per cent at the time of his death would receive more pension after his death than he received during his lifetime for his disability at the married rate.

I cannot see why that answer was prepared for him, since, as I have already mentioned, when a veteran at the 50 per cent married rate died, his widow received 10 per cent more. There is therefore a contradiction in the reason for not accepting it.

• (1510)

To carry it even further, under the War Veterans Allowance Act, that veteran who was not disabled but has the right to a War Veterans Allowance Pension by virtue of the fact that he has reached the age of 60 years and had served overseas, even for one day, after his death his widow receives the married rate of approximately $987 for 12 months, and this has been going on for many years.

[Senator Marshall.]

It is heartening to note that the government has now accepted, almost in their entirety, recommendations 1, 2, and 3 of the Senate committee report. However, there still remain four more recommendations in the same report that must be addressed urgently in order to honour totally Canada's commitment to its veterans. We are thankful to the government and the new minister for recognizing the anomalies and correcting them, and it is to the credit of the minister that he acted so promptly after taking office to correct two glaring omissions in the charter. Let me hasten to say, honourable senators, that I do not deduct any credit from past ministers who were pressed to put these amendments into force. However, I think most credit should go to the Honourable George Hees for acting so quickly and recognizing this omission at this late date in the veterans' war.

I say with great respect to those in this chamber who despaired in their questioning of my leader, of the government's commitment to social justice, that the payment of $22 million to over 50,000 veterans of Canada, their wives or widows, is an exemplary commitment to social justice.

Honourable senators, despite the fact that, as I have said on countless occasions, Canada has veterans legislation that is as good as or better than that of any other country in the world, I must reiterate that time is passing much too quickly, and it is almost too late to introduce amendments to the legislation in order to comply with our remaining obligation to our veterans. These remaining inequities are addressed in the same report, and I would like to touch on them, and I hope that the Senate will support the intention expressed in the motion to update the report, with the objective of having the government acknowledge and consider the recommendations and implement them as soon as possible.

Recommendation number seven addresses the inequity of the scale of compensation under the Prisoner Of War Compensation Act. For those who may not be aware, in 1973 a study was commissioned by the then Minister of Veterans Affairs who commissioned Dr. J. Douglas Hermann to study the effects of incarceration on Hong Kong and other veterans. As a result, compensation was established, separate from the disability pensions to be awarded to all prisoners of war, and a schedule of compensation was established and approved by Parliament, the rate of payment to be proportionate to the period of incarceration. The rates were as follows: from zero to one-and-a-half years, the prisoner of war would receive 10 per cent; from one-and-a-half years to two-and-a-half years, the prisoner of war would receive 15 per cent; two-and-a-half years and over, the prisoner of war would receive 20 per cent.

The President for the Dieppe Veterans, Mr. George Giguerre, a dedicated and devoted Canadian veteran who has spent his post-war years fighting for the rights of prisoners of war, contends—and justifiably so—that the scale is not fair. He offers the argument that a prisoner who was incarcerated for two-and-a-half years or more and who suffered much more stress, hardship, and lack of nutrition, who was beaten daily for months and chained for months, receives only 10 per cent more than the comrade who spent only a week or a month in a

POW camp. I am sure that honourable senators will agree that the schedule of payments should be revised to reflect an awareness of the realities that exist.

Further, the Statute Law Amendment Act of 1980 introduced a number of changes in veterans legislation, and these have been studied over the years by the committee. One of these amendments removed the Canadian residence requirement for widows and children of recipients who die outside of Canada. However, veterans themselves must still return to Canada and reside here for a period of one year before they become eligible for benefits. Once in receipt of an allowance, however, they can then leave Canada and resume their residence abroad.

Your committee supported the 1980 amendment in this respect, but finds it difficult to understand why the legislation does not allow qualified veterans to have the same residence rights as the widows and children of recipients who have died while living outside of Canada. At this stage in time when World War II veterans are approximately 65 and World War I veterans are in the 84/85 age bracket, most veterans find it difficult, and often impossible, to return to Canada to establish residence in order to comply with the present legislation. Often they are too poor, too old or too ill to be able to travel or to establish a new domicile in Canada for a year. Frequently, they have family ties where they are now living that make it financially and psychologically out of the question. Most of the veterans involved, especially those living in the United Kingdom and in the United States, feel that Canada is ignoring their war-time service by forcing them to return to Canada for a year before becoming eligible for benefits.

The question we must ask ourselves, honourable senators, is: What are we proving by forcing the veteran to return to Canada? The only thing we are doing is creating more hardship because the veteran, if entitled to the allowance, receives it while he is fulfilling the requirement to stay in Canada for a year. He is, however, faced with the added expense of living accommodation and food in two countries and he is denied a year of family life, to no one's benefit.

Honourable senators, we should remember that that veteran was given a pension because he served in a theatre of war in a far off country when service was required. He is receiving a pension for that service; he is not pensioned because he happens to live in Canada, now that the war is over.

I would like to quote a paragraph from a letter which I have received from the Newfoundlanders (Overseas) Association. This letter was written by the chairman of that association to some Newfoundland MPs back in July of 1978. He said:

> I would like to stress the importance I place upon the special plea that we make for those who, for various reasons, are unable to go and spend a year in Canada. Some are very ill indeed, and are forbidden by their doctors to travel. We have several widows, and one wife who has been deserted by her husband . . . .She has failing eyesight and finds it extremely difficult to manage.

He mentions another veteran living in Macclesfield, Cheshire, and says:

> He has scarcely worked since he left the Royal Navy in 1946, due to nervous depression, but his wife Dorothy has worked as a cook in a local hospital and managed to look after Roy and rear two sons as well. This gallant lady has now reached the age of sixty, and therefore had to relinquish her job on 30th June.

He goes on further to say that this lady had planned to take her husband to Newfoundland for the year's residence, but recently received a letter from the people with whom she planned to reside in Newfoundland to say that they would be unable to accommodate her due to problems of their own. The chairman went on to state:

> These are the sort of people for whom I beg the Government of Canada to make a special concession.

Honourable senators, we recently had reference to a plea from the Agent General of Nova Scotia, who is stationed in England. This plea was referred to in this chamber by Senator Macdonald in his address on Remembrance Day, for which he should be commended.

Honourable senators, I finally refer to recommendation number 4 and urge that all necessary steps be taken immediately to eliminate the unacceptable delays in processing applications and pension adjudications which have accumulated over the years. This recommendation is very general in its content, but in my 17 years of dealing with various aspects of veterans affairs in Parliament, I have found there is nothing that is more disturbing, frustrating, time-consuming and nonproductive to the veteran in many cases than the process of dealing with pension applications and appeals. Strangely enough, little or no fault can be placed on those agencies of the Department of Veterans Affairs responsible because in each case they are interpreting the act as it exists. However, the fault certainly lies in the fact that, in too many cases, there has been a lack of compassion in dealing with veterans' cases and the process is a maze of administrative steps. Rather, the strictest interpretation of legislation has been zealously adhered to, to the detriment of hundreds of veterans who have passed on with a feeling that they were betrayed, and that betrayal has translated itself into a feeling of bitterness felt by those left behind. Without going to the inception of the Veterans Charter, let me quote the intent of Bill C-203, which arose out of the Wood's Committee Report in March 1971. It is something everybody should remember. Paragraph 1.1 states as follows:

● (1520)

> The provisions of this act shall be liberally construed and interpreted to the end that the recognized obligation of the people of Canada . . . to provide compensation to those members of the forces who have been disabled or have died as a result of military service, and to their dependants, may be fulfilled.

There are many other sections in the act which apply and which I feel are not being interpreted in accordance with the

intent with which they were written. Section 26 deals with the benefit of the doubt. It says in part:

> In deciding the issues involved in this appeal, the board is required to draw from all of the circumstances of the case and all of the evidence presented to it every reasonable fact and credible, uncontradicted evidence submitted by the appellant, and in weighing the evidence presented to it resolve any doubt in favour of the appellant.

Honourable senators are probably getting anxious to leave but I shall not be too much longer.

I want to put on record some things that will show why it takes so long to adjudicate a pension from the time of application to the time of the final decision. For some reason or other, in the pension process there are 13 steps one must follow. There are two steps involved in the first application, five steps to follow if one goes before the Entitlement Board, which may happen if the veteran is not satisfied with the decision of the CPC, and if he wants to appeal the decision of the Entitlement Board he has to go to the Pension Review Board where there are six more steps to be taken. These steps do not include all those that must be taken in connection with the medical examination and the assessment board. I think these steps should be on the record and I hope that I can get unanimous consent to attach them to the *Debates of the Senate*. If I can presume that I have unanimous consent, I would like to give honourable senators an example of what goes on in the Canadian Pension Commission. I have here a fact sheet which tells me that as of February 29, 1984, the average time required to adjudicate a first application is 136 days, and the average time required by the commission to prepare documentation and to promulgate the entitlement assessment decision is six and a half months. The length of time from receipt of a notice of appeal to issuance of a decision by the Pension Review Board is approximately 12 months. It is broken down as follows: Two months' delay for the receipt of documentation in the form of a statement of case from the Canadian Pension Commission, seven months' delay for the representative of the veteran to prepare the case and list it for hearing before the board and a two to three months' delay from the date the case is heard and the decision is promulgated. Honourable senators, that is too long.

I would like to quote from two letters I received. The first one is dated October 22, 1984 and is from a District Pensions Advocate. It says in part:

> —I have now received communication from (the) Senior Area Advocate in Charlottetown who will be representing (the veteran). (He) advises that the Bureau of Pensions Advocates is awaiting a Statement of Case from the Canadian Pension Commission. When this arrives the docket will be prepared for a Hearing. It is estimated that because of the large number of cases ahead of (this veteran), the same will not come for Hearing earlier than the summer of 1985.

[Senator Marshall.]

This letter is dated October, so we are talking about some nine months later. It is too long. This second letter also serves to illustrate the workings of the process. It reads in part:

> —I am pleased to advise you of the status of (the veteran's) claim. (The veteran) received a negative decision from the Canadian Pension Commission on January 16, 1984. He wrote to us on March 28, 1984 and his letter was received on April 3, 1984. On April 17, 1984, we sent him appeal forms which were signed and returned to us on April 30, 1984. These forms were forwarded to the Canadian Pension Commission and on August 27, 1984 we received a Statement of Case from the Canadian Pension Commission.

So it takes about six and a half months just to make up a Statement of Case on what the pensioner is asking for. The letter goes on:

> On August 28, 1984, we sent the veteran a Certificate of Readiness which was signed by him and returned to us on September 4, 1984. On September 5, 1984, we forwarded a Notice of Readiness to Proceed to Entitlement Board to our Head Office and the case was certified as ready for hearing on September 13, 1984.
>
> As of this date, (the veteran's) case is waiting for a hearing date. The Canadian Pension Commission has scheduled hearings for the week of November 26, 1984, however, the Rolls are complete for the next hearing. I do not know when the Canadian Pension Commission will schedule new hearings in North Bay, however, on the basis of past experience, I would assume that new hearings will be scheduled early in the next year.

This example is the same as countless other examples.

Finally, something has to be wrong with the system when, despite the fact that we have reached the stage of celebrating fortieth anniversaries to commemorate Canada's contribution in far off lands, hundreds of veterans—too many of whom are now in the age bracket ranging from 64 to 85—are still pleading for recognition of a condition inflicted on their bodies which arose out of or has become aggravated as a result of war. They are beginning to protest to the point where new veterans organizations are becoming activated at this late date. I can think of four new organizations that have been formed within the last 10 years. The North East New Brunswick Veterans Association of Bathurst, New Brunswick, with which I have become very familiar, has a membership of some 1200 whose main battle, along with other problems, is to ensure the availability of chronic care beds in their part of the province to look after the aged. A more recent organization, started in 1977 and known as The Veterans Union, headquartered in Roberval, Quebec, held their first meeting in that year. They have been in touch with me on questions of how to deal with veterans' problems. Another organization in Quebec known as The Federations of Canadian Veterans was recently formed. The title of the most recent organization expresses the futility of a few hundred veterans. It is known as Suffering Veterans and it sprang up only last year. At present I have some 125

active files, and still counting, from veterans who have become associated with this group from almost every province from British Columbia to Newfoundland. It is true that some of the cases presented can never be approved, but too many show a too passive consideration, and for many I have completed the circle of reconsideration, review and appeal to the point that I am getting too many letters saying "Thank you very much for your help, but my husband died."

Honourable senators, we are thankful that our governments have been considerate enough to recognize that a citizen on reaching the age of 65 is entitled to a reasonable pension. Canadians are thankful that a citizen who is hurt at work can claim compensation for disablement through Workman's Compensation or the Canada Pension Plan. I understand it takes the adjudication process of these organizations no more than four months. Yes, honourable senators, and governments have been generous enough to grant allowances to veterans who served overseas and who were not disabled, when they reached the age of 60 on a means basis, and they are entitled at present to some $987 per month at the married rate. They are further entitled to drugs and can earn $3700 per year if they are able, without penalty. This is as a result of veterans legislation over the years, and we can give credit to whatever government of the day brought it into being.

• (1530)

This veteran receives the equivalent of a disability pensioner at a rate of 70 per cent, and 70 per cent is quite a disability. His wife, at his death, is entitled to a continuation of the married rate of allowance for 12 months.

Here we are in 1984 still unable to devise a method to put into place a reasonable length of time to process an application for pension. Instead, it is taking up to two, three and four years to reach a final decision which, to my mind, is embarrassing, but worse still, blots out the good things we have done for our veterans over the years. Despite the many studies and task force reports that have been introduced, we are still in the same or even in a worse position.

But there is still hope, honourable senators, and my hope has been reinforced by the declaration of the new minister of his intention to hasten the process of adjudication to the benefit of the veteran. Judging by his actions, and I have been close to them since we came to power, we will see positive results in the near future. I say that we must see positive results.

Therefore, I ask this chamber to give consent to my motion that the Standing Senate Committee on Social Affairs, Science and Technology consider this matter so that we may revive our thrust to monitor the activities of those responsible, and to help ensure the continued fair treatment of and to fulfill finally our obligations to these gallant Canadians and their dependants.

Hon. Earl A. Hastings: Honourable senators, I wonder if I might pose a question to the Honourable Senator Marshall. Naturally I support the motion that he has presented to us. I believe that it, again, underlines the importance of the work of our committees in that our work is really never finished. When a report by some other body is tabled, everyone leaves, and it is left up to the officials to do what they want with the report, whereas Senate reports are continuously monitored with respect to their progress, and I commend the Honourable Senator Marshall for bringing this motion because it will continue the work undertaken by the chairman of the committee, the Honourable Senator Bonnell, as exemplified in the report: "They Served—We Care."

The question I should like to ask the honourable senator is: Why does the motion not contain the usual paragraph with respect to the engaging of the services of counsel and so forth, to provide for adequate staff so that the committee can fulfill its function and responsibilities to the Senate?

Senator Marshall: I am satisfied that the matter will be referred to the Standing Senate Committee on Social Affairs, Science and Technology and that the chairman of that committee will look in his budget for whatever funds are required.

During the last Parliament this matter was referred to the Standing Senate Committee on Health, Welfare and Science, and I think that is the way things should work—that is, if the responsibility for the subject falls under the umbrella of a particular committee, that that committee should conduct whatever investigation is required.

While I am on my feet, honourable senators, I neglected to ask for agreement by honourable senators that the document containing the pension process details be appended to the *Debates of the Senate* of this day. I now ask for that agreement.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of document see appendix, p. 235.*)

On motion of Senator Neiman, for Senator Bonnell, debate adjourned.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO STUDY CANADIAN RELATIONS WITH COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA—DEBATE ADJOURNED

Hon. Heath Macquarrie, pursuant to notice of Tuesday, November 27, 1984, moved:

> That the Standing Senate Committee on Foreign Affairs be authorized to continue its examination and report on Canadian relations with countries of the Middle East and North Africa;
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine;

That the Committee have power to sit during adjournments of the Senate; and

That the papers and evidence received and taken on the subject during the Thirty-second Parliament be referred to the Committee.

He said: Honourable senators, I move the motion as set out under item No. 2.

Hon. Royce Frith (Deputy Leader of the Opposition): Explain.

Senator Macquarrie: I am reserving my right under rule 31 to speak at a later date while awaiting the pearls of wisdom from other honourable senators.

On motion of Senator Frith, for Senator Grafstein, debate adjourned.

The Senate adjourned until Tuesday, December 4, 1984, at 2 p.m.

APPENDIX

(*See p. 233*)

PENSION PROCESS

ENTITLEMENT (Section 68 of the Act)

(A) FIRST APPLICATION

1) The veteran files a first application with the Canadian Pension Commission.
2) The veteran's representative* prepares the submission for CPC's consideration.
3) CPC issues its decision.

(B) ENTITLEMENT BOARD

1) If dissatisfied, the veteran can request an Entitlement Board hearing for his case to be looked at again. He or she may appear to give oral testomony and call witnesses in support of the claim.
2) CPC prepares a statement of case and sends a copy to the veteran and his/her representative* to assist in preparing a submission.
3) Representative* files a Notice of readiness that he/she is ready to present the case.
4) The CPC appoints three Commissioners who travel to the pertinent district (i.e. Halifax, Vancouver, etc...) and constitute an Entitlement Board to hear the case.
5) The Entitlement Board issues its decision.

(C) PENSION REVIEW BOARD

1) If the veteran is still dissatisfied, the veteran can lodge an appeal with the Pension Review Board.
2) The Statement of Case is prepared by CPC and sent to PRB for distribution to veteran's representative*.
3) Representative* notifies PRB of readiness to proceed.
4) Case is listed and heard by PRB members (3 members are required by the Act).
5) PRB decision is issued.
6) If the veteran is still dissatisfied, he can appeal to the Federal Court of Canada or pursuant to subsection 77(3) of the Pension Act file a leave to vary the PRB decision on the basis of new evidence error in law or in fact.

ASSESSMENT (Section 67 of the Act)

(A) CPC/MEDICAL EXAMINATION

1) Following a favourable ruling that it be at first decision, Entitlement Board or PRB level, the veteran is called in for a medical examination by a pension medical examiner to determine the extent (in terms of percentage) of his disability. The Pension Act in Schedules A and B sets the actual amounts of money depending under which category the disability falls.
2) The Canadian Pension Commission uses its Table of Disabilities to determine the category applicable in each case and issues its ruling.

(B) ASSESSMENT BOARD

1) If the veteran is not satisfied, he/she can request a hearing by an Assessment Board of the Canadian Pension Commission pursuant to Section 67 of the Pension Act.
2) The same procedures which are used in Entitlement Board cf. B, 2 to 5.

(C) PENSION REVIEW BOARD

The same procedures apply.

* The veteran can be represented free of charge at the three levels of adjudication by an Advocate of the Bureau of Pensions Advocates, a Service Officer of the Royal Canadian Legion or the War Amputations of Canada. He/she can also secure at his/her own expense the service of a private solicitor.

THE SENATE

Tuesday, December 4, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-7, to amend the Income Tax Act and related statutes.

Bill read first time.

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

On motion of Senator Roblin, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

CUSTOMS ACT
CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-9, to amend the Customs Act and the Customs Tariff.

Bill read first time.

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

On motion of Senator Roblin, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

NATIONAL DEFENCE

FIRST REPORT OF SPECIAL SENATE COMMITTEE TABLED

Hon. Paul C. Lafond, Chairman of the Special Committee of the Senate on National Defence, which was authorized by the Senate on Tuesday, January 17, 1984, to incur expenses for the purpose of hearing evidence on and to consider matters relating to national defence, reported, pursuant to Rule 84, the expenses incurred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate)

AGRICULTURE, FISHERIES AND FORESTRY

FIRST REPORT OF STANDING SENATE COMMITTEE TABLED

Hon. Jack Marshall, Chairman of the Standing Senate Committee on Agriculture, Fisheries and Forestry, which was authorized by the Senate on Tuesday, February 7, 1984, to incur expenses for the purpose of its examination of the subject matter of soil and water conservation throughout Canada, reported, pursuant to Rule 84, the expenses incurred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate)

FOREIGN AFFAIRS

FIRST REPORT OF STANDING SENATE COMMITTEE TABLED

Hon. Heath Macquarrie, Deputy Chairman of the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate on Thursday, January 19, 1984, to incur expenses for the purpose of its examination and report upon Canadian relations with countries of the Middle East and North Africa, reported, pursuant to Rule 84, the expenses inucrred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate)

QUESTION PERIOD

[*English*]

HEALTH AND WELFARE

SOCIAL BENEFITS—ISSUANCE OF DISCUSSION PAPER

Hon. Joyce Fairbairn: Honourable senators—

Some Hon. Senators: Hear, hear.

Senator Fairbairn: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate.

In his recent economic statement, the Minister of Finance indicated that the government, in pursuit of its policy of restraint, would "examine our child benefit, old age security and unemployment insurance systems to see how they may be improved."

This caused immediate anxiety across the country because of the fact that the party which the leader has the honour to guide in this house campaigned on a solemn pledge that universality of social programs is "a sacred trust not to be tampered with." Those were the words of the Prime Minister.

This morning, on the CBC, we learned that this examination has not only begun, but the Minister of National Health and Welfare is planning a special Christmas gift for the Canadian people in the form of a discussion paper on possible changes to family benefits.

Could the Leader of the Government in the Senate confirm the timing of that discussion paper and assure this house that it will be available to honourable senators before the Christmas break so that they will be able to study it and discuss it in their regions before returning in the new year?

Hon. Duff Roblin (Leader of the Government): Honourable senators, before I get to the meat of the matter, I should like to join in the obvious expression of welcome that has been tendered to my honourable friend who has spoken, I think, for the first time in the chamber. Perhaps she will allow me to add my wishes to those expressed in another way.

Hon. Senators: Hear, hear.

Senator Roblin: I know my honourable friend does not expect me to subscribe to all of the preamble to her question, but the nub of it is to know whether or not the government intends to issue a discussion paper on the subject she has mentioned, and when it intends to issue it.

If that is her question, as I believe it to be, I will try to get that information for her.

Senator Fairbairn: Thank you. I should like to thank the Leader of the Government for his kind welcome. I do not think he would disagree if I were to reveal that we are old friends, going back to the days when I was a very young reporter in the Parliamentary Press Gallery doing my best to chronicle the career of the aggressive, then Premier of Manitoba.

• (1410)

I should also like to thank the leader for undertaking to find out the timing of the issuance of this discussion paper for the house, particularly in view of the indication in this morning's news report by the Minister of National Health and Welfare that not only were these programs under review but cuts were already anticipated. He talked about a number of options on which such savings might be better used, including community clinics and medical research. He said that such suggestions opened up all kinds of "new vistas and possibilities and that's what we're looking at." He was specifically asked whether another option might include paying down the deficit, and the minister replied, "Well, that's always a consideration that can be looked at. . . .We have not discounted any options."

My question—indeed, my entreaty—to the Leader of the Government is: Will he use his considerable skills and persuasion with his cabinet colleagues to insist that, should the government persist in its notion of doing away with universality, any savings made will go directly back to the most needy within the scope of our social programs and not to other research projects, however well-intentioned, and certainly not to paying down the deficit?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not entirely sure how persuasive I am with my colleagues. I note that I am not always as persuasive here as I would like to be. I hope I have better luck with them. I can assure my honourable friend that while I cannot answer her question in full, I can support her view that consideration should be given, in the first instance, to those who have a claim upon the public's support as being citizens in need.

Senator Fairbairn: I have a final supplementary question. I am asking this question, honourable senators, because this issue is of such desperate importance to Canadians and, indeed, goes to the very heart of the party which I support. Sometimes it is often better to know the worst that is going to hit you than having to agonize over uncertainties, and this is what is happening today.

I have already mentioned exactly what the Minister of National Health and Welfare said this morning about where the social programs' savings might go. I now draw the attention of the Leader of the Government to the words of the Prime Minister quoted only two weeks ago on November 17, in the Toronto *Star*, when he was asked about the issue of changing social programs. The question was:

> If the result of this reflection were a decision to move away from universality, would the commitment be that all the money thus saved would be applied directly to giving more money to the neediest?

The Prime Minister replied:

> There would be, there *could* be, no other reason.

The reporter asked:

> It wouldn't be applied simply to the deficit?

The Prime Minister replied:

> No, absolutely not. Absolutely not.

My question to the Leader of the Government is: Would he, once again, ask the Prime Minister to state clearly, as he did two weeks ago, that the policy of this government on funds for the young, the old and the poor will be to put them back into the cushion that was intended over the decades by all parties and not into a cushion for the deficit?

Senator Roblin: I am afraid that I can add nothing to what the Prime Minister has said. I think his statement speaks for itself.

STATISTICS CANADA

CANCELLATION OF 1986 CENSUS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate that relates to the 1986 census. The line of Canadians who feel affected by the decision to cancel the 1986 census seems to be lengthening, the latest being the 5,000-member Canadian Homebuilders' Association who have asked the Minister of Supply and Services, the Honourable Harvie Andre, to reconsider the government's cancellation of the census.

The Leader of the Government will remember that on November 27 I asked him a question based on the uncertainty

of the government's position regarding metric conversion, the effects of this uncertainty being quite widespread. To settle the concerns Canadians have as to exactly what the government's policy is on metric conversion, they are entitled to an answer to this question.

Hon. Duff Roblin (Leader of the Government): Yes, honourable senators, my friend is entitled to an answer, and it will be forthcoming in due course.

It seems to me that the minister in charge of that department made a statement recently in which he said that he hoped to have it by the end of the year. I presume that is the target.

Senator Frith: By way of a supplementary question, is the end of the year considered by the Leader of the Government as sufficiently "due"?

Senator Roblin: I am afraid I cannot add any more to the time-table I have given my honourable friend.

JUSTICE

CAPITAL PUNISHMENT—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to address a question to the Leader of the Government in the Senate on the subject of capital punishment.

I would like to find out what the intention of the government is—if it has formulated an intention—with respect to dealing with the subject of capital punishment.

May I begin by asking a very simple and short question: Is it the intention of the government to lay the question of capital punishment before the House of Commons and the Senate for consideration in this session of Parliament?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that question I cannot answer in categorical terms. The best I can do for my honourable friend is to tell him that, as I recollect the statement the Prime Minister made on this topic, it was that he hopes it will be dealt with by Parliament during this present Parliament, not this present session. Whether it will come up this session or later, I really cannot say at the present time.

Senator MacEachen: Honourable senators, I thank the Leader of the Government for his comment, but what intrigued me about the Prime Minister's answer was its indefiniteness; that he did not go even as far as to say that this matter would be dealt with in this Parliament. He said that he hoped it and other matters might be discussed.

Therefore, I ask the Leader of the Government: Is it now possible that the question of capital punishment will not be placed before Parliament, not only in this session but in the life of this Parliament itself?

Senator Roblin: I must say that no cabinet consideration has been given to the time and nature of the placing of the matter of capital punishment before this Parliament, so I cannot give an authoritative answer from that point of view.

[Senator Frith.]

Honourable senators, I can only say that my interpretation of what the Prime Minister has said is that it will be discussed in Parliament before the present parliament is over.

Senator MacEachen: It is the inadequacy of that position that cries out for clarification. Surely, we ought to know whether this important subject will be placed before us in this session or in this Parliament.

The Leader of the Government cannot tell me that it will be placed before us in this session, and he annot tell me whether it will be placed before us in this Parliament. He has told me that it has not even been considered by the government.

Is it a fact that the new government has not considered and decided upon, in any way, the question of capital punishment?

Senator Roblin: I think I shall take my honourable friend's question as notice, since it requires some consideration, which I will give it.

Senator MacEachen: Honourable senators, while the honourable leader is considering this matter, to which we will return after he has had an opportunity to give it the necessary reflection, I would like to draw his attention to a statement which appeared in the Speech from the Throne, which reads as follows:

> The recent murders of several policemen in Canada have shocked our people. Parliament shares the sense of sadness and loss felt by the families and colleagues of those policemen who died on duty.

Could the Leader of the Government explain why this sentence was placed in the Speech from the Throne, in the absence of any consideration of this subject by the government? Its having attained this important place in the Speech from the Throne, one would conclude that the government had given it some consideration. I just wonder why it is there.

• (1420)

Senator Roblin: My honourable friend has expressed his interest in the question of capital punishment. I have stated to him that I would give the matter my consideration with a view to giving him further information. I think that that should deal with the matter he has just mentioned.

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government in the Senate and has to do with confidence and interest rates.

In early October, the Minister of Finance estimated the level of average interest rates over the next five years. As I recollect it, he expected the average to be 6.5 per cent. My question is this: In view of the fact that that estimate indicated confidence in the economy, has there been any change in that confidence that would result in a change in the approach of government to interest rates?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should first like to make a comment on the attribu-

tion to the Minister of Finance of the statement regarding interest rates. I believe that he was reasonably cautious in stating the assumptions on which those forecasts were made. Of course, those assumptions form an exceedingly important part of his estimate of the situation and cannot be divorced from it. Only time will tell whether those assumptions are correct.

I must tell my honourable friend that I am not quite clear about the drift of his question. Is he trying to ask me whether or not the state of public confidence has changed over the last little while? Is that the question?

Senator Sinclair: I wanted to know whether the Minister of Finance still has the measure of confidence that gave him the feeling that interest rates over the next five years were going to go down to 6.5 per cent. Is that still his view?

Senator Roblin: Since the statement was made scarcely two months ago, I assume that it is still the view of the minister at this time. But I have to say that we will probably find that nobody can predict, with any great deal of certainty, satisfaction or accuracy, the course of interest rates. I think we will all agree that they are best guesses, particularly when they are estimated over that length of time. We will simply have to wait and see how things turn out. I think it is unreasonable for me to expect the minister to be able to forecast accurately into the future on a set of assumptions which may or may not prove to be solid.

Senator Sinclair: If that is so, honourable senators, has there been a change in the assumptions that would result in today's issue to the Canadian public at 12 per cent into the next century?

Senator Roblin: I think the answer is that you have to price bonds at the price at which you think they will sell at any particular moment in time. There is no other way I know of floating an issue.

Hon. D. G. Steuart: There is short-term.

Senator Roblin: There is short-term, but I think it is also a matter of some interest to space bond issues over a reasonable period of time so that they do not all come due on the same day. But if my honourable friend is trying to get me to make an authoritative statement on the interest rate the government has attached to those bonds, I frankly confess that I am not able to do so. If he wants me to try to get some further information from the minister, I would be glad to do so.

Senator Sinclair: I thank the Leader of the Government. I would, indeed, like him to try to get some further information from the minister. I would be interested in knowing what proportion of the public debt he is going to keep short-term and what proportion he is going to make longer term, say over five years. What is his plan?

Senator Roblin: Honourable senators, I am not altogether sure that I will be able to provide an answer that satisfies my honourable friend, but I will do my best. As this is obviously not a question that can be dealt with in the oral Question Period, I will provide the honourable senator with a written answer.

Senator Sinclair: Then, can the Leader of the Government tell me whether or not he believes that 35 per cent of the public debt being in demand money is excessive?

Senator Roblin: The honourable senator should really address that question to the former finance minister, because he is the one who arranged it.

Senator Sinclair: With all due respect to the Leader of the Government, I believe that the Minister of Finance has just made a very fulsome statement about one of the biggest demand money propositions that have come before us, namely, the last issue of Canada Savings Bonds.

Some Hon. Senators: Hear, hear.

Senator Steuart: They should check your record.

Senator Roblin: Our record will get a lot longer before you get through—a lot longer.

Senator Steuart: And a lot grubbier.

Hon. C. William Doody (Deputy Leader of the Government): You should live to see the end of it!

THE ECONOMY

MANITOBA—CANCELLATION OF CONSTRUCTION OF WINNIPEG RESEARCH CENTRE

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Leader of the Government. On November 14 I asked him some questions regarding the cancellation of the construction of the Winnipeg research centre. At that time my honourable friend indicated that the Minister of Finance, the minister responsible, would be in Winnipeg shortly. I believe he was there on November 26. My question is: Did the Leader of the Government attend that meeting, and was he invited to attend?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should tell my honourable friend that when the minister announced that he was going to go to Winnipeg, I was instrumental in arranging for him, the minister responsible, to meet with a number of interested parties in Winnipeg. I considered that my intervention to that extent might be helpful to the minister. I myself did not attend the meeting, and I do not believe that I was invited.

Senator Molgat: In view of the Leader of the Government's background knowledge of matters in Manitoba, I am frankly surprised that he was not invited to that meeting, particularly when, in reply to my questions, he stated quite clearly:

> I shall be available; and if my services are required, I shall be glad to render them.

Are we then to assume that cabinet ministers, when they visit a province, do not ask other members of the cabinet to participate in discussion of questions which have serious implications for that province, particularly when they relate to matters of which my honourable friend has such knowledge?

Senator Roblin: Honourable senators, I would not have my honourable friend assume that attendance at meetings is the most useful service that I can render to the people of Manitoba. There are other services that I can render which are perhaps of equal importance, or perhaps even more important, and I am certainly neglecting none of those opportunities.

Senator D. G. Steuart: Like looking after memos and tapes!

Senator Molgat: Is it correct, then, that my honourable friend was not invited to the meeting?

Senator Roblin: At this moment I cannot recall that I was invited; but I may be subject to correction.

NATIVE ECONOMIC DEVELOPMENT PROGRAM

GOVERNMENT POLICY

Hon. Len Marchand: Honourable senators, I have a question for the Leader of the Government in the Senate. During the past week or so I have met with a number of native groups in British Columbia, among whom there is a great deal of concern over the future of what I consider to be an excellent program called the Native Economic Development Program. Can the Leader of the Government advise the Senate, or obtain information from the Minister of State for Small Businesses, as to the future of that program? Will it remain intact or will it be changed? Secondly, I understand that a number of applications for funding are now before the minister for his approval. I should like to know if and when the minister will start approving the many excellent projects that are before him for consideration.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not have the answer at the moment. As it is a rather detailed question, I shall provide the honourable senator with a written answer.

● (1430)

HUMAN RIGHTS

JAPANESE-CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have delayed answers in response to a number of oral questions, which I ask permission to have taken as read and printed in today's *Hansard*.

The first question was raised on November 13, 1984 by Senator Grafstein and deals with human rights and an apology to Japanese-Canadians.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on a point of order, if any particular senator wants his answer read into the record today, I presume that the leader of the Government will be glad to do so. I take it that the Leader is asking whether any senator has any objection to having the answers taken as read, which was the practice we followed in the last Parliament.

[Senator Molgat.]

Senator Roblin: I am prepared to read them, if that is the wish of the Senate. I think I stated at the time some of the questions were asked that they would receive a written answer—I think Senator Thompson's is one—so they will come as no surprise. However, I am in the hands of the Senate. If you want the answers read, I shall read them to you.

Senator Frith: If any particular senator wants his answer read, then the leader should read it, but if he or she does not, then we should proceed as the leader suggests.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Minister for Multiculturalism, Mr. Murta, advises that the Japanese-Canadians issue is under active consideration at the present moment. The Minister is in contact with members of the Japanese-Canadian community on an on-going basis. This issue is a major priority with the Minister and he hopes to have it resolved as soon as possible.

TRANSPORT

RAIL TRANSPORTATION OF DANGEROUS GOODS—REGULATIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, the next was asked by Senator Thompson on November 13, 1984 regarding the rail transportation of dangerous goods.

(*The answer follows:*)

Commissioner Grange made recommendations in fifteen principal areas. The government notes that almost all of these recommendations have been met either precisely or in intent, or are in the process of being met. Research, as recommended for some areas, is continuing.

Speed of trains

The speed of trains recommended by Grange to be 40 kmh (25 mph) was, after Public Hearings by the CTC set at 56 kmh (35 mph) for those trains carrying a selected list of commodities identified as being Special Dangerous Commodities. This decision was reviewed by the Inspector General for Transportation Safety who could not find measurable benefits that would flow from a reduction in speed to that recommended by Grange.

Length of trains

The length of trains was recommended by Grange to be limited to 1220 metres (4000 feet). The CTC, after public hearings found that enhanced safety would not be derived from implementing that recommendation and did not do so.

Roller Bearings

The recommendation was for all trains carrying dangerous goods to be comprised of only cars equipped with roller bearings. The Commission, after public hearings, noting that all new cars are being equipped with roller

bearings, required that 75 per cent of the entire Canadian rail car fleet should be equipped with roller bearings by December 31, 1987. This requirement is being met by having all cars scheduled for retro-fit equipped with roller bearings.

The chemical manufacturers are subject to several federal statutes respecting the packaging and transportation of dangerous goods—they are, therefore, not self-regulating. Certain aspects of the road transport of dangerous goods are not presently covered by regulations but will be in the near future when the Transportation of Dangerous Goods Act regulations are promulgated and come into force.

CN MARINE AND CN RAIL—REDUCTIONS IN SERVICE

Hon. Duff Roblin (Leader of the Government): Senator Muir raised a question on November 14 regarding CN Marine and reduction of service, and a supplementary question was asked by Senator Thériault regarding Canadian National's plan for CN Marine.

(*The answer follows:*)

With respect to the announced changes to the North-Sydney-Port-aux-Basques ferry services, the intention is to replace the present fleet of older ships by more modern efficient ships with greater capacity. This will be phased in over a period of three to five years commencing in the fall of 1985.

The vessel modernization program will result in the loss of approximately 250 jobs over this period. It is expected that a sizeable number of reductions can be achieved through attrition as employees take early retirement. Employee seniority rights will be protected and employees will have available to them a range of other benefits through their collective agreements, including: retraining programs, mobility incentives and supplementary unemployment benefits.

The ferries between New Brunswick and Prince Edward Island are owned by CN Marine. In the future it is foreseen that CN Marine will be separated from CN corporate and will be established as a separate crown corporation in order to respond more effectively to the needs of Atlantic Canada.

IMMIGRATION

ENTRY OF SOVIET REFUGEES—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, this next question was raised on November 14, 1984 by Senator Grafstein regarding immigration and the entry of Soviet refugees when he asked what government policy is.

(*The answer follows:*)

There are two separate issues connected with the response to this question.

A parish of the Russian Orthodox Church in Toronto has been instrumental in initiating applications for Russian prisoners of war in the hands of Afghan resistance. As prisoners of war these people are not refugees and they do not fall within the scope Canada's ongoing humanitarian programs for the displaced and persecuted.

With regard to the two prisoners who were in the United Kingdom, I can confirm they did not apply to come to Canada. A spokesman for the Toronoto group interested in prisoners indicated on the national radio network that his organization was not interested in sponsoring these two ex-prisoners because of what he alleged to be personal problems on their part.

With regard to the group of six prisoners still in Pakistan, the law requires that all applicants be interviewed for immigration to ensure they comply with requirements including health and background. The health aspect is particularly important for persons being sponsored by private groups because they must assume the costs of settlement.

A special team was assembled in September by the Department of External Affairs to proceed to the border area of Afghanistan to locate the POWs and conduct the necessary examinations. An operation of less than 48 hours duration was envisaged in order to determine quickly whether these applicants were able to meet minimum selection requirements. The attempt had to be abandoned for 2 main reasons: sensitivity on the part of the local authorities and lack of time and facilities within the constraints these authorities imposed on Canada, to conduct medical tests essential in making determination as to whether these people are addicted to hard drugs or otherwise inadmissible to Canada.

Faced with an impasse, the Canadian Government was forced to explore other possibilities including obtaining interim protection and assistance by a third country. This is because it is believed these applicants have the same health problems as the two Russian soldiers. Approaches have been made to several countries to determine whether these prisoners could be removed to safer surroundings where they could be examined in a more orderly way.

The Red Cross was also approached to ensure that they may intervene and use their good offices if there is any threat to the lives of the prisoners as they have done with a number of other Russian soldiers from the area. These people have been in the hands of their captors for two years, hence there is no reason to believe they are in imminent danger of execution. The Red Cross program is the appropriate response if danger does arise.

The Commission of Employment and Immigration, in cooperation with the Department of External Affairs, is exploring ways to bring them to Canada.

CANADA-UNITED STATES RELATIONS

TRADE—NEW APPROACHES—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next question was raised by Senator MacEachen on November 15, 1984 regarding Canada-U.S. relations and new approaches to trade.

(*The answer follows:*)

The Speech from the Throne indicated that the "government is exploring with our neighbour new approaches to a better and mutually advantageous trading relationship".

The Agenda appended to the Economic Statement outlined that "Canada is the only major industrial country without unimpeded access to a market large enough to permit substantial economies of scale. If we are to foster growth through trade, we must obtain more secure and improved access to foreign markets on the broadest possible scale. This would require, of course, that Canada would also have to move to increase access to its domestic market".

The Government undertook to examine, as a matter of priority, and in close consultation with the provinces and the private sector, all avenues to secure and enhance market access. This will include a careful analysis of options for bilateral trade liberalization with the United States in light of various private sector proposals, as well as preparations for and opportunities provided by a new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade.

The examination would address, inter alia:

(1) Tariffs and non-tariff measures;

(2) Investment and access to technology;

(3) The constraints freer trade would place on Canada's domestic economic policies;

(4) New institutional approaches which might assist in the management of the Canada-U.S. trade and economic relationship;

(5) Complementary or alternative approaches to sectoral trade liberalization; and

(6) Implications arising from Canada-U.S. free trade arrangement.

Such approaches will be explored in due course as the analysis proceeds.

AGRICULTURE

MARKETING OF POTATOES

Hon. Duff Roblin (Leader of the Government): The next question was raised by Senator Corbin on November 20, 1984 regarding the marketing of potatoes.

(*The answer follows:*)

In reference to the status of the Commission of Inquiry on the Marketing of Potatoes in Eastern Canada, this Commission will be disbanded within the next month. The Potato Marketing situation in Eastern Canada has already received a lot of study, most notably in the public hearings and deliberations of the National Farm Products Marketing Council in 1980-81. The federal Government is aware that problems exist in the industry but believes that the Commission would not be a cost-effective means of furthering federal decision-making. The Government is directing the National Farm Products Marketing Council to receive and consider the submissions that industry groups and the provinces have been preparing for the Commission of Inquiry.

INTERNATIONAL TRADE

EXPORTATION OF GRAIN TO PEOPLE'S REPUBLIC OF CHINA

Hon. Duff Roblin (Leader of the Government): Honourable senators, the next question was raised on November 20, 1984 by Senator Buckwold regarding international trade and the exportation of grain to the People's Republic of China.

(*The answer follows:*)

International Trade

Although the People's Republic of China is itself the world's largest producer of rice and total cereal grains, it has consistently imported large quantities of cereals, primarily wheat, for many years. The principal suppliers of wheat to China are the United States, Canada, Australia and Argentina.

WHEAT IMPORTS — CHINA

Crop Year	Argentina	Australia	Canada	U.S.	EEC	All Sources
	(millions of tonnes)					
July/June						
1979/80	0.5	3.6	2.6	1.9	0.1	8.7
1980/81	0.2	1.4	2.9	8.7	0.6	13.8
1981/82	0.2	1.5	3.0	8.3	0.1	13.0
1982/83	2.0	1.0	4.2	4.2	1.4	12.8
1983/84	1.0	1.7	3.8	3.1	0.1	9.7

SOURCE: IWC World Wheat Statistics.

A succession of four record domestic harvests has enabled China to reduce its dependence on imported grain. The output of all grains rose from 321 million tonnes in 1980 to a forecast record of 404 million tonnes in 1984, including a record wheat crop of 83 million tonnes, the world's largest. However, given the strain on the country's internal transportation infrastructure, it is likely that imports will remain relatively substantial. China remains fully established as the world's second largest importer of

wheat and the IWC forecasts purchases in 1984/85 of 10 million tonnes.

Partly because of the continuing dispute over textiles trade, China did not fulfill the annual purchase obligation in 1983 of a minimum of 6 million tonnes stipulated under the agreement with the USA. Similarly, transactions for shipment in 1984, the last year of the agreement, are also well below the minimum.

Trade with Canada

Canada is the preferred supplier. Cereal grains continue to be the largest component of Canada's trade with the People's Republic of China, with wheat accounting for approximately 65 per cent of Canada's exports to the PRC.

Canada has sold significant quantities of wheat to China since 1961 when the first three year long term agreement was signed in April of that year. The sixth and most recent long term agreement was signed on May 5, 1982 by representatives of the Canadian Wheat Board and the China National Cereals, Oils and Foodstuffs Import and Export Corporation (CEROILS).

The agreement, which is the largest to date, calls for annual shipments of 3.5 million to 4.2 million tonnes in a three-year period starting August 1, 1982. As was the case with previous agreements, separate contracts for the sale of specific quantities of wheat are negotiated periodically, normally every six months, under the new agreement.

Sales of wheat to date under the agreement total 9.6 million tonnes with quantities for the last half of 1984/85 remaining to be contracted.

CEROILS has opted to pay cash for purchases since August, 1981 although the current agreement provides for 12 month credit terms. All amounts due to the Canadian Wheat Board for previous shipments made on credit have matured and been paid.

Canadian marketing efforts in China have included frequent exchanges of visits between Canadian Wheat Board representatives and CEROILS officials. Canadian Grain Commission officials have been extensively involved with their Chinese counterparts on questions of grain inspection and quality control. In addition, the Canadian International Grain Institute (CIGI) has hosted participants from China at a number of its international grains industry and special courses. Our grain trade concerns have also been an important component of incoming and outgoing ministerial visits.

CANADA-UNITED STATES RELATIONS

GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next question was raised by Senator Grafstein on November 20, 1984 regarding Canada-United States relations and what the government policy is.

(*The answer follows:*)

The Government made clear in the Throne Speech that it has already taken the initiative to restore a spirit of goodwill and true partnership between Canada and the United States. The Prime Minister and President Reagan met on September 25 and they agreed to meet annually to review this refurbished relationship. The Secretary of State for External Affairs and the U.S. Secretary of State met on October 15 and 16 and agreed to continue the practice of quarterly meetings to manage our bilateral relations. Many other ministers have, or will shortly be having, meetings with their U.S. counterparts and will be holding them on a regular basis.

The Throne Speech also indicated that the Government "is exploring with our neighbour new approaches to a better and mutually advantageous trading relationship".

On November 8, the Minister of Finance tabled with his Economic Statement, a document entitled "A New Direction for Canada". This document makes clear (page 33) that the Government will examine, in close consultation with the provinces and the private sector, all avenues to secure and enhance market access. "This will include a careful analysis of options for bilateral trade liberalization with the United States in the light of various private sector proposals, as well as preparations for and opportunities provided by multilateral trade negotiations."

Discussions with the United States on possible trade liberalization on a bilateral sector-by-sector basis have not reached the stage of negotiations. Any further action will reflect the approach announced by the Government in the Throne Speech and the Economic Statement.

There are a number of issues currently being discussed between the United States and Canada, acid rain and other environmental issues (Garrison Diversion, toxic wastes in the Niagara peninsula), fisheries management off both coasts, boundaries issues, protectionist threats to access to the U.S. market, and defence modernization to name but a few. Discussions on all of these issues are continuing. However, none of them are the subject of formal negotiations at this time.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, this is probably the moment I should use to remind the Leader of the Government in the Senate that, though he has made a good start today in providing answers, there are still a large number of questions unanswered, some of which could have been answered earlier than today.

Hon. Royce Frith (Deputy Leader of the Opposition): Hear, hear.

Senator MacEachen: I want to encourage the Leader of the Government to try to clean up all of the questions asked in the preceding week on the Tuesday of the following week, and if that is not—

Shall I wait until the honourable senator has completed his briefing of his leader?

Senator Roblin: No, I am listening carefully. I have had my briefing and am prepared for you.

Senator MacEachen: I remind the Leader of the Government that there are a number of very important questions which have not been answered. For example, there is the question on access to information and the question on press guidelines. Questions on these guidelines have not been answered. Later today there will be a debate on an inquiry initiated by Senator Davey, and it would be helpful to our debate to have up-to-date answers on the questions on access to information and press guidelines.

Personally, I have asked questions, not only on that topic but also on the topic of the date of the forecast provided to the new government by the Department of Finance. I need to know that date—and it is within the knowledge of the government—in order to deal with a number of matters that will be coming before the Senate. So, having reminded the Leader of the Government of these two questions, among many that remain unanswered, I finish by telling him that it would make life easier for all of us if we could establish the practice that all questions put the preceding week are answered the following Tuesday.

I congratulate the Leader of the Government for his start, but I think it is very inadequate and that it is not appropriate for so many questions to be left unanswered, in view of the long period of time that the leader has had to deal with those questions.

Senator Roblin: I guess I should share with my colleague the advice I got from the senator who sits behind me. He said, "Only a man who was not here in the Senate during the previous session could ever ask such a question."

Hon. Orville H. Phillips: Are you embarrassed, Royce?

Senator Roblin: Those of us who were in opposition in the old days were accustomed to waiting patiently for the answers we eventually got.

An. Hon. Senator: You never waited that long.

Senator Roblin: I must say we eventually got them. I wish to make that clear and to say to my honourable friend that I will do my best to get him his answers as quickly as possible.

My honourable friend probably knows that we have a special staff of one whose job it is, among other things, to process these matters with my colleagues in the other place. I wish to say that we follow that course diligently. However, the problem is that it is not always possible, for one reason or another, to obtain answers as quickly as we would like; however, it is not for lack of chasing. Insofar as we are concerned, we will diligently pursue those matters until we do receive the answers.

SALTFISH ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, to amend the Saltfish Act.

Bill read first time.

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

On motion of Senator Roblin, bill placed on the Orders of the Day for second reading on Thursday next.

THE HONOURABLE MAURICE RIEL, P.C.

FELICITATIONS ON APPOINTMENT TO PRIVY COUNCIL

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to draw to the attention of this house that our colleague, Senator Maurice Riel, former Speaker of the Senate, has recently been appointed to the Privy Council.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have been scooped by my honourable friend. I had hoped to have the privilege of announcing this news to the Senate and congratulating my honourable friend, Senator Riel. I am happy to join with Senator Frith in extending the good wishes of the chamber to Senator Riel on his appointment to the Privy Council.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Cools*).

Hon. Anne C. Cools: Honourable senators, I would like to say that since this was supposed to be my maiden speech and since for the past several days I have been saying "Stand" when this order has been called, I feel a bit like a bride left at the altar. Since we all know that I am not virginal to politics it is, indeed, a distressing feeling because politics and I are seasoned bedfellows.

● (1440)

I would like to begin, honourable senators, by perhaps rolling back the clock. I was appointed to this chamber in January 1984 by the then Prime Minister, the Right Honourable Pierre Elliott Trudeau. As you all know, I feel very strongly about Mr. Trudeau. I feel especially strongly that Mr. Trudeau sought to mention me in his outgoing speech to our party faithful last June. I am proud to be part of the Trudeau legacy.

But more important than that, honourable senators, I would like to say that, on the first day that I entered this chamber, I felt proud to be among you. I felt proud to be around men like Senator Duff Roblin, a former premier of Manitoba whose grandfather, Sir R. P. Roblin was also premier of that province. I felt honoured to be with men like Senator Jacques Flynn, whose grandfather was the last Tory premier of Quebec, Mr. E. J. Flynn. Senator Flynn is not here today and while I am honoured to be in the same chamber with him, I must say I am glad that his grandfather was the last Tory premier of Quebec.

Honourable senators, I must tell you that I feel very honoured to sit with people such as Senator Hicks, a former premier of Nova Scotia. Senator Hicks is a gentleman who reminds me a little of a character out of Dickens.

I am honoured to share the chamber with Senator Robichaud, a former premier of New Brunswick, and Senator Godfrey, who once commanded Air Squadron 414 and tells me it has never been the same since. He further told me that he was sorry that I had not opted to be a senator from Rosedale, since he could then be the senior senator from Rosedale while I would be the junior.

I must say that my first months in the Senate were spent with some vigour. Senator Sparrow does not seem to be in the chamber this afternoon, but I must tell you that I travelled with the agriculture committee and feel very honoured to have played a part in producing the report called "Soil at Risk: Canada's Eroding Future". However, as we were received across the country in our travels with that committee, it was clear to me that people in this country are looking to the Senate for leadership. Far from the demeaning image that is frequently projected of senators dozing in the chamber, my experience has been that the people of this country are watching us and are expecting us to produce.

I am by nature a collector. I collect Canadiana and all sorts of other things, and when I was first appointed to the Senate a friend of mine presented me with a copy of an old book called *Constitutional Issues in Canada* written by a very famous Canadian, R. MacGregor Dawson. I am sure you are all familiar with the work of Mr. Dawson, but this particular book is interesting because Mr. Dawson has used quotations from the works of Lewis Carroll to punctuate his comments on the Canadian system of government.

Upon receiving this book, since I had just been appointed to the Senate, obviously the first thing I did was turn to the chapter entitled "The Senate". Honourable senators, I would like to read to you the quotation from Lewis Carroll's "Through the Looking Glass" that R. MacGregor Dawson chose to use to introduce his writings on the Senate of Canada. I quote thus:

> They stood so still that she quite forgot they were alive, and she was just going round to see if the word 'TWEEDLE' was written at the back of each collar, when she was startled by a voice coming from the one marked 'DUM'.
>
> 'If you think we're wax-works,' he said, 'you ought to pay, you know. Wax-works weren't made to be looked at for nothing . . . .'

Honourable senators, that rather touched me, because I do believe that we in this chamber, as a group, have had superimposed upon us an image showing us as dead, nearly dead, somewhat inert or terribly, terribly inactive. We must correct this.

I would like to continue by congratulating the new Speaker of the Senate, Senator Charbonneau, the new Leader of the Government, Senator Roblin, and the new Deputy Leader of the Government, Senator Doody. On the other side, I would like to congratulate our own Liberal leader in this house, Senator MacEachen, and our veteran deputy leader, Senator Frith. I would also like to simultaneously congratulate the two whips, Senator Phillips and Senator Petten. To the outgoing leaders, Senator Olson and Senator Flynn, and to the outgoing Speaker, Senator Riel, I would like to say a very special thank you from all of us.

I would like to extend my congratulations to all of the new appointees to this chamber. It may be rather unorthodox, but there is one more gentleman that I would like to congratulate. I have not yet heard anyone else congratulate him. He does not sit in this chamber; he sits in the other place. But on September 4, I am sure that every single political being among us and every decent human being among us was glad to see him elected. The man I am speaking of is the Honourable John Napier Turner. On election night, September 4, as the polls came in and as his defeat was virtually announced before the ballots began to be counted, it seemed to me that a very interesting phenomenon occurred. Normally, when candidates are going down to defeat, very early in the evening the canvassers and workers disappear. On this one particular night, it seemed to me that all of us were waiting for this one result. I think all of us as politicians, regardless of the colour of the party we belong to, would agree that the election of John Turner that night was a blessing for this country at the behest of the voters in Quadra.

Turning now to the Speech from the Throne, I would like to tell you that I listened very carefully when the speech was read and, although many of these items have been mentioned previously, I would like to re-emphasize some of them.

At page three, the following appears:

> Let it be also the beginning of a new era of national reconciliation—

At page four, the following is found:

> —a priority goal of my Ministers will be . . . to breathe a new spirit into federalism and restore the faith and trust of all Canadians—

At page five, the following is found:

> Ultimately such a new consensus must be reflected in the fundamental law of our land—

At page six, the following is found:

> The national Economic Summit will not be the culmination of this process, but its beginning.

Again at page six, the following is found:

> —labour playing a critical role in the consultative process through which the new national agenda is established.

• (1450)

Honourable senators, I read that speech with great care and encountered close to a dozen references to "breathing new spirit," new "initiatives," and "beginnings." I found myself saying that that sounded somewhat familiar, so I reminisced a little historically and said: "My goodness, this country has had a new birth. It is almost as though Canada has just begun. It is almost as if little existed before; that prior to September 4, and prior to the election of Mr. Mulroney, Canada was in a state of darkness, and now, after September 4, Canada had been transformed into a state of grace."

I listened carefully and said that that sounded familiar. I said, of course, that is reminiscent of the Bible. So, I did some research and found the following in the Bible, in the Gospel according to St. John:

> In the beginning was the Word, and the Word was with God, and the Word was God.

I said to myself, "That's it; I've got it. All things were made by Him, and without Him was not anything made that was made."

I thought to myself, "I have the solution." I concluded that Mr. Mulroney is a man of deep religious conviction.

Furthermore, honourable senators, I had no collusion whatsoever and was not in contact in any way whatsoever with the Vancouver *Sun*, which, on November 24, published a small article entitled, "Holy Brian"! in which it said:

> Prime Minister Mulroney is probably just being religiously careful to keep his political honeymoon going. The Prime Minister has described both medicare and universality of social programs as a "sacred trust", and now government aircraft have become "sacred instruments of travel."

It seems to me, honourable senators, that if my perception is accurate and Mr. Mulroney is a man of deep religious conviction, we, as Liberals, and we, as Canadians, have little to worry about. If, on the other hand, Mr. Mulroney is about to attempt to reshape Canada in his own image, then it seems to me that we, as Liberals, have a great deal to worry about.

The Speech from the Throne was subdivided into several sections. What I want to begin with is the one entitled, "Renewed Canadian Internationalism." The following is a quote from the Throne Speech:

> It is the purpose of my government to renew this tradition of constructive Canadian internationalism.

I submit, honourable senators, that if one wants to know the full meaning of Canadian internationalism, all one has to do is go abroad and mention the name of Pierre Elliott Trudeau and discover the respect that this country has abroad.

I have been waiting to speak on this matter for two weeks. At the time I was to speak, it was still the month of November, and in terms of renewed Canadian internationalism I wanted to talk then about Canada's efforts internationally.

If I could draw on the history that is our very own, honourable senators, and draw also on the history which is embodied in these buildings, and even in this chamber, perhaps honourable senators could cast their eyes to two of the paintings which were donated by Lord Beaverbrook. To the right is the painting "The Cloth Hall at Ypres." To the left is a painting of Flemish peasants returning to their homes after the liberation, entitled, "Returning to the Reconquered Land." I am sure many honourable senators know that area very well; it consists of a few miles of land called "Flanders Fields". We all know the poem *In Flanders Fields*. That area claimed 100,000 unknown dead and a million casualties. It took 35 lives to regain every square metre of this area called Flanders Fields. I am sure many in this chamber have visited that area, and if, as a Canadian today, one goes through that area called Ypres Salient, one will discover that Canadians are very welcome.

These were the battlefields—Passchendaele, St. Julien, Ypres, and on and on.

Just as one goes past the Cloth Hall at Ypres, and proceeds down the byways, one arrives at a monument entitled "The Monument of St. Julien". That monument was erected in honour of 18,000 Canadian soldiers who withstood the gas attacks. Beside that monument is a very famous statue, that of a soldier with head bowed entitled, "The Brooding Soldier."

Around the altar in the Memorial Chamber in these Parliament Buildings the following words, taken from *Pilgrim's Progress* by John Bunyan, are inscribed:

> My marks and scars I carry with me to
> Be a witness for me that I have fought
> His battles who now will be my rewarder,
> So he passed over, and all the trumpets
> Sounded for him on the other side.

That, honourable senators, is Canadian internationalism.

If I sound somewhat emotional, it is because these particular subjects are quite moving to me because, honourable senators, I bear a Flemish name. If you open up the telephone books all through this area you will see the name of Cools countless times.

• (1500)

Honourable senators, I would now like to continue on this issue of renewed internationalism. I shall speak au courant because today marks the election of a new government on the Island of Grenada in the West Indies. As we look forward to the initiatives that Mr. Mulroney's government is going to take, I for one am very interested in the future role of CIDA and of Canada in the Commonwealth and in the Third World.

As we know, two years ago in Grenada there was carnage of the type that the British Commonwealth Caribbean has never previously experienced. I would like to share a few things with

you, honourable senators, that perhaps you may not have heard of before—they are somewhat grizzly—but it seems to me that these are the forums where we should put these matters forward. I am sure that these are matters that at the time few would have known, other than those who were fairly close to the facts. I am related by blood since my cousin is a member of that government of Prime Minister Tom Adams in Barbados who beseeched the Government of the United States of America to execute what has become known as the Grenada rescue mission.

As we know, officials of the government and Mr. Morris Bishop were brutally murdered, and to this day there have been no appropriate funerals given to those dead. This is so because at the time of that brutal carnage and slaughter things were done to those bodies to ensure that they would be forever beyond forensic identification. For example, fingers were stripped so that there would be no trace of fingerprints; spinal cords were severed so that they could not be identified by height; dental structures were removed so that there could be no identification by teeth or dental mechanisms. It seems to me that we do not have to be in the secret service to understand that those kinds of skills are very rare in former colonies and, obviously, those skills were imported from somewhere else.

On the question of Canada's renewed internationalism, that has a personal note for me because I, too, was born in a colony—a colony called Barbados. Approximately a week ago my cousin, the Hon. Billie Miller the Minister of Education from Barbados, was in Montreal to celebrate with people of Barbadian extraction, the eighteenth anniversary of the Independence of Barbados. I left Barbados when I was 13, which is approximately 29 years ago, and a group of us, including the High Commissioner of Barbados and other people of that vintage, were sitting around the hotel room reminiscing. We talked about colonialism in a sugar society, in a "plantocracy", where race rules supreme. I remember vividly as a child, the late Sir Grantley Adams was mobilizing people of our vintage and descendants of free coloureds and mulattos to run against what was then called the Conservative Party of Barbados. That is the reason why I would never be a Conservative. The point I am driving at is that we were talking about the phenomenon of colonialism and how destructive it was for all of us.

I am sure that many of the older senators in this room will remember studying a particular poem which is called Gunga Din. As a colonial one understood what it meant to live in a society and to be constantly judged by one's inferiors, and to know at all times that certain positions were not available to one. Gunga Din was written by Rudyard Kipling. As you know Kipling was a poet of great colonial commitment. Gunga Din was the name of the little waterboy whose job it was to fetch water for the troops as they were fighting on the battlefields of India. Gunga Din was very much abused, beaten and cursed by his colonial masters. However, the ultimate aim of Kipling's poem is to somehow or other exonerate a particular human being who was able to perceive the ultimate charity in Gunga Din. You will recall that Gunga Din throughout the poem was called "'is dirty 'ide"—this is a British cockney speaking—"blackface" "'eathen," "beggar," and "squidgy-nose". At one point in this poem we read the following:

An' a bullet come an' drilled the beggar clean.

In his dying state Gunga Din attempts to give water to this soldier. That soldier is greatly touched by this humanity and charity. Rudyard Kipling gives us those very famous lines when he says:

Yes, Din! Din! Din!
You Lazarushian-leather Gunga Din!
Though I've belted you and flayed you,
By the livin' Gawd that made you,
You're a better man than I am, Gunga Din!

Honourable senators, I come from a family that taught me these poems when I was a child. I was raised in a family which used words like "universal manhood suffrage" and who fought for universal manhood suffrage. I grew up around a bust of Mahatma Gandhi. Honourable senators, nothing in life has changed very much. I remain committed to improving the human condition.

● (1510)

Honourable senators, I move on now from renewed Canadian internationalism, hoping that the new government will be attentive and vigilant to the fact that Canada has a most important role to play in the Commonwealth Third World and in the Commonwealth Caribbean.

Honourable senators, I would now refer to two other sections of the Throne Speech, which were headed "Social Justice" and "Law and Public Safety."

In the section on social justice, the government makes a great commitment to women. I plead and pray that this commitment to women is real and not part and parcel of the rather hysterical, cosmetic, so-called "justice for women" which seems to be running rampant these days, particularly in the newspapers. This woman is one who believes she can have her personhood without robbing other human beings of their personhood. I hope the commitment in the Throne Speech is to a genuine and real womanhood.

The speech goes on to make mention of amendments to the Divorce Act, but says little about family mediation. As time goes on, I hope we shall hear more from government in this regard. I hope the new divorce proposals will remove all elements of culpability from divorce. Honourable senators, I intend to work towards ensuring that the new legislation will include, or at least that an attempt will be made to have it include, the new concept of shared parenting, joint custody, so that one spouse is not isolated from parenting at the wish and whim of the other. I hope the new legislation will reduce the deleterious effects on children of these marital disputes.

The speech mentions enforcement of maintenance orders, but it does not mention an amendment to the Income Tax Act so that perhaps spouses who are paying support for children

over 18 years may be permitted to pay the children directly rather than making payments to the spouse, so that those paying spouses can glean some sort of shelter under the Income Tax Act.

I assure honourable senators that marital conflict and domestic dispute is something with which I am very familiar, since I spent ten years as Executive Director of a home for battered women. The section on social justice goes on to talk about assistance to victims of family violence. Again, I hope that the new legislation will include assistance to the perpetrators of family violence as well; in other words, for every battered wife helped, I hope we shall be helping a battering husband.

Honourable senators, the final section I wish to address, one that has caused me great distress, was mentioned earlier in Question Period by the Leader of the Opposition. Since Senator MacEachen has already read the quotation from the section on Law and Public Safety, I shall not read it again. However, honourable senators, I must say that I hope this talk of public safety does not mean that we shall be planning or talking of the return of capital punishment and that what it means, instead, is that we are going to completely overhaul institutions like the National Parole Board without dismantling the reforms that were intended by Sir Wilfrid Laurier in 1896 when he introduced parole as "The Ticket of Leave Act."

Honourable senators, in this regard, I should like to read to you some passages by Mr. Justice Edson Haines who, as we know, is a former Justice of the Supreme Court of Ontario. I would point out that I do not have much faith in what I am about to read because, after all, it is a quotation from a newspaper clipping, and I think, by now, we are all media-hardened. I, for one, do not have a lot of faith in the accuracy of what is reported by the press. However, Mr. Justice Haines is reported to have said:

> The guilty go free because the police just haven't discovered the evidence, or some rule has excluded it,—

The report goes on to state:

> Haines said he has had "a brooding sense of disquiet" about Canada's system of justice, which he said is—on a "civil rights bender."

He is further reported to have said:

> Someone contemplating a crime can say: "I'll do it, catch me if you can, provide a lawyer for me at your expense. Prove it beyond a reasonable doubt, but don't ask me,"

Furthermore, I would suggest, "parole me at the earliest convenience."

Mr. Justice Haines went on to say:

> —Our law was formulated by our judges when a man could be hanged for stealing a sheep. The hangman has gone.

Honourable senators, based on what I have been hearing these days, the hangman seems to be coming back in full force.

[Senator Cools.]

I should like to declare for all to hear that I am a strong abolitionist of capital punishment.

Some Hon. Senators: Hear, hear.

Senator Cools: I stand strongly opposed to capital punishment. It seems to me that what we have to do, instead of reinstating capital punishment, is take a good look at the Parole Act, the Penitentiaries Act, and consider total criminal review.

In conclusion, I should like to talk for a few moments about democracy. We live in an extremely wonderful and magnificent country—one we love and are committed to. As parliamentarians, we all understand that democracy is an extremely fragile process. It is so fragile that Niebuhr once said that man's capacity for justice makes democracy possible, but man's inclination to injustice makes democracy necessary. In other words, man's nature is good enough to allow democracy, but evil enough to render it necessary.

Honourable senators, I think this should be a signal to all of us. Daily I hear that Mr. Mulroney and the Conservative government were given, on September 4, an overwhelming mandate. I wish to correct that. Mr. Mulroney did not receive an overwhelming mandate—he received an overwhelming majority. There is a difference, honourable senators, and the difference is not semantics. The difference is political. Mr. Mulroney has received the mandate of a majority government. It is his majority that is overwhelming, not his mandate.

• (1520)

I should like to say a few words about politics. To many seated in this chamber I am a junior senator, a youthful senator—indeed, I am a baby to many honourable senators. I see Senator Macquarrie looking at me and, yes, I can repeat that truth: I am a baby to many honourable senators. But I would like to say that politics is about people. In the halls of this building there is a symbol of humanity—a draped figure who holds, in her left hand, the asp and the rod, the emblems of healing; with her right hand she extends sustenance. I offer these symbols to all of us here who are committed to our country.

Honourable senators, Mr. Mulroney is a most interesting man. He came into power being all things to all people. It seems to me that Mr. Mulroney is as a man who rode into power mounted on a tiger. Let us recall that Winston Churchill stated that "those who ride tigers dare not dismount." I shall repeat that: "He who rides a tiger is afraid to dismount." Moreover, honourable senators, the tigers are getting hungry. I invite Mr. Mulroney to dismount. I join with all Liberals here in inviting Mr. Mulroney to dismount the tiger.

Honourable senators, I will close by entreating all of us to be humane, sensitive and cognizant of the Aristotelian concept that "political society exists for the sake of noble actions."

I thank honourable senators.

Hon. Senators: Hear, hear.

Hon. Ernest G. Cottreau: Honourable senators, I should like to make a few brief comments which are related strictly to

matters pertaining to my region of southwest Nova Scotia but which, I believe, are addressed in the Speech from the Throne. I want to say at the very outset that I am perfectly aware that a good questioner, in my place, could have made these comments during Question Period. Personally, I feel more comfortable making them now.

Before I do, I wish to associate myself with those who have preceded me in this debate in extending warm congratulations to Senator Charbonneau on his elevation to the office of Speaker of the Senate; to Senator Roblin on his new position as Leader of the Government in the Senate; and, of course, to Senator Phillips, who has become the Chief Government Whip in the Senate. These three gentlemen have earned the respect and admiration of all senators and I wish them well in their new roles.

I also wish to convey my sincere congratulations to Senator MacEachen on his new role as Leader of the Opposition in the Senate. As a member of the opposition, I consider myself fortunate in having him as my leader.

I also extend my congratulations to the mover and seconder of the motion for an Address in Reply to the Speech of Her Excellency the Governor General.

Honourable senators, I shall not attempt to find fault with the Speech from the Throne. Like other similar speeches, it is well written and it contains generalities which apply to about any subject one cares to exploit. I shall restrict myself to two particular aspects of the Speech. The first is that which falls under the heading of national unity. I was particularly impressed with that paragraph which reads, in part:

> National unity also demands that the two levels of government cooperate in supporting official language minorities and in fostering the rich multicultural character of Canada. My government is committed to ensuring that the equality of the two official languages—so vital to our national character and identity—is respected in fact as it is in law. My Ministers acknowledge the need for ongoing improvements and for vigilance in this indispensable area of our national life.

[*Translation*]

I have another quote on the same subject:

> The reality of Canada is one of distinct regional identities, each rooted in many generations of history; of diverse cultures; of regional economic strengths: a country of many parts whose people share a profound attachment to one Canada.
>
> My Ministers are determined to achieve a national consensus which will reflect that reality.

Honourable senators, I wanted to quote these few passages because they are particularly relevant to the province of my birth, Nova Scotia, and they also reflect the new Government's desire and will to continue a practice established by previous governments, namely, to encourage the cultural development of minorities.

I would like to elaborate somewhat on the subject and explain why it is one of my priorities. As you know, Nova Scotia has a mixed population which includes an Acadian minority with strong roots, and spread throughout the province. It is well known for its invaluable contribution to the social, economic and cultural life of the province. Unfortunately, over the years, and for a number of complex and sometimes obvious reasons, many Acadians in Nova Scotia have lost their mother tongue as well as their culture, and we now estimate that out of a population of 80,000 Acadians, less than half still speak French today.

I am not saying this out of a sense of despair. In fact, I find it very encouraging that we have always had a militant elite whose numbers have grown over the years, as people became aware of the pressing need to resist, at all costs, the wave of assimilation that was threatening to engulf the Acadian minority.

These militants, with the financial assistance, co-operation and encouragement of both levels of government, have made remarkable progress after years of hard work. They have established their own francophone organization which operates on a provincial basis and whose membership comes from all Acadian communities in the Province. I may add that a major role was played in this respect by the Université Sainte-Anne de la Pointe de l'Église, the only French university in Nova Scotia.

Thanks to the efforts of these people, social action has become a part of all francophone communities in Nova Scotia, and has helped to restore the pride of young Acadians who in turn will, I am sure, do their part to develop Acadian culture. Last June, the CBC announced that a French radio station would be established in Halifax, and that it would start broadcasting in September 1985. This was very good news, especially since it would meet the pressing need for a French radio programming centre in Nova Scotia, something people had been trying to get across to CBC authorities for the past decade.

We are a bit concerned, however, because there are rumours there will be budgetary cutbacks in CBC programming.

I think I can speak for the francophone minority in Nova Scotia if I say that the eloquent phrases and noble sentiments expressed in the Speech from the Throne in referring to linguistic minorities were very much appreciated in Nova Scotia's Acadian communities. At least we have some hope that our attempts to restore our culture will not be paralyzed by budgetary cutbacks.

• (1530)

[*English*]

Honourable senators, there is a further point that I wish to raise, and again it is one that has to do with my region. I am prompted to do so by the following paragraph in the Speech from the Throne:

> A national consensus is also needed to reduce the persistent isolation of Canada's regions, to meet the challenges of economic and social disparity, to revitalize the strength

> of our traditional resource industries, such as agriculture, forestry, mining, the fishery and tourism, and to ensure that our critical transportation and communication links better serve the national purpose.

At first glance, I was tempted to associate the implication of the noble thoughts expressed in the Throne Speech with the reality that exists in my home area. The reference to the fishery and tourism, and to our critical transportation and communication links, as expressed in the Throne Speech, fits in very well with our geographic and economic opportunities. Let me explain briefly.

Our economic life and well-being relies heavily on the fishery and on tourism. The market for three-quarters of our fishery product is the United States; and, of course, the key for us to maximize the return on our fishery is to transport it to the market while it is still in a state of freshness. Therefore we need to have the fastest means of transportation possible.

We have been able to do just that because over the years the tradition has been that good and dependable ferry services have existed which link our part of the province with two outside ports. We have the *Princess of Acadia* which runs daily between Digby, Nova Scotia, and Saint John, New Brunswick, and the *M. V. Bluenose* which runs between Yarmouth, Nova Scotia, and Bar Harbour, Maine. Both of those ferries are operated by CN Marine and play a vital role in our economic life in that they carry our fish to market and also bring in a large number of tourists. That kind of service is part and parcel of our community life.

The recent and sudden announcement by the Minister of Finance to the effect that the services of the *M. V. Bluenose* were to be reduced to six months per year, effective in the fiscal year 1985-86, shocked the entire community. Furthermore, in my opinion it simply does not square with those profound thoughts which I quoted earlier from the Throne Speech.

Needless to say, the local media, as well as the Halifax media, were quick to reflect the dismay which that announcement created in the area. I quote as follows from the *Chronicle-Herald* of November 16, 1984, under the headline "Proposed Ferry Cutback Creates Furor". The article is dated Yarmouth:

> A proposed removal of winter service by the CN Marine *Bluenose* ferry service from Yarmouth to Bar Harbor, Maine, has upset fish processors, brokers and trucking companies in this region, who say the move would have a harmful impact on southwestern Nova Scotia's $58-million fresh fish and lobster fisheries.
>
> The proposed reduction in the *Bluenose* service, slated for 1985-86, drew criticism Thursday from members of the region's fishing industry, many of whom only learned about the ferry service cut yesterday.
>
> Last year's southwestern Nova Scotia lobster fishery was worth a landed value of $27 million, with most of that catch going into the U.S.
>
> Nova Scotia, and more specifically southwestern Nova Scotia, is the leading exporter of fresh fish to New England, shipping approximately $31-million worth of fresh fish (whole or filleted) to the U.S. in 1982, a figure which represents about 74 per cent of the East Coast fresh fish exports to the U.S.

Honourable senators, while I realize that for anyone who may not be familiar with the environment of my region, the mere curtailment of a ferry service may appear to be of minor significance, however, it is not so for those like myself who live there and who would like to keep the economy going. Yarmouth has had sea links with New England going back at least two centuries, long before the advent of steam propelled ships which began in the mid-1800s. Apart from an interruption of a few years in the 1940s, financial support, in one way or another, has been found to maintain a ferry service or a link between Nova Scotia and New England, which is considered to be of vital importance to the entire province.

Honourable senators, I have no wish to belabour the point further at this time. However, I wish to assure the Senate that the people in my home region are gravely concerned about the threatened loss of a vital community ferry service. I believe they have already caught the ears and the attention of their respective representatives in the two levels of government. I have no doubt that their dissatisfaction will be made known to the proper authorities. I can only hope that their representations will persuade the minister that such vital and essential services should not be cut before a thorough and in-depth study has been made to assess the real value of such services to a fishing community.

Some Hon. Senators: Hear, hear.

Senator Cottreau: Honourable senators, those are the only points that I wish to raise at this time.

Hon. Orville H. Phillips: Honourable senators, it is difficult to follow two such interesting speakers as Senator Cools and Senator Cottreau. I have enjoyed listening to both speeches and I congratulate the speakers. I was particularly pleased to hear Senator Cottreau presenting the problems that exist in his area of Nova Scotia. I recall that I used to have to do that for him, and I am glad to see that he is now assuming that responsibility. I am pleased to join in the traditional congratulations extended to Senator Charbonneau as Speaker of the Senate. I have always felt that it must be very difficult for a new Speaker to assume the Chair on the first day of a new Parliament with all its glare of publicity. I am sure you will all agree with me that he performed very well on that occasion and has done so since. When his duties become too onerous, such as during the snow storms of March, and when Florida appeals, I know that he will receive assistance from the Speaker *pro tempore*, Senator Asselin.

● (1540)

I extend my congratulations to the mover and seconder of the motion for an Address in reply to the Speech from the Throne. They are both able speakers with a great deal of experience. I must say that I prefer Senator Macquarrie when

he speaks on a political platform because he is not quite so verbose and gets down to the point. I think he even tries to put a bit of humour into his speeches on these occasions. I congratulate the new Leader of the Government in the Senate. Shortly after the composition of the new cabinet was announced, I heard an interview on CBC Radio. The people involved were commenting on the number of portfolios given to Western Canada and it mentioned that Manitoba had received one more than the other provinces. The explanation given was that Manitoba did not receive one more than the other western provinces but, rather, Prime Minister Mulroney wished to give the leadership of the government in the Senate to Western Canada and wanted to pick the most able member with the most experience. I find no difficulty in agreeing with his choice. The Deputy Leader of the Government has been a very pleasant surprise. I am not sure that he has been a pleasant surprise to honourable senators opposite who tried to question him on one occasion. We are very pleased with his appointment and performance. I should like to mention Senator Flynn, the former leader of our party in the Senate. One of the Senate staff remarked to me that he had not seen Senator Flynn looking so well, so relaxed and so happy in years. I knew we were a hard bunch to ride herd on but I did not know we were that hard. We apologize for all the difficulty we have caused him over the years.

Hon. Jacques Flynn: Apology accepted.

Senator Phillips: About this time every year we used to joke with our former whip, Senator John M. Macdonald, and ask him to show us the whip's books. I never did get to see those books but since I became whip I have learned that there is a surplus in that account. To have a surplus in any account is a very strange thing these days.

Hon. Jack Marshall: It is the only one in Parliament.

Senator Phillips: I am sure that his fellow Cape Bretoner, the former Minister of Finance, Senator MacEachen, wishes now that he had availed himself of Senator Macdonald's ability and perhaps he would have had a longer and more successful term as Minister of Finance.

Hon. Allan J. MacEachen (Leader of the Opposition): It was long enough.

Senator Phillips: I think the public would agree with you there.

Hon. Royce Frith (Deputy Leader of the Opposition): Thanks for asking.

Senator Phillips: I extend my congratulations to the leadership of the Liberal Party in the Senate. I used to be very fond of watching Wayne and Shuster but eventually I became tired of them. I would just like to remind the Senate that the popularity of Wayne and Shuster has outlived that of the Liberal leadership in the Senate. I extend my congratulations and welcome to the new senators. I have always appreciated someone who changes their viewpoint, especially when they adopt my viewpoint. I am referring to those senators who were members of the cabinet in the other place and who advocate Senate reform. I appreciate the fact that they changed their viewpoint and followed the Pied Piper down the hall to the Senate where they met Senator Frith who welcomed them excitedly and told them that he was glad they had been appointed because he did not think they would make it in September if they ran. For once I think Senator Frith was right.

Senator Frith: I must read *Hansard* and see what it is I was right about.

Senator Phillips: I enjoy the architecture of the Parliament Buildings. There are so many symbols built into them that go unnoticed, which is unfortunate. I want to remind the Senate of one such symbol that can be seen on the East Block as you approach the building from the west. There are two arches over a window. One is in the form of a broad smile, which represents the Prime Minister; "God's in his heaven—all's right with the world." Immediately below that arch is a narrower one that represents the Leader of the Opposition. It is a scowl, indicating the fact that he has lost the election. Judging by the scowls on the other side, I would say there are an awful lot of potential leaders of the opposition.

I had hoped that the debate on the Speech from the Throne would deal more with the contents of the Throne Speech, and that we would keep the economic statement for a separate debate. However, we have done very well in merging the two and I hope that I can follow that pattern this afternoon. Before beginning to discuss the economy, I want to take honourable senators back to a situation in 1958 when the Liberal Party lost an election in very much the same way as they lost the one in September. Back then the Honourable Jack Pickersgill came up with the strategy. It was "the big lie; repeat the big lie; repeat the big lie; repeat . . . and eventually somebody will believe it." As I listened to opposition senators today I came to the conclusion that the Liberal Party has not updated its manual. Perhaps it could be described more as whine, whine, and whine.

Throughout the election campaign the annual deficit and the total national debt received considerable attention. That is as it should be. Seven years ago the total national debt was $22 billion. Today, it is $200 billion and everyone, including honourable senators opposite, must take notice of that and consider it in relation to government policy. There is no escaping the fact that approximately half of our tax dollars are consumed or wasted in paying interest on the Trudeau-Turner debt. Today's Montreal *Gazette* has an interesting article which says that the debt charges cost Ottawa more than the income tax yield. If honourable senators have any doubt that the national debt and the cost of servicing that debt are not an urgent problem they need simply remember that all the income tax paid in Canada today will go to service the debt. I think that that is a disastrous situation and one that has to be remedied.

I always enjoy the questions of my honourable friend, Senator Frith. I can recall the occasion when he was very curious about the colour of the books that Prime Minister Mulroney had referred to throughout the election campaign.

Senator Frith: Not the colour.

Senator Phillips: I do not think he was satisfied with the answer he received on that occasion.

Senator Frith: What answer? I didn't get one.

• (1550)

Senator Phillips: The books are very much like a lobster, Senator Frith. Before a lobster is cooked it is green and after it is cooked it turns red. That is the exact colour of the books today. They have been cooked by a number of Liberal finance ministers and they are as red as a cooked lobster.

Senator Frith: You should have been a poet instead of a dentist.

Senator Phillips: I do not mind that, as long as you do not suggest I should have been a Liberal. That would have been really hard to take.

While the national debt is extremely high at the present time, it is projected to grow worse each year. If steps are not taken to correct the situation, then, according to present projections, the national debt will be $410 billion in 1990 and it will take 76 per cent of our tax revenues to service the debt at that time.

Honourable senators, let us ask ourselves what the policy of the Grits is with regard to the deficit and the national debt. The Leader of the Opposition in the House of Commons stated he would reduce the deficit by $15 billion in seven years. It is only fair to ask how this would be achieved. After all, there are only a limited number of ways in which the deficit can be reduced. They include a cutback of expenditures, an increase in taxes, or a combination of the two. I would love to know what the thinking of those opposite is.

Senator MacEachen: Growth in the economy.

Senator Phillips: I am afraid, honourable senators, that the leadership of the Liberal Party in the Senate does not support Mr. Turner in this regard since we have heard complaints about "cut, cut, cut". Mr. Turner has not objected to that, which leads me to believe that we now have two Liberal parties in Canada. We have the Liberal Party in the House of Commons advocating one policy and the Liberal Party in the Senate advocating another. I would love to see the Liberal Party return to the Civic Centre. If they do not want to have a leadership review then they can at least formulate a policy so that the people of Canada and we on this side of the house will know what they are thinking.

Senator Frith: And it would give you a little time to formulate policy, too, while you are watching.

Senator Phillips: I appreciate your interruptions, Senator Frith. As Senator Doody says, I am getting to you now.

It is interesting that the Grits in the Senate still support the Grafstein theory, that is, a higher deficit means more jobs. The Grits never seem to learn that high deficits were a major contributing factor to high unemployment. If honourable senators would care to read the *Debates of the Senate*, I draw to their attention Senator Doody's remarks in this regard. He said that if you carried the Grafstein theory through to its logical conclusion bankruptcy would mean full employment. That seems to be what the Liberal senators are advocating—bankruptcy to achieve full employment.

I should like to ask how high the annual deficit should go before it causes senators opposite concern. Do they want it to go to $30 billion, $35 billion, $40 billion or $50 billion? I am sure Senator Frith with his desire for information will tell us.

Senator Frith: What are we talking about? Are we talking about the Speech from the Throne or the Liberal Party?

Senator Phillips: Both. I am talking about your reaction to the Speech from the Throne.

Senator Frith: It is the same thing all over again; you can take the boy out of the opposition but you cannot take the opposition out of the boy. You just do not feel comfortable over there.

Senator Phillips: I enjoy being in opposition to you, Senator Frith.

Senator Frith: We can work that out by switching places.

Senator Phillips: Honourable senators, I would like to compare the attitude of the Liberal Party with respect to its own affairs and its attitude with regard to government deficits. At the present time, the Liberal Party has a deficit. That is not unusual following an election, especially when we consider who managed the campaign. Naturally, the Liberal Party has a deficit. However, its constitution calls for a leadership review. Iona Campagnolo says, "We cannot afford a leadership review, we have a deficit. We cannot have a leadership review until the deficit is eliminated." However, when it comes to the government deficit it is an entirely different matter. When they are dealing with their own money they follow finance minister Wilson; but when they are dealing with public money they follow finance minister MacEachen.

The Liberal Party has left us a very unusual heritage, one that I am sure they regret as much as we do. They have left us high unemployment, inflation and high interest rates. Primary industry is in trouble. I am speaking of the three primary industries in this country, namely, farming, fishing and forestry. They are all in difficulty. The mining industry is in difficulty. In fact, I have not heard of one section of the economy that is in good shape. Some six weeks ago Liberals were saying that there is no solution and that it is not the government's fault; today, they ask for an instant solution.

I have enjoyed going back over the speeches of former finance ministers in which they have projected unemployment at 10 per cent to 11 per cent until the 1990s. In case honourable senators would like to look up the debates in the House of Commons they can find that Minister of Finance MacEachen made those projections, as did finance ministers Chrétien and Lalonde. I like to think of the Grits as sort of a mint when it comes to unemployment. They turned out the unemployed the way the mint turns out pennies. They said that they had to be front line soldiers in the fight against inflation.

Throughout the debate on the Speech from the Throne, there were many expressions of concern about the universality of social welfare. In fact, in Question Period today one senator made her maiden speech on that subject.

I have a bit of information which I am sure honourable senators will enjoy. It is from the P.C. research and entitled "Gritwatch". I would like to quote the Honourable Donald Johnston from March 9, 1984, when he said:

> These programs are not carved in stone. We have to look at them. What is the need? I think that question has to be addressed.

I presume that is the same Donald Johnston who was a leadership candidate in June. Further, he is quoted as saying:

> All programs can be improved. This question of universality. That's a buzzword which I don't even like to hear these days.
>
> The point is the social programs have to be married to the economic requirements of the country so that people use those programs to help themselves get back into the mainstream of economic activity. As one observer said and I quoted him yesterday, "let's turn them into trampolines, let's turn the safety nets into trampolines." I think it's a very good metaphor. That's what we need to do.

Some honourable senators will say that the Honourable Donald Johnston was too far to the right to be a Liberal. In contrast to that, let's have a look at the remarks from some of the members of the left wing. The Honourable John Munro was also a leadership candidate and he is quoted as saying:

• (1600)

> The Government is wasting millions of dollars by sending monthly pension cheques to wealthy senior citizens and baby bonuses to families who do not need the money. Such funds should be redirected to help the most needy.

It is interesting, honourable senators, to find out where this speech was delivered. It was delivered at the Liberal Biennial Policy Conference in Ottawa on November 7, 1982.

The Honourable Monique Bégin also made statements in that regard. I shall not read her comments but they can be found at page 20342 of House of Commons *Hansard*.

On the same date, the Honourable Marc Lalonde also had remarks to make on the same subject. I hope God will forgive me for quoting Marc Lalonde—

Senator MacEachen: But will Marc forgive you?

Senator Phillips: I shall quote him, anyway:

> The current crisis we're living in makes people think much more deeply about a number of issues than they used to and to realize that there are no free lunches and that we can't plan on the basis that there's a kind of growing federal pie from which everybody can get an increased share.
>
> When you see a financial situation where the government is not getting the revenue that it used to, where the economy is not growing, where public funds have to be used extremely sparingly and targetted better than ever before, then you have to ask yourself questions like this.

Honourable senators, the date of the quotation from the Honourable John Munro was November 7, 1982; the date of the quotation from the Honourable Marc Lalonde was November 3, 1982 and the Honourable Monique Bégin made her remark on November 3, 1982. It seems to me, honourable senators, that there must have been some sort of internal struggle within the Liberal Party. Certainly, the idea of universality being questioned is not new to the Liberals. But here again, we have the Liberal Party in the Senate with one policy and the Liberal Party in the House of Commons with another.

On occasion, I have enjoyed offering advice to the government. I do not think I can completely forgo that habit and I shall just mention briefly my favourite subject, Canadair. I advise the government to avoid situations such as we have seen develop with Canadair. A helicopter industry has been started up and I hope that the government of this day will carefully scrutinize the activities of that industry.

Honourable senators, I want to mention briefly one thing of particular concern to my province and that is the high cost of electricity. In Prince Edward Island, electricity costs three times as much as it does in any other part of Canada. This factor affects our ability to attract industry, particularly those industries involving agriculture where a heavy electrical cost is involved in preparing frozen foods, et cetera. The Prime Minister and the government have made some initial moves in this regard and I hope that they will continue to do so.

Honourable senators, I would like to mention briefly the importance of committee work within the Senate. I take as an example the Standing Senate Committee on Agriculture, Fisheries and Forestry. These are three primary industries which account for more than 58 per cent of our GNP and, as I said earlier, all three are in difficulty. I hope that this committee will be able to make some recommendations to the government. I am not expecting solutions, but I hope that the committee will be able to make worthwhile suggestions and that, in turn, the government will give serious consideration to those representations.

Honourable senators, in the House of Commons the Conservative membership flows over to the left side of the house and that is referred to as the "rump". One of my Liberal friends in the House of Commons also referred to the Liberal Party in the Senate as the "rump". In closing, I would like to offer some advice, and I am sure it will be accepted in the spirit in which it is given. I have noticed that my Liberal colleagues are very much like colts that have been let off their bridles. You have been let out to play and are now galloping all over the place, not quite sure where you are going but enjoying your new freedom. It is nice to watch you enjoying that freedom. I have never been gagged in Parliament so I can understand your enthusiasm for that freedom.

I had a friend in Ottawa who once owned a very valuable jumping horse. He took it over to Quebec to a minor fair to display it, then took the horse home and let it out of the trailer.

The horse went galloping through the fields, stepped into a groundhog hole, broke its leg and had to be destroyed. The reason I am telling you this story, honourable senators, is to point out that there are many holes in the field in which you are galloping, and I hope that you, too, do not meet with disaster.

I was amused to find that a number of Liberal senators—

Senator Frith: I presume that comment related to the part of the Speech from the Throne on capital punishment.

Senator Phillips: Exactly.

Senator Frith: Perhaps you would like to develop it further.

Senator Phillips: A number of Liberal senators have recently gone to the Toronto *Star* to tell us what they are going to do. I have no objection to their activities but I would like to refer particularly to the remark of Senator Gigantès where he said, "Just watch us." I am watching you, honourable senators. I want to hear you explain why the Petroleum Compensation Charge was allowed to lapse into a negative balance. I note that it is now a deficit; it is a book-keeping entry and it now has a negative balance. I would like to hear Senator Gigantès explain that.

Those of you who complain about not getting answers to your questions should recall my questioning of Senator Austin when he was a member of the cabinet. I asked him regularly what were the salaries of Joel Bell and Maurice Strong. It took four years of questioning and I never received an answer. It took Prime Minister Brian Mulroney only three weeks to reveal that Joel Bell was receiving a salary of close to $400,000 a year. I wonder what his salary would have been had Canadair been making a profit of $2.5 billion per year instead of losing that amount. I am anxious to hear Senator Davey explain those salaries, and the secrecy that surrounded them.

Honourable senators, today's *Globe and Mail* introduced a most interesting topic and that was the story about former Transport Minister Lloyd Axworthy.

• (1610)

Senator MacEachen: I thought you were going to refer to all those patronage appointments. There were two in the Prime Minister's riding alone.

Senator Phillips: We have discussed your patronage appointments; we have not made any patronage appointments.

Senator Frith: If we were to believe that, we would believe anything. That's incredible!

Senator Phillips: It is interesting, honourable senators, to recall the whining about the Chiefs of Staff and their salaries, as well as the amount of money ministers are receiving to run their offices.

Compare that with today's story in the *Globe and Mail*. In a few months the Minister of Transport was able, for some unexplained reason, to overspend his budget by $1 million. That took place in the short space of a few months, but no one found out about that. Just think what a Chief of Staff could have done then?

[Senator Phillips.]

The number of staff in his office grew to 75. Surely, as he went in and out of the office, he must have noticed 75 people. He has said that he did not know anything about them. Where were they hidden? Where were they working if he did not notice that they were there?

I particularly want to put this on the record for those who complain about the salaries the Chiefs of Staff are getting. Let us have a look at one or two of those salaries as outlined in the *Globe and Mail*.

David Miller, a policy advisor on the western rail rates, received a salary of $75,850 a year. Isn't that terrible, honourable senators? I am sure those who complain about the salaries being paid to the Chiefs of Staff must feel somewhat embarrassed by that.

Let us have a look at one Greg Shilladay. Mr. Shilladay was a former reporter in Winnipeg, the article states, and was Executive Director of a group promoting the benefits of the government freight rates legislation. He received a salary of $116,933 a year. I suppose he made that as a reporter in Winnipeg, but I rather suspect—

Senator Frith: What part of the Speech from the Throne is this on, universality?

Senator Phillips: Yes, universality. We are trying to be helpful.

Senator MacEachen: That is the "sacred trust".

Senator Phillips: It also touches on the social conscience, as I can tell from the reaction by the Honourable Senator Frith.

Senator Frith: He has no teeth to drill, so he is bashing Liberals.

Senator Phillips: I suspect, Senator Frith, that the main beneficiary of the freight rates legislation of the Liberal Party was Mr. Shilladay.

When honourable senators opposite have things they want explained and put a lot of questions, remember that we, on this side, also have questions hanging over from the last session. We have many questions which will arise as information becomes public, and we hope that you will be just as co-operative in granting explanations as you are in putting questions.

Senator Frith: You can count on that!

Motion agreed to, and the Address in reply to the Speech from the Throne adopted.

On motion of the Honourable C. William Doody, ordered that the Address be engrossed and presented to Her Excellency the Governor General by the Honourable the Speaker.

THE CABINET

ACCESS TO INFORMATION—DEBATE ADJOURNED

Hon. Keith Davey rose pursuant to notice of Thursday, November 29, 1984:

> That he will call the attention of the Senate to the Government's preoccupation with secrecy.

He said: Honourable senators, in launching this inquiry, I am passing curious to find out why this government finds itself in this secrecy jackpot. Some may laugh, and some may think I overstate the case, but when the government's conduct is to be found on the nation's comic pages, something is wrong somewhere. I have a copy of yesterday's Ben Wicks "The Outcasts" comic strip which appears in a number of daily newspapers across the country. Let me just describe what is depicted in that clipping: It consists of an elderly gentleman and, I presume his wife, walking along, and she says: "I don't like all this talk of secrecy in the cabinet, Bill." In the next frame she says: "We have a right to know what's going on." In the next frame he says: "It's all a lot of media rubbish—Brian's got nothing to hide". And in the final frame, popping up out of the sewer, clearly is the Prime Minister saying: "Right on, Bill. You tell her."

That may not seem funny to everybody, and may not seem quite fair, but it makes my point, which is that it is not just the Liberal politicans who are concerned about this government's penchant for secrecy.

Of course, all of this secrecy, honourable senators, comes from a leader and from a government which before and during the election campaign promised us a virtually limitless horizon of open government. Fresh air, open doors, open ideas, sunshine and a whole new era of public dialogue and access was repeatedly promised.

An Hon. Senator: Hear, hear.

Senator Davey: Well, an honourable senator has said: "Hear, hear." Let me tell you what has happened. I propose to describe very briefly the dimensions of the problem which permeates this government. In fact, I will use only one source, Canada's self-proclaimed national newspaper which, as honourable senators will realize as recently as last August, had an intense and indecent love affair with Brian Mulroney and his Conservative team.

Let me put on the record an editorial which appeared, not in the Toronto *Star*, Senator Phillips, but in the *Globe and Mail*, of November 27, 1984, entitled: "Not open Government". That reads as follows:

> The excessive secrecy—

You will like the opening:

> The excessive secrecy of the Trudeau Liberals gave way, in the early weeks of the new administration, to the excessive secrecy of the Mulroney Conservatives. Prime Minister Brian Mulroney put out the word that all departments were to check with the Prime Minister's Office before handing out information. External Affairs Minister Joe Clark ordered members of his department not to speak to journalists—even socially—without permission.
>
> Something had to give, and Mr. Mulroney responded last Friday by issuing less onerous guidelines. But there was a catch: Although civil servants were encouraged to provide factual information, they were told to do so only on the record—that is, with statements attributable to them by name.
>
> The move, said Mr. Mulroney, was designed to "contribute to open government." Civil servants are there not to criticize or applaud the Government's actions, he said, but to provide factual details about the Government's operations—the implication being that no civil servant should feel abashed about having his or her name attached to a purely informative statement.
>
> In theory, this is reasonable. In practice, even purely informative statements may embarrass the Government, as we saw in the affair of the Mulroneys' nanny. Last May, Mr. Mulroney assured a Hamilton television interviewer that, if he formed the Government, his nanny would not be on the Government's payroll. When Privy Council personnel supervisor Sam Morel confirmed after the election that the nanny had been put on the public payroll—a purely factual statement—he was told by William Fox, Mr. Mulroney's press secretary, to stop talking to the press.
>
> Politicians are sensitive. Civil servants know they are sensitive. If those servants are to be held personally responsible for any information handed out, they will err on the side of safety by saying nothing—which is doubtless the effect Mr. Mulroney intended. There are a number of names for this, but "open government" isn't one of them.

● (1620)

How do we explain what is happening? What is my own theory? For openers this Tory government simply does not understand the mass media. A healthy tension between journalists—I love those nervous laughs by some honourable senators—and politicians must be at the heart of any democracy. Throughout it all, the press must be both free and unfettered in its opposition to every kind of institution, most especially governments.

I remember Pierre Elliott Trudeau after the 1980 election observing that now the Press Gallery will become the official opposition. He was right. That is exactly what happened. It is exactly what will happen to this government.

The media, honourable senators, is never opposed to Liberals or to Conservatives *per se*, but, invariably, to governments, whatever their political stripe, as institutions. There is only one way, I say to my honourable Conservative friends, to deal with this reality and that is openly, honestly, fairly and with broad dialogue. Sometimes when I reflect on the Trudeau years and what I might describe as Pierre Elliott Trudeau's hard line in dealing with the press, as direct and delightful as it often was, I sometimes wonder if, politically, it was not counterproductive. Nor, however, can the media be co-opted, not with this or that political appointment, not with this or that luncheon at the National Press Club. That kind of condescension could be extremely counterproductive, especially with journalists who are, after all, the sons and daughters of both Vietnam and

Watergate. It is not too surprising that cynicism is often their stock in trade.

Let me suggest a second reason why this government is so preoccupied with secrecy. It relates to the government's knee-jerk camaraderie with and obvious envy of everything American. Not surprisingly, Ronald Reagan's thespian skills in handling the American mass media have not been lost on this new Tory government. The ground rules are quite simple. They are the following: One, where possible tell the people what they want to hear; two, where not possible, evade and obfuscate; three, do not take the print media very seriously because, after all, all they do is order society's agenda; four, plan your life around those twenty-second television clips which determine what most Americans think about people and events; and five, when necessary, talk directly to the American people—use television and go over the heads of the journalists and that way avoid that awful media filter.

I concede at once that Ronald Reagan performs superbly. It remains to be seen whether or not the Prime Minister can be as effective. Certainly, he is going to try, which is, of course, no criticism. However, this government will do well to remind itself that this is not yet the United States of America. Far more of us vote; far more of us are intensely interested in public affairs; and, for that matter, honourable senators, we enjoy in this country a public broadcasting service. I say to my Conservative friends: Please keep your mitts off the CBC.

I think there is a third and probably most significant explanation for this new government's preoccupation with secrecy. Why is it so frightened of the mass media? Why is it so frightened to be an open government? The reason is the government's profound lack of confidence in its programs and its policies, lack of confidence, that is, not in their own opinion of those programs but of what the media and of what the people of Canada might think about those programs. That, of course, is elitism which is a traditional Conservative value. This lack of confidence, I would suggest, breeds that insecurity which leads inevitably to slip ups and gratuitous mistakes. Joe Clark's goof with that St. Catharines radio station the other day is an excellent case in point. Mr. Clark, of course, is a decent man. So is Michael Wilson, which makes his tape recording of those meetings in Winnipeg all the more distressing.

Last Friday the Toronto *Star* carried a brilliant editorial cartoon. I say that as one who has been caricatured often and usually in quite unfriendly ways. I shall send a copy of this cartoon to all honourable senators. It is cut into four quarters. The first depicts the great comedy team of Laurel and Hardy; the next is the great comedy team of Abbott and Costello; the next one depicts Martin and Lewis; and, in the final quarter we have Clark and Wilson. I hope that this will remind my Conservative friends of what happens to a government when its principal preoccupation is with looking good, because that is exactly when it looks bad.

In conclusion, I trust that sooner or later this new government will allow its actions to speak for themselves minus all that flackery and secrecy. Until then we can only conclude that PC stands for paranoid Conservatives. In the meantime, I trust that others will join this inquiry into that secrecy which is an early hallmark of this new Tory government.

Some Hon. Senators: Hear, hear.

On motion of Senator Gigantès, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 5, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIRST REPORT OF STANDING SENATE COMMITTEE TABLED

Hon. Arthur Tremblay, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reported, pursuant to Rule 84, the expenses incurred by the Committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of Proceedings of the Senate.)

QUESTION PERIOD

[*English*]

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Leo E. Kolber: Honourable senators, I have a question for the Leader of the Government in the Senate. In this morning's *Globe and Mail*, an article headed "Production, Employment Drop Sharply" reads' in part:

> Production and employment by Canadian manufacturers took a sharp drop last month to their lowest levels in two years, according to a survey by the Purchasing Managers Association of Canada.

Hon. Joseph-Philippe Guay: Shame.

Senator Kolber: Their spokesman, Mr. Dan Creighton, is quoted in this article as saying, "I was absolutely dumbfounded, I spent all last night on the figures. I couldn't believe them."

We are told that the main thrust of the government's economic policy is to instil confidence in the private sector. According to this article, these figures would seem to indicate a total lack of confidence.

Hon. Jacques Flynn: A joker.

Senator Kolber: Yesterday the Minister of Finance once again told us that interest rates would fall to 6.5 per cent between 1986 and 1990. Yet, he insists on borrowing long-term money at 12 per cent, when he knows full well that there is a wide range of options that he could undertake if he really believes his forecasts. How can the Minister of Finance instil confidence in the private sector when his own actions clearly tell us that he does not believe his own forecasts?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must say that I enjoyed my honourable friend's presentation. He was certainly as one-sided as he could probably get. I have to tell him that I am not in a position to answer oral questions for the Minister of Finance today. I will take his question as notice and give him a written answer in due course.

NATIONAL DEFENCE

FUTURE ROLE OF CANDIAN FORCES

Hon. Henry D. Hicks: Honourable senators, reference was made in the Speech from the Throne to a re-analysis of Canada's defence position, from which most of us presumed, since it referred back to 1970, the time of the last white paper, that this would involve the preparation of further statements on paper concerning the future of our armed forces—their duties, their mandate and their support.

I understand that a journalist, namely, Peter Newman, has recently written that there is a time schedule in existence and that it refers to the production, firstly, of a green paper and, secondly, a white paper. My question is this: Is there such a time schedule? If there is, will the Leader of the Government in the Senate tell us what it is?

Can the Leader of the Government in the Senate also clarify for us what we may expect to find in a green paper and what we may expect to find in a white paper? I think there are some members in this chamber, other than myself, who are not quite sure of the use of these terms. It may very well be that there are other coloured papers, such as beige, pink or blue, and if there are I would like to know about them as well.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can assure my honourable friend that it is unlikely there will be any pink papers, although there may be some blue ones. However, that is as far as we are willing to go.

Hon. Allan J. MacEachen (Leader of the Opposition): And red Tories?

Senator Roblin: Red Tories are an interesting breed. I even have a distant relationship with some of them.

I wish to tell my honourable friend that I read the article, just as he did. I must say it prompted the same query in my mind as to if there is a timetable in existence, and what it is. This was a story written by a usually well-informed journalist, but I myself have no information on the topic yet.

When I saw the newspaper article I asked for further details, just as my friend has done. When I receive answers I will be glad to pass them along to him.

Hon. Royce Frith (Deputy Leader of the Opposition): Will you enlighten us with respect to the difference between the coloured papers?

Senator Roblin: If my honourable friend does not really know the difference—

Senator Frith: I do not know, I must confess.

Senator Roblin: —then I will undertake to enlighten him.

Senator Frith: That is taken as notice, too, then.

EDUCATION

POST-SECONDARY—GOVERNMENT ASSISTANCE

Hon. John B. Stewart: Honourable senators, my question is for the Leader of the Government in the Senate. As he knows, this is the time of year when young people are beginning to make their plans for the forthcoming summer and for the forthcoming academic year. In view of the fact that the Summer Canada program has been cancelled, will the Leader of the Government ascertain if it is the intention of the government to announce a new program to replace the cancelled one, before Parliament adjourns for the Christmas recess? The point is that, since students discuss their plans for the forthcoming year with their parents during the Christmas holiday season, it is desirable that they have at hand that type of information when those discussions take place.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that my understanding is that the minister in charge of this activity has already announced that there will be a program for student employment in the summertime. The details of that program are not yet available, nor is the time of announcement. However, it is an undertaking of the minister, as I recollect her statement on the matter, and a decision will be made in reasonable time for use this summer.

Senator Stewart: Honourable senators, perhaps the Leader of the Government could tell his colleague that the details of the program would be greatly appreciated by those who have to make plans in the real world.

As the Leader of the Government knows, a ceiling has been placed on the amount of money available for the Canada Student Loans Program in the forthcoming fiscal year. My question is: Has a study been conducted to ascertain that this ceiling will not have the effect of closing the doors of our colleges and universities in the face of young Canadians anxious to improve their educational qualifications? I think we are all concerned that every young Canadian who wants to better himself or herself in a college or university has every practical assistance in achieving that end.

• (1410)

Senator Roblin: I think we are all interested in the policy that my learned friend talks about. I imagine the emphasis of the government will be on making sure that those students most in need and most qualified in an academic sense receive the opportunities they deserve.

Senator Stewart: Honourable senators, I notice that the Leader of the Government makes reference to students who are "most qualified". I am sure that in his talks with his colleague he will insist that students coming out of high school with high academic records are not always the most qualified. I think if he were to talk to the Prime Minister, the Prime Minister would insist that that was true, from his personal experience of the students with whom he was associated as an undergraduate.

My third question is: Can he assure the people who are concerned about the education of Canadian youth that the formula by which Canada's contribution to the provincial governments for the support of post-secondary education will not be cut in the forthcoming fiscal year?

Senator Roblin: In respect of the latter question, I have to tell my honourable friend that a series of meetings is planned with the provincial governments, including provincial treasurers and, I think, provincial ministers of education to discuss the questions and the problems involved in the areas of their jurisdiction. Until those discussions take place, there is nothing more that I can say about the matter.

HEALTH AND WELFARE

PALLIATIVE CARE—USE OF HEROIN—GOVERNMENT POLICY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. A colleague of his in the other place, Mr. McGrath, has presented a private bill that will allow doctors to prescribe heroin for people dying of cancer. This bill would allow doctors in hospitals or in palliative care units to prescribe heroin at their discretion. Essentially, as I think my friend knows, the same position is taken by the Canadian Medical Association. Also, a segment of the U.S. television program *60 Minutes* was devoted to this subject within the last week.

I would like to ask the Leader of the Government in the Senate if he can tell us what the government's position will be on Mr. McGrath's bill, if he knows. If not, perhaps he could find out for us what that position is.

Hon. Duff Roblin (Leader of the Government): Honourable senators, as my honourable friend stated, this is a private member's bill and will be dealt with in that way.

Senator Frith: As my friend and others know, sometimes the government takes the position that it will support a private bill. That happened in the last Parliament with reference, I believe, to Mr. Ferguson's bill with regard to farmers' loans.

My question is—and perhaps my friend has given me the answer: Does the government intend to support or in any way aid that bill to achieve second and third reading, or is his answer to me that they do not and that it will not receive any treatment different from any other private member's bill?

Senator Roblin: My previous answer applies.

Senator Frith: My interpretation of your answer applies? That is not answering my question. Your answer is that it is a private member's bill and the government has no intention of treating it other than as a private bill, is that your answer?

Senator Roblin: My honourable friend can ask the questions, but I have to give the answers. The answer that I gave is the answer that I intend to stick to.

Senator Frith: And, of course, I have the right to treat those answers as inadequate. What is so complicated about my question? It is a very simple, straightforward question. As a matter of fact, I thought it was a very straightforward question and one that could easily be answered. Now what is the answer?

Hon. Jacques Flynn: Order, order!

Senator Frith: No answer, I take it.

Hon. David Walker: Honourable senators, on a point of order, I would refer my honourable friend to the *Rules of the Senate*. Perhaps because of his bitterness, might I say that time after time he has been breaking the rules? Rule 20(4) states:

> A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

Senator Frith: Pardon me. What rule are you reading from?

Senator Walker: I know that my friend has never heard of it before. I was reading from rule 20(4) of the rules. I shall read it again:

> A debate is out of order on an oral question—

Hon. Louis-J. Robichaud: This is not a debate.

Senator Walker: Then you tell me what it has turned out to be.

> —but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

In other words, there is no room during Question Period for a debate.

The Deputy Leader of the Opposition is constantly debating. I have seldom heard him ask an orderly question.

An Hon. Senator: They are intelligent.

Senator Walker: Yes, they are intelligent, but he always wants more than just a brief answer; he wants a debate. No matter what answer he receives, he goes on to something else. I think it is time that we started to live up to the rules—particularly my honourable friend.

Senator Frith: On the point of order, I am familiar with that rule—

An Hon. Senator: Are you?

Senator Frith: It is a matter of interpretation as to whether insistence on an answer constitutes debate. In my view, insisting on an answer, or asking a supplementary, or trying to get clarification of an answer, does not constitute debate.

When my honourable friend was sitting on this side, and when the now Leader of the Government was sitting in my present seat, he not only frequently debated the answers to questions but turned delayed answers into a debate.

At that time—and my colleagues can confirm this—I was asked to call the now Leader of the Government to order because he was debating delayed answers, let alone debating during Question Period, and I refused because, in most cases, the debates turned out to be interesting between him and Senator Argue or between him and someone else.

I take it, therefore, that this interpretive question is being interpreted by Senator Walker on the basis of saying that he does not find my supplementary questions as interesting and wants to call them debate. That is his opinion, but in my view there is no question that there was a great deal of debate during Question Period when my honourable friends sat on this side of the chamber. That was on the basis of debate, and mine was not.

Senator Walker: Never mind what happened when we were sitting over there.

Some Hon. Senators: Oh, oh.

Senator Walker: That is in the past, and we are now sitting on this side of the chamber.

Senator Frith: Maybe you would want the jury to ignore that.

Senator Walker: You are sitting there now and you are angry; you have been angry ever since the election.

Senator Frith: There are more smiles on this side of the chamber now than there ever were when you and your colleagues were sitting on this side.

Senator Walker: It is nice to listen to you, and it is interesting to see how you vent your spleen on us by not asking questions and how you get into a debate time after time. If I may, I will illustrate that each time you get up to give us one of those fancy curves of yours.

We enjoy it; it is lots of fun, and we are all having a good laugh about it, but His Honour the Speaker has his duty to perform. I am not asking him at the moment to intervene, but I certainly will if you insist on doing things the way you have been doing them.

Senator Frith: Nice try, but I don't scare that easily.

CANADA-UNITED STATES RELATIONS

TRADE—NEW APPROACHES—GOVERNMENT POLICY

Hon. Michael Kirby: Honourable senators, my question is for the Leader of the Government in the Senate.

I read with considerable interest the answers the leader tabled yesterday in response to earlier questions asked by the Leader of the Opposition and by the Honourable Senator

Grafstein. Both questions dealt essentially with the same subject, Canada-United States trade relations.

Both answers quoted the following line from the Speech from the Throne, that the "government is exploring with our neighbour new approaches to a better and mutually advantageous trading relationship."

My question is simply this: Having read the answers, and having realized on so doing that one answer talks about consultations within this country with provinces and with the business community—the answer to the question asked by the Leader of the Opposition—and that the answer given to Senator Grafstein's question, points out that, in fact, there are no existing on-going negotiations with the United States on any trade issues—

An Hon. Senator: Question!

Senator Kirby: That leads to the following question: Is it fair to say that the statement in the Speech from the Throne, which talked about exploring new approaches, on-going at the present time, with the United States was, in fact, simply empty rhetoric, or, in fact, is there something on-going that is not contained in the two answers given yesterday?

• (1420)

Hon. Duff Roblin (Leader of the Government): Honourable senators, to the best of my knowledge, the two answers which were given yesterday represent the situation as seen by those who are answering the questions as of this moment. If my honourable friend will be patient for a while, he will see that there will be developments in connection with our trade relations with the United States which are new and novel and not encompassed in the present discussion.

Senator Kirby: I have a supplementary question. It seems to me that the question of when that future date is going to be is of some importance to us. The International Trade Commission in the United States is, as I am sure the Leader of the Government in the Senate is aware, currently holding hearings on sectoral free trade with Canada on a variety of issues. I am sure the minister is also aware that it is a fact that the International Trade Commission must report to the office of the U.S. trade representative by March 11.

My question is: Will the Canadian government's position be established by March 11, or will we once again be left in the situation in which Canada will be reacting to a position established by the United States?

Senator Roblin: I think that the implication of the question is that by some sleight of hand we can influence the decision of this study in the United States. Perhaps we can. I know that appropriate representations will be made by the government when a suitable moment arises to do so.

Senator Kirby: I have a final supplementary question. I watched with interest the relatively slow pace of developments in this area, and I should like to ask the Leader of the Government whether or not this has anything to do with the fact that, since his government came into office, both the current Premier of Ontario and the Honourable Frank Miller—who, from news reports, has a good possibility of being the next Premier of Ontario—have given very strong public speeches against any move to greater trade liberalization with the United States. In light of the well-known connections between the so-called "Big Blue Machine," which has worked for Premier Davis and will, inevitably, work for his successor, and the work that they did with the current government, I wonder whether or not these positions of the Government of Ontario are, in fact, what is causing the federal government to go slowly on this issue.

Hon. D. G. Steuart: Which language are you speaking in?

Senator Roblin: I am not quite sure which language Senator Kirby is speaking in. I will have to read *Hansard* in order to find that out. The pace of negotiations has something to do with the eye of the beholder. Sometimes it seems to those engaged in the operation that the pace is quick enough, but it is often the case that it does not seem to be very fast for those who are looking at it. I suspect that is the problem with my honourable friend. He would much rather be in the position of entering into negotiations than just looking at them, and I do not blame him for that. I am not in a position to answer for the policies of the Government of Ontario, in any respect, but I can say that the policies of the Government of Canada have been clearly outlined.

TRANSPORT

WESTERN GRAIN STABILIZATION FUND—GOVERNMENT POLICY

Hon. Hazen Argue: Honourable senators, amendments were introduced in Parliament during the last session to the Western Grain Stabilization Act, with the result that certain sums of money were paid to producers this year. I would guess that the maximum would be somewhere in the neighbourhood of $4,000. Almost $800 million is now in the fund. Due to the drought, income in the west is very low. Some people are calculating that there will be as much as $800 million or, from an individual producer's standpoint, perhaps as much as $12,000 to $15,000 per farmer paid out of that fund this coming year.

My question is based on the fact that the government is cutting back on many programs, which was a great disappointment to me and to many farmers in northeastern Saskatchewan. What was an absolutely firm commitment on the part of the federal government to pay $16 million was changed by Mr. Wise and this government and the amount was reduced to $8 million.

An Hon. Senator: Shame!

Senator Argue: Will the Leader of the Government in the Senate assure us that the Western Grain Stabilization Act will in no way be caught up in the government's general program of reducing expenditures and reducing some of those very beneficial programs? This is a question which obviously comes up from time to time in the minds of western producers.

I would be pleased, and they would too, if we could have his assurance that the fund will remain at least as generous as it is

currently; that any amendments would be to improve it from the standpoint of the farmers; and that farmers will not be subject to any cutback.

Hon. Duff Roblin (Leader of the Government): My honourable friend makes a laudable reference, I think, to the problems being experienced, particularly in his home province, arising from the recent drought. Undoubtedly, that has been a very important negative factor for the farmers of Saskatchewan.

I can assure my honourable friend that the Western Grain Stabilization Fund will be amended and, I think, when he sees the amendments, he will find that they represent an improvement over the present situation. Beyond that I cannot go until the bill is ready for presentation.

Senator Argue: I am glad of that assurance by the Leader of the Government. I would point out that the cutback on disaster relief is not part of my question. My understanding is that the $16 million, matching the provincial government's contribution two to one, had been approved by the Treasury Board meeting in session when the previous government was in office, and that, even though Treasury Board under a previous administration had approved the $16 million, that sum was among the items caught in the cutbacks of the present government. In fact, it was reduced by 50 per cent.

AIRPORT CAR RENTAL SERVICE

Hon. Hazen Argue: Honourable senators, I have a further question which has to do with the government's policy regarding counters at airport buildings where rental car franchises are exercised.

For some time now, there has been a demand, and I think a legitimate one, to increase the number of counters at airports across Canada by one or two so that there can be greater competition.

There are particular persons in my province, both at the Regina and Saskatoon airports, mainly with Holiday, who have counters but who are anxious that their firm have a chance to, at least, maintain its position across the country and, hopefully, to increase its position so that competition is increased and they will have a chance to exist and do business.

My understanding is that the tenders are out and that Friday is the deadline.

The current Minister of Transport seemed to be favourably disposed to these requests when he was in opposition. The former Minister of Transport, Mr. Axworthy, as I understand from correspondence and from other evidence, had agreed to these changes, but, apparently, there is no longer a disposition to agree.

I ask the Leader of the Government in the Senate to use his good offices to bring this question to the attention of the Minister of Transport to see if it is possible, even at this late date, to postpone the closing date for the tenders, to have a further review, and hopefully to open it up to greater competition, and so allow some of the little guys to have a chance at this business. I pose this question in a non-controversial way in the hope that something positive can be achieved.

This issue is too important to allow it to die if an unfavourable decision is made, because I think it is the duty of the Senate to consider all of these matters. I am hopeful there can be a stay or a postponement of the deadline for those submissions so everyone can consider the whole question of increasing business and increasing competition.

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for informing me that he was going to raise this point. I appreciate his courtesy.

The question of the number of desks for automobile rentals at airports is an old one. It has been before the government on many occasions in the past and, for one reason or another, the number of desks has been limited.

According to my information, they are rationed by tender so that those who offer the best premium for use of the desks have a right to do so, although the number is, indeed, limited. That, however, does not help him at all in terms of an answer to his question. I would like to refer his anxiety to the Minister of Transport as quickly as I possibly can so that, if there is any disposition to change the rules in order to accommodate the point he makes, we will lose no time in doing so. Naturally, I cannot say what the answer will be, but I will do my best to advance his cause.

● (1430)

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question. Could the Leader of the Government in the Senate also ask the Minister of Transport if there is any particular reason why those firms to which we refer at the moment have the priority parking spots at the airport? No doubt the Leader is aware of this, because he also leaves the airport by the main door where all of the rental cars are parked. It might be interesting to find out why they have the best parking spots, those closest to the door, while other people who use the airlines frequently must walk quite a distance to the parking lot.

Senator Roblin: Honourable senators, I do not know the answer to that question so I will have to take it as notice. I suspect, however, that the rental companies feel that they have bought and paid for that space with the premium that is offered with the right to have a desk. Perhaps that is the reason.

Senator Argue: Honourable senators, I have a supplementary question. I appreciate the comment of the Leader of the Government in the Senate. I simply point out that, at least at some time in the past, there were only three desks, whereas it is my understanding that now there are generally four.

There is a further problem: namely, that in allowing a company like Holiday, for example, to bid, it was said that anything owed to Transport Canada by its franchise operations had to be borne by the company itself before tendering would be allowed. It seems to me that, on the surface, that looks rather unfair. I think it is a matter that has been taken into account. In any event, I appreciate the answer of the Govern-

ment Leader in the Senate and I wish him well. If we have a favourable reply, there will be no need to raise this matter on another occasion.

FINANCE

DOCUMENT ENTITLED "JOHN TURNER AS MINISTER OF FINANCE: AN ERA OF ECONOMIC DECLINE"

Hon. Keith Davey: Honourable senators, I have a question for the Leader of the Government in the Senate. What is the purpose of a November 13 Progressive Conservative document entitled: "John Turner as Minister of Finance: An Era of Economic Decline"?

An Hon. Senator: Shame!

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not really think that that is a publication which emanated from the Government of Canada. As such, it is not one that comes within my purview.

Senator Davey: Can the government leader give an assurance that the document was not produced at public expense?

Senator Roblin: I am not aware that the Progressive Conservative Party relies on government funds for the development of literature of any kind.

Senator Davey: I would ask the Government Leader whether this document was not produced at public expense. It either was or it was not. Is he saying that it was not?

Senator Roblin: I want to be perfectly sure that my answer is correct so I will take the question as notice.

Senator Davey: If I may, honourable senators, I will ask a supplementary question. If the document was produced at public expense, would the Leader of the Government let us know how much it cost to research, write, edit and produce it? I would also like to know to whom it has been distributed and to whom it will be distributed. My questions are based on the assumption that it was produced at public expense.

Senator Roblin: Honourable senators, I am not going to accept that question until I know whether the government has any responsibility for it. I will tell my honourable friend, however, that I will be glad to make similar enquiries about any publication made by his party under similar circumstances.

Hon. D. G. Steuart: God bless you!

INDIAN ACT

STATUS OF WOMEN—REMOVAL OF DISCRIMINATORY PROVISIONS

Hon. D. G. Steuart: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. It has to do with proposed amendments to the Indian Act, which amendments specifically refer to clause 12(1)(b) and would give equality to Indian women. My question is:

[Senator Argue.]

When will the government bring in the amendments to this act, as it promised to do in the last election campaign?

Hon. Duff Roblin (Leader of the Government): I believe that a similar question was addressed to the Minister in charge of this department in the House of Commons. If my recollection is correct, he said that amendments would be forthcoming relatively soon, although he did not give an exact date; nor can I.

Senator Steuart: As a supplementary, the Leader of the Government will recall that on the final day of the last session Senator Charlie Watt had greatness thrust upon him when he helped to stop the Liberal government from bringing in an amendment, because he and others, including myself and some honourable senators on the other side of the house, felt that the amendment proposed at that time by the Liberal government did not answer the question and, in fact, raised more questions than it answered.

During the course of the election Mr. Mulroney, the Prime Minister, promised the women of Canada, and specifically the Indian women of Canada, that the matter would be dealt with, if and when the Progressive Conservative Party were elected, on an emergency basis. I believe that the reason he said "emergency basis" is that if the matter were not dealt with in connection with the Charter of Rights, those Indian women who have been discriminated against would find themselves in an untenable position and they would have to appeal to the courts in their thousands. The situation would be hopeless from their point of view.

During the election the matter was regarded as an emergency, and the minister is now saying that legislation will be introduced quickly. In my view, this matter is important not only to Indian women but also to all Indian bands across this country. My question to the Leader of the Government is: Will the legislation be introduced before the Christmas recess?

Senator Roblin: Honourable senators, I can tell my honourable friend that one of the problems facing the government involves precisely the point he has raised, namely, that the proposed legislation introduced in the last Parliament was not completely satisfactory. The minister's efforts are now devoted to framing new legislation in a way that is more acceptable to all of the parties concerned. That is not an easy task, and we should allow the minister a little leeway to do the best job he can with respect to that.

THE INUIT

STATUS—GOVERNMENT POLICY

Hon. Charlie Watt: Honourable senators, I have a question for the Leader of the Government. The question of equality among native people has been a matter of concern to our people for some decades.

Since the late 1800s the discovery has been made that native people do exist in this country. During that time, the native people were known as Eskimos. Indeed, at times, they were not given a name, but were simply called savages. The Inuit in the

north have largely been forgotten and have not been taken care of fairly in terms of opportunities, benefits, and so on.

My question to the Leader of the Government is: What is the intention of the government in terms of satisfying the concerns and needs of the Inuit in the north? In some respects they come under the Department of Indian Affairs, and in others they come under the provisions of the Indian Act. Even now the Inuit do not enjoy the same benefits as are enjoyed by these Indians across the country who are called status Indians. Is the government giving any consideration to legislating a new act to meet the needs of the Inuit, separate from the Indian Act?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend is one of those senators who has no enemies in this house. We cannot help but like him, even when he poses such a question which, of course, is not capable of being answered in an oral Question Period in the Senate. The best that I can do is to say that I will regard his question as a written one and will see what information I can provide that will answer the points he has raised.

• (1440)

Senator Watt: Honourable senators, I have a supplementary question. Bill C-47, to amend the Indian Act, was introduced in the last session. One of the concerns of Indians across the country, including myself, was that the bill took care of the present generation but the succeeding generation and the generations following were not as secure. Is the Conservative Government planning to expand the rights of native peoples not only to take care of the present generation, but to take care of the second generation and generations following?

Senator Roblin: I suspect my honourable friend is referring to the rights of Indian women. If that is the case, he will have to wait until the minister presents the bill to see its contents. Then, I am sure it will be vigorously debated in this chamber.

Hon. D. G. Steuart: Honourable senators, I have a supplementary question. I am sure that the minister recognizes that if this particular amendment is left until after the Christmas break, it will be dangerously close to the final proclamation of the Charter and may be too late. I ask the leader to make representations to the minister, that if there is to be a change the legislation will be brought in as quickly as possible, either before the Christmas break or immediately afterwards.

Senator Roblin: I can assure my honourable friend that the minister in charge of the department concerned is very alert to the time sequence which he has mentioned and that we may expect him to take it into account.

EXTERNAL AFFAIRS

INDIA—AID FOR VICTIMS OF INDUSTRIAL ACCIDENT AT BHOPAL

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to draw to the attention of the Leader of the Government in the Senate the situation that prevails presently in India. I am sure that we have all been greatly troubled by the series of tragic events in India, a country with which we have maintained very close relations. The most recent event, of course, is the very serious industrial accident which has caused great loss of life and has beset the Indian authorities with great medical problems. I wonder if the Leader of the Government can tell us if the Government of Canada has had discussions either in Ottawa or New Delhi with the Government of India with a view to offering assistance, particularly in the way of supplies and equipment in the medical field.

Hon. Duff Roblin (Leader of the Government): My honourable friend has correctly described the relationship between Canada and India. It is a close one and we have a warm fraternal interest in what goes on there, for ill or for good. I know that in this particular matter our diplomatic officials have been alert to the situation and if any requests come to them for Canadian assistance, such requests will receive careful consideration.

Senator MacEachen: I thank the Leader of the Government for telling us that there have been discussions on this subject between our two governments. I wonder whether the government might not suggest to the Secretariat of the Commonwealth that this might be an occasion to demonstrate Commonwealth solidarity to a sister member of the Commonwealth by co-ordinating some expression of support, if not in the form of materials, then in the form of political support. A gesture of this kind might be very well received by a country and by authorities that have been somewhat beleaguered in recent months and weeks.

Senator Roblin: It is an interesting suggestion. I do not think we would like to give "political support" to the Government of India at the moment. In view of the fact that they are engaged in an election process, to do that might prove to be a sensitive issue. However, the thrust of the suggestion that we should consult with our Commonwealth friends to see what practical measures can be devised to be of use in this situation is an interesting one, and I will make sure the Secretary of State for External Affairs is made aware of my friend's idea.

[*Later*]

Senator MacEachen: Honourable senators, I wonder if I could follow up on my previous question and give it a domestic application. In view of the concern that must have been stimulated by the serious industrial accident in India, is the government contemplating a review to ensure that safety measures and precautions are taken here to avoid the occurrence of an incident of that particular type in Canada? Perhaps the Leader of the Government would like to consider the question and give us an answer later.

Senator Roblin: There has been a succession of industrial accidents around the world. A good many of them may have something to teach the world society with respect to safety measures. However, I am not sure whether this particular incident comes within that category because I do not know enough about the situation yet. I understand that representatives from the United States are in India now to try and ascertain the cause of the disaster. My impression is that if

any information is gleaned from that disaster that could be applied to the Canadian situation, I would certainly be very happy to see that it received some attention.

THE ENVIRONMENT

POLLUTION—NIAGARA RIVER AND GREAT LAKES

Hon. Stanley Haidasz: Honourable senators, I would like to direct a question to the Leader of the Government. In view of the recent report by environmental experts stating that the water of Lake Ontario is being endangered by chemical waste dumped into the Niagara River system, would the leader inform this chamber what steps the government has taken to control this very serious matter?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think the minister has made a fairly complete statement in the other place on the government's policy in respect to this matter. We have been somewhat disappointed by some of the reactions of our American neighbours who have not been as forthcoming or as endowed with the sense of urgency which we all share with respect to the problem. If I recall correctly, the minister stated that he is taking further steps to see whether some more effective measures than those that have already been discussed may be taken.

Senator Haidasz: Would one of the steps being taken by the new government be a review of the cancellation of the proposed toxicological centre for Guelph, Ontario? I ask this question because I believe this centre was one of the items involved in the cuts announced by the Minister of Finance and, above all, because of the need that exists for such a centre. In view of the some 260 chemicals already on the market, many of which are dangerous to the environment, and in view of the fact that more and more chemicals are coming on to the market, there is a need for effective testing before these chemicals are foisted upon the public.

Senator Roblin: I will take my honourable friend's question as notice.

Hon. Len Marchand: Honourable senators, I have a supplementary question to that asked by Senator Haidasz. I suggest to the Leader of the Government that in making his representations to the Minister of the Environment with regard to the pollution of the Niagara River and the Great Lakes, he urge our minister to have an early meeting with the new head of the Environmental Protection Agency of the United States to review this very serious matter and to try and talk some sense into those people in the United States with regard to the attitude they have taken thus far.

Senator Roblin: I can assure my honourable friend that the minister intends to meet the new head of the Environmental Protection Agency at the earliest date convenient to both of them. However, I cannot assure him that she will take with her the attitude that he recommends.

[Senator Roblin.]

FOREIGN AFFAIRS

LEBANON—GOVERNMENT AID

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in reply to the Hon. Pierre De Bané's question concerning the Canadian Government contribution of $5 million to the Government of Lebanon. Since it is a lengthy one I ask that it be taken as read and printed in today's *Hansard*.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

It should be remembered that this contribution, approved in June 1983, was to be directed to Lebanon's rehabilitation and reconstruction efforts, and not for the relief of short term suffering. Canada has already been contributing through CIDA's humanitarian assistance program to the relief of suffering in that country. This program has channelled some $4.5 million to such organizations as the International Committee of the Red Cross (ICRC), the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), the United Nations Children's Fund (UNICEF) and the World Council of Churches (WCC) for the relief of suffering and the provision of emergency supplies over the last several years.

On the reconstruction side, the Canadian Government in approving the $5 million proposed that consideration should be given to working in a sector or sectors where Canada had particular expertise and where Canadian companies might participate more widely in the overall construction effort.

It was also left open to consider if co-financing of reconstruction efforts with other agencies like the World Bank might offer significant administrative and multiplier effects for the contribution.

The fund has not been spent to date because of the slow process of reconciliation within Lebanon. It is crucial that reconstruction efforts not commence until there is reasonable certainty that renewed strife will not destroy the rebuilding efforts. The World Bank and others have not yet indicated a willingness to commence their reconstruction efforts and thus we are awaiting a general move in that direction.

The Canadian Government, however, is continuing to support modest efforts at relief work in Lebanon through the Mission Administered Fund (MAF) which the embassy in Beirut dispenses. These funds, $350,000 in fiscal year 1984-85, assist in the rehabilitation of such emergency services as in the health, water, sanitation and energy sectors.

[*Translation*]

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jacques Flynn moved second reading of Bill C-7, to amend the Income Tax Act and related statutes.

He said: Honourable senators, this being the first time I rise in this chamber since the opening of the First Session of this Parliament—except once to ask a question—I should like to congratulate all new appointees, the Speaker, the Speaker *pro tempore*, the leaders, the whips, and the new senators. I share all the sentiments which have been expressed to them so far.

And now, directly to Bill C-7. I find myself in a rather ironical situation: I am sponsoring a bill which, in fact, is a creature of the former government. Can you imagine, here I am on this side of the chamber moving second reading of a measure of the Trudeau government and of former Minister of Finance Marc Lalonde. That is the chore my leader has saddled me with today.

It is not really as bad as all that, since this bill stems from the budget proposals of last February 15 which was not as disastrous as a certain budget brought down by the current Leader of the Opposition a few years ago. Unlike the famous MacEachen budget, the February budget had been endorsed by most people.

So it was on February 15 that the provisions of this bill were made public during the speech of the Minister of Finance. Then there was a rather extensive and detailed public debate with the result that, in April, the government tabled the draft of a budget bill which was referred to the Standing Committee on Finance, Trade and Economic Affairs of the House of Commons. The committee considered the bill and issued a favourable report.

No bill as such was tabled in Parliament before the summer adjournment in June and, therefore, before the dissolution in July. However, keeping in mind the evidence heard in committee and the comments of the public, the government released in August a technical version of the provisions which it thought would eventually be included in a real bill. Except for very minor changes, Bill C-7 is a faithful reproduction of the document published last August by the former government.

This kind of bill—roughly one hundred pages and even more clauses—can hardly be debated or fully explained at the second reading stage. Department of Finance officials have provided me with a text where they have summarized the most important clauses of the bill. Since I want to be as accurate and as technical as possible, I intend to read the notes I was given.

• (1450)

[*English*]

The most important change in Bill C-7 from the August draft is to make the small business tax simplification amendments effective for the 1985 and subsequent taxation years—to provide certainty to taxpayers in the effective date of those amendments. As well, two proposals relating to tax administration were not included in the draft which I mentioned previously. One of the proposals, which would have increased the time for filing a notice of objection from 90 to 180 days, was not proceeded with due to more efficient procedures being introduced at Revenue Canada. The other proposal, which would have permitted the taxpayer to provide satisfactory security rather than make immediate payment for taxes in dispute, was not proceeded with in light of the government's commitment to act quickly on its undertaking to end the requirement that taxpayers disputing the amount of their tax must pay the assessed amount pending a court determination of the matter.

I will now deal with the contents of the bill. Virtually all the measures in Bill C-7 are relieving and have been well received. Among the most significant of these measures are the simplifying and relieving amendments to the taxation of small business which reduces the cost of tax compliance for small business by (1) eliminating the cumulative deduction account, which limited access to the small business tax rate to $1 million of accumulated income; (2) repealing the distinction for non-qualifying business which applied to certain professional and other service businesses; and (3) simplifying the rules relating to personal service businesses, specified investment businesses and corporate partnerships. These measures were based on broad consultation and have been enthusiastically received by small businesses and tax professionals.

Bill C-7 contains important amendments for farmers. A new farm capital gains roll-over is being made available to a taxpayer who disposes of qualifying farm property owned by him or his spouse at the end of 1983. The tax on up to $120,000 of the taxable capital gains arising on such a disposition may be deferred by transferring the amount of the taxable capital gain to a registered retirement savings plan. Also, there are a number of improvements to the existing income tax provisions allowing tax free transfers of farm properties within a farmer's family.

• (1500)

Bill C-7 revises the rules regarding the taxation of charities. The amendments, which mainly affect charitable foundations and have little impact on charitable organizations as such, are the culmination of extensive consultations with charitable groups that took place in 1982 and 1983.

The bill contains important relieving changes to the administration of the tax system, including amendments relating to appeals, re-assessments, tax refunds, instalment payments and penalties on late filed elections. For example, taxpayers with federal taxes of $1,000 or less will not be required to make quarterly instalments. The Tax Court of Canada will be allowed to order Revenue Canada to pay the costs of a taxpayer's successful appeal. On this point, may I say that I am very pleased because I remember very well that I suggested such a change in the Standing Senate Committee on Banking, Trade and Commerce on a previous occasion and, at that time, I received assurance from the minister that something would eventually be done.

The four-year limit on re-assessment of tax will be reduced to three years with respect to the 1983 and subsequent taxation years.

There are many other relieving or clarifying amendments contained in the bill, including rules to clarify the treatment of third-party payments under spousal separation agreements, technical improvements to the small business inter-generation rollover and some simplification to a number of other provisions such as the computation of the auto standby charge and the transfer of resource assets.

Finally, there are only three tightening amendments included in the draft bill. One is a measure to eliminate the inappropriate tax reduction and tax deferral opportunities that arise through the use of offshore investment funds.

A second change generally prevents benefits from an unregistered pension fund or plan from being transferred tax-free to a registered pension plan or a registered retirement savings plan. That change is necessary to ensure that the contribution limits that apply to registered plans are not inappropriately increased by use of unregistered plans.

In addition, the draft bill contains provisions to ensure that scientific research tax credits cannot be used to reduce a taxpayer's liability for interest on unpaid tax instalments.

On the whole, as I have indicated, the bill contains, nearly exclusively, relieving features which the public generally favours. It is very important that this bill receive the approval of the Senate and, subsequently, Royal Assent before the end of the year because most of these provisions are applicable to the present, 1984, taxation year, and also to be able to print the new forms as soon as possible.

Honourable senators on this side of the chamber and on the other side may wish this bill to go to committee. I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce which will have its organizational meeting tomorrow morning. Therefore, assuming that the bill receives second reading today, that committee could have this bill as its first topic for discussion.

In any event, in the other place, the bill was passed very quickly in Committee of the Whole. Also, since this is essentially their bill, I doubt whether my good friends on the other side would be opposed to it. We on this side of the chamber support the bill. Since we want to be able to proceed with the new government's legislation, I would hope that the debate on this bill would be completed fairly quickly. I commend the bill to the Senate.

On motion of Senator Petten, for Senator Kolber, debate adjourned.

CUSTOMS ACT
CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Lowell Murray moved second reading of Bill C-9, to amend the Customs Act and the Customs Tariff.

[Senator Flynn.]

He said: Honourable senators, this bill, which I have the honour of presenting for second reading this afternoon, is of respectable—and some might say impeccable—bi-partisan ancestry. I would hope that that fact alone would commend it to honourable senators. To change the metaphor, this bill bears the fingerprints, so to speak, of four different governments: the Trudeau government pre-1979 which conducted the multilateral trade negotiations known as the Tokyo Round under GATT; the Clark administration, formed in June 1979, which continued those negotiations and signed the Customs Valuation Agreement, which is the matter with which we are concerned in this bill; the Trudeau administration, formed in March 1980, which prepared the legislation based on the GATT agreement, following consultations between the Tariff Board and the private sector in Canada and discussions between the government and our trading partners. The then Minister of Finance, the Honourable Marc Lalonde, presented, with his February 1984 budget, notices of ways and means motions containing provisions that were similar, if not identical, to many of the provisions that we have before us in Bill C-9.

Finally, the Mulroney government now takes responsibility for this matter and presents this bill to carry out Canada's international commitments to implement certain recommendations of the Tariff Board and to respond to representations made by the private sector. As the Right Honourable John Napier Turner might have said, "We have no option."

Honourable senators, successive rounds of multilateral trade negotiations led to significant decreases in tariff rates. When the time came for the Tokyo Round, nations began to focus their attention on other ways of liberalizing world trade and opening it up. In particular, they turned their attention to ways of standardizing other major features of their customs and tariff regimes. The object was to ensure that the rules of the game were the same for exporters and importers, no matter what the country of origin.

• (1510)

One of the major successes of the Tokyo Round was the signing by the major trading nations of the new customs valuation code, a neutral and uniform method for valuing imported goods.

As honourable senators know, most tariff rates are expressed as a percentage of the value of the goods on which the duty is being levied. The problem was that different countries had different means of expressing the value of the goods on which duty was being imposed. For example, Canada used something called "the fair market value system" to establish the amount on which duty would be levied, and the fair market value system was the price at which identical goods were sold in the exporters home market.

Well, the new customs valuation code of GATT, which this bill will implement for Canada, establishes something called the "transaction value system". What that means, in very general terms, is that the duty will be levied on the price that the Canadian importer pays to the vendor from the exporting country. There was some reluctance, and some cost to Canada,

to abandon the old system and to move to the new system. The fair market value system, which had been in place in this country for many years as a means of establishing the value of imported goods for duty purposes, was, I am told, unique. Certainly, there was no great groundswell of public pressure demanding that it be abandoned here. But the benefit of the new system to Canada as an exporting country is that it provides a standard set of rules internationally for valuing goods for duty purposes.

Honourable senators will appreciate that the existence of a variety of ways of valuing these goods in many countries enabled countries to use the customs valuation system as a way of erecting subtle and not-so-subtle barriers to trade. That will not be possible under the new system. Arbitrary values are not allowed, and Canadian exporters will know how their goods are being valued for duty in the countries to which we export. Canadian exporters, and all exporters, will be able to make decisions based on the knowledge of the rules of the game.

In return for this certainty for our exporters, Canada, of course, has had to accept that the same regime be applied to our imports, and that brings me to the cost and the inconvenience of changing systems to Canada and how we are dealing with that.

The systems in effect in other countries were much closer to the new system than was Canada's. Canada saw that its implementation of the new code would require much more extensive reorientation of its customs practices than would be the case with most of its trading partner countries. Moreover, the Canadian government correctly foresaw that changing from the old system to the new system would have the effect of lowering the base on which some goods would be valued for duty. That being the case, the level of protection offered by the tariff would be diminished.

When Canada signed the new agreement it attached two conditions thereto, conditions which were agreed to by our trading partners. First of all, it was a condition that the code would be implemented in this country four years later than in the countries of our trading partners; that is to say, we would implement the code on January 1, 1985. The second condition that we insisted upon was that we would reserve the right to increase tariff rates to compensate for the lower valuation of some goods that would take place as a result of our changing systems. We reserved the right to increase tariff rates in order to maintain the same level of protection that would have applied had we not signed the agreement.

Part I of this bill proposes the amendments to the Customs Act necessitated by the introduction of the new code as of January 1, 1985; Part II contains amendments to the Customs Tariff to implement the tariff rate increases that are necessary to offset the reductions in the valuation base that I referred to. I may say that there are approximately 100 tariff lines involved in these increases.

The government wants to emphasize that the overall effect of the proposed measures, when combined with the adoption of the new valuation system, will be neutral. The intention is to maintain the current level of protection and not to increase it.

There are several other matters in Part II of the bill to which I should allude briefly before I resume my seat. Under the old system, there was a provision to enable the Minister of National Revenue to establish the value for duty for certain classes of goods when the value could not be otherwise determined under the law. What I am talking about here are the so-called "used goods" and "goods of less than prime quality." The Minister of National Revenue would, by prescription, establish the value of those imports for duty purposes.

That kind of ministerial prescription is not allowed in the new code. Therefore, in order to protect Canadian products, the Tariff Board recommended a 25 per cent increase in the duties which would otherwise be applicable under the new transaction value system to goods defined as "used goods" and "goods of less than prime quality". This bill authorizes the Governor-in-Council, by regulation, to define what are used goods and goods of less than prime quality, and it enables importers who are affected by these provisions to avail themselves of the appeal procedures of the Customs Act.

The bill also provides for amendments to the Customs Tariff in respect of duties on items classified as "made in Canada" or "not made in Canada." As part of the multilateral trade negotiations, Canada had agreed to review those items on which the dutiable status depended on whether they were of a class or a kind made in Canada or not made in Canada. Some of our trading partners, the United States in particular, expressed concern about this rather broad classification. In particular, their concern was that specific goods could change in status from "made in Canada" to "not made in Canada", or vice versa, and that this introduced an element of uncertainty into the system. In any event, Canada agreed to review that whole classification. The Tariff Board was assigned to conduct a review. It did so; it made a number of recommendations, 19 of which are proposed to be implemented by this bill.

• (1520)

Part II of this bill also implements, effective January 1, 1985, the expanded duty-free product coverage of the GATT agreement on trade in civil aircraft. Canada already extends duty-free entry to most of the 32 new product categories now covered by the agreement and only minor inclusions need to be made to our duty-free provisions. On the other hand, the government is confident that our export opportunities to other signatories' markets, including the United States, Japan, and the European communities, will be improved as a result of their having removed tariffs on these 32 categories of products.

The bill ratifies retroactively a number of changes made in the February 1984 budget, in particular an increase in the limit for duty and tax-free entry of unsolicited gifts to $40 from $25. There is also the extension of duty-free entry to a wide range of capital equipment used by semi-conductor manufacturers. I am informed that these companies now export over 90 per cent of their production, and this measure will assist them in lowering their costs, thus improving their competitiveness.

A number of other minor changes are included in the bill which respond to requests from the private sector or resolve certain technical administrative problems for customs officials.

Honourable senators, the significance of this bill is that it enhances Canada's contribution to the multilateral trading system by bringing our customs valuation procedures into line with those of our trading partners. These measures are also important because they are of benefit to many sectors of the Canadian business community. Therefore, I have no hesitation in commending the bill to honourable senators. Insofar as the government is concerned, we would move at the appropriate time that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce, unless honourable senators feel that that is unnecessary.

On motion of Senator Hays, debate adjourned.

[*Translation*]

THE CABINET

ACCESS TO INFORMATION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, I think this preoccupation with secrecy is getting to be a bit much when it extends to what is published in *Hansard* and our colleagues on the Government side start changing what they said without letting us know.

For instance, I remember clearly that the Leader of the Government called me a "sacré bleu", which is a damn Tory or a sacred Tory. However, upon reading *Hansard*, I noticed that this had been edited to read "sacrebleu". I protest. I have never been called a "sacré bleu" in my life. It is the first time anyone ever called me that. It is a bit of a shock and no one will ever believe it, but I see it as another verbal trophy to add to my collection.

I think it was unethical of the Leader of the Government to change the text from "sacré bleu" to "sacrebleu". I must protest. Such things should not be allowed to happen. It worries me. This kind of information management is excessive. There may be another example I did not see.

Hon. Jacques Flynn: If you go on like this you will be fine.

Senator Gigantès: I want to thank my colleague Senator Flynn. He is universally loved and admired because of his infinite capacity for lively give-and-take.

[*English*]

I read Senator Phillips' speech, but due to the fact that I have new glasses perhaps I missed something he had said, and I should like to ask Senator Phillips to forgive me if I did. I distinctly remember him saying that the government was sort of changing things by providing a kind of trampoline, you know, one of these little contraptions of cloth in a frame of metal on which you bounce.

[Senator Murray.]

Hon. Orville H. Phillips: That was Donald Johnston's comment.

Senator Gigantès: You were quoting Donald Johnston approvingly, but it is not recorded in *Hansard*. I do not know why it is not there because I have poetic visions of Tories on a trampoline bouncing up and down simultaneously pointing an accusing finger at the Liberals—

Hon. C. William Doody (Deputy Leader of the Government): Who are 211 strong!

Senator Gigantès: —holding handkerchiefs to their eyes to staunch their bitter tears at the depredation you committed and patting themselves on the back all the time—a difficult exercise which Jane Fonda would be proud of.

I should also like to thank Senator Phillips for providing us with proof that both partisanship and non-partisanship are necessary in this chamber. He said something with which we all agree. He said: "I do not mind that, as long as you do not suggest I should have been a Liberal." Perish the thought. We never would, Senator Phillips. We fully agree with you. You provide a splendid example by that statement of how bipartisan we can be. Every honourable senator would agree that they would not want you to be a Liberal.

Why do I talk so much about Senator Phillips in this context? It is because he intruded into the information and secrecy field by accusing us of "the big lie." He was probably joking. He is a Canadian and I assume that all Canadians who are not proven criminals are nice. He brings to mind a guard I had in a prison camp in Korea who, at first sight when one listened to him, appeared very dreadful. Senator Doody reproached me the other day about my lack of decorum and I want to say that as a new senator I try to pattern myself after my elders and I imitated the Honourable Senator Phillips. In any event, he reminds me of that guard who turned out to have a very good heart underneath. I can appreciate that if one digs deep enough, one can reach the rough diamond that is hidden under a rough exterior.

He also reminds me of a story which Mr. Diefenbaker told me. That gentleman had a sneaking liking for me because I was the only journalist who wrote in the *Globe and Mail* in 1957 that he was going to win the election. I was a good reporter; he won the election. I recall Mr. Diefenbaker telling me that Senator Phillips was an example of how either election or appointment can be an error. He never understood how the wonderful people from Prince Edward Island, the home of Confederation, elected him. He admitted that he had asked that Nathan Phillips be appointed to the Senate and instead they made a mistake in his office—the offices of Tory governments and chiefs of staff—and they sent the name of Mr. Orville Phillips to Government House, and then it was too late to do anything else.

Senator Phillips spoke of the big lie. He mentioned that he has not heard of one section of the economy that is in good shape. He also said that this was the fault of the Liberal Party. He said we have left them with a terrible heritage. Since we

are speaking of information, I hope they are going to start telling the truth.

• (1530)

Honourable senators, I will use some statistics from the OECD because I daren't use statistics from Statistics Canada for fear of some poor employee of Statistics Canada finding himself decapitated by Mr. Erik Nielsen. The OECD figures tell us us that from 1968 until 1983 the Canadian economy grew, on average, at a real rate after inflation of 3.4 per cent per year, faster than that of the United States, Germany, Italy or the United Kingdom. Only Japan's economy grew at a faster rate.

Compared with 1968, by the end of 1983 an additional three million Canadians were employed. This is an increase in employment of 42 per cent. The average increase for the United States, Germany, Italy, the United Kingdom, France and Japan was only 15 per cent. Canada's record for absorbing new workers into the economy has been unmatched. We have unemployment because many more people entered the work force than before. In 1968 two and a half million women, 30 per cent of working-age women, were employed in Canada. In 1983 the figures were 4.5 million or 52.6 per cent. Honourable senators, that is an explanation of unemployment. Our labour force grew 3.7 times in those 15 years. In contrast, the labour forces of the other six major OECD countries grew at half the Canadian rate.

Honourable senators, I turn now to real disposable income per capita, that is, what is left in your pocket after taxes and inflation. In Canada, during those 15 years, it grew by 60 per cent and in the U.S. by only 35 per cent. If one looks at the economic progress of the seven principal members of the OECD, the United States, the United Kingdom, Germany, France, Italy, Japan and Canada, over the past 15 years, presented in the form of a graph, that graph would show ups and downs in all seven cases. Sometimes, when one country is up, another country is down. But 15 years is a long enough period to establish a trend, and Canada's trend during that period was unmatched.

Why do I say this to my honourable friend, Senator Phillips? Instead of jumping up and down on that imaginary trampoline, patting himself on the back along with Mr. Wilson, pointing accusing fingers and stanching crocodile tears, why does he not tell business that this economy has performed well? When the government does not say that, it destroys confidence.

We are told today by Mr. Creighton of the Purchasing Managers' Association of Canada that there is a lack of confidence. We were told that the mere election of the Tory government was going to produce marvellous opportunities for investment; thousands upon thousands of jobs; and millions of dollars would be pouring into Canada for investment. What do we see? Read it in the *Globe and Mail*. Honourable senators, I will not give you the figures because they are too dismal and I do not like to rub it in. Since October, retail sales are down; employment is down; and production is down. Honourable senators, those facts hardly strengthen the argument—"I showed you what we did." The government should not destroy the confidence in the Canadian economy by its Jeremiah whining over this issue; it only keeps the economy limping.

I revert now, honourable senators, to the business of information. I am, as is Mr. Fotheringham, whom I am sure you have all read, an ink-stained wretch of long standing. I have operated as a journalist in 59 nations. I should like to give you some facts about how the press feels on the subject of information and governments. Any decent, self-respecting reporter believes that, basically, his relationship with a government must be adversarial. Joseph Pulitzer put it best when he said, "Our job is to throw the rascals out." That is what reporters believe about government, whether it is this government or the previous government. They do not trust a politician. There is a saying in every newsroom, "If a politician tells you it is Tuesday, it is probably Friday." That is what they feel about politicians. They are skeptical by nature. St. Thomas is their patron saint. They want to put their fingers in the marks of the nails before they believe anything, and that is good for our democracy.

They are all terribly afraid of corruption. They all speak of a great Canadian journalist called Max Freedman who ably represented the Winnipeg *Free Press* and the Manchester *Guardian* in Washington. He was the pride of his profession until he allowed himself to be co-opted by the news management techniques of Lyndon Baines Johnson. His career was ruined. He lost the respect of his readers, of his editors and of his peers. Journalists are very frightened of that and are going to be very suspicious of this government's news management techniques.

Moreover, the press holds the firm belief that it has the right to know, especially those things which you do not want the press to know. It matters not which party is in power; the press does not believe that the party in power has the right to hold secrets unless they are secrets affecting national defence. If it is anything that the government wants to keep secret because, by keeping it secret, it will make the government appear in a better light, regardless of the political party to which the government belongs, the reporters will redouble their efforts to find that information and bring it out. It is their job; it is how they will operate; and it is how they are operating.

My journalistic colleagues inform me that we have a problem. Now public servants are afraid to speak, which is exactly what the government wanted to achieve, because they might be identified as somebody's source and be punished. But that is not a very difficult thing to get around. Journalists know how to do it. One of them told me he had received a document in a brown envelope. He did not know who the sender was, but, from the nature of the document, it would have been possible to identify the author of the document, who may not have been the sender. The author of the document may have been perfectly innocent, but she was the one who risked being punished. This journalist, who cared about this particular public servant, gave the document to a professor who works in a think-tank, and the think-tank will put these numbers

through its number-crunching machine. I assure honourable senators that I will be delighted to bring the information produced by this machine before this chamber. I would point out that I refused to look at the document in question because I might have been able to identify this public servant and do him great harm by speaking about it.

Honourable senators, there is another aspect to this, and that is the insult of these guidelines to a public servant. I have served as a journalist in 59 countries and have not found a better public service than the one we have in Canada, although it has its defects—all bureaucracies, private and public have defects.

[*Translation*]

But I do not know of any public service so honest, responsible, dedicated and loyal.

The other day, a public servant, who is not a Conservative, spent two hours convincing me that there is some good in the guidelines laid down by the Conservative Government. He was doing it out of conscientiousness because he works for the Government. The Government is his employer and he saw it as a duty to stand up for his Minister.

Our public servants are loyal and decent; they carry out their duties and stand up for their employer, but you are insulting them when you indicate by those guidelines that they do disloyal things: this amounts then to an incentive for disloyalty. You are ruining the high level of decency and honesty in the Canadian public service. You should be ashamed because we do need a public service such as ours.

[*English*]

I have seen other public services in many other countries. I can tell honourable senators that we are lucky to have one such as ours. We should not be insulted because our public servants are loyal and decent Canadians.

● (1540)

If I may be permitted, I will tell honourable senators a story. When Mr. Clark took office, one of his minions—I would never suspect Mr. Clark of doing this himself—asked a public servant who had worked for Mr. Trudeau to remain in the office in which he was working. The first request of that public servant was to give a list of the specific questions Mr. Trudeau had asked. That public servant resigned. If honourable senators insist, I will identify him. He left the public service because he felt that it was not right that a new government should ask a servant of the old government to reveal what a former Prime Minister had asked. He asked that government official how he would feel if the situation were reversed, if the Liberals were coming into power and were asking precisely what the Conservative Prime Minister had consulted about.

In light of this passion for secrecy, I ask the government to try to provide some better cosmetic treatment to its policies. I ask that it not insult the public service and not try to control the press. A democracy has the right to know everything, not just what it's government wants it to know.

Honourable senators, I am a journalist by religion. My fellow journalists think as I do. The country will only suffer if the government continues this policy of trying to keep from the public not only what it decides but also the other options available and the reasons for its decision. It is an effort to suppress when a government muzzles a loyal and decent public service—one that is only asking to serve a new government as loyally and as decently as it has served all of the governments of Canada. Thank you.

Senator Phillips: Honourable senators, I am not quite sure whether I am moving the adjournment of the Throne Speech debate or the debate on Senator Davey's inquiry.

Hon. Duff Roblin (Leader of the Government): Try the Throne Speech—it's more fun.

On motion of Senator Phillips, debate adjourned.

[*Translation*]

THE SENATE

POSITION OF SPEAKER—DEBATE ADJOURNED

Senator Maurice Riel rose pursuant to notice of Tuesday, November 13, 1984:

> That he will call the attention of the Senate to his tenure as Speaker of the Senate, his experiences and his recommendations to the Senate.

He said: Honourable senators, it is four o'clock and I think we would all like to get back to our offices. However, I wanted to give you a short report on my experiences, and I would rather proceed right away and get it over with.

I am reminded of a lawyer who became a member of the Senate. His name was John Hackett, a Conservative who was appointed by Louis Saint-Laurent. He was a famous lawyer in Montreal and tended to make long speeches. He also submitted long briefs. Once he was pleading a case before the Court of Appeal, and the five appeal judges looked at him with considerable apprehension when they saw the size of the brief he was holding. Mr. Hackett, who had a lot of experience, said to the judges: "I am sure, Your Honours, that you will read my brief." Of course the five judges hastily said "yes", thinking he would leave. He then said: "Since you are going to read it anyway, Your Honours, we might as well read it together". So he started to read his brief.

Honourable senators, I would like to report briefly on my short stay in the Chair in order to put on the record some of the experiences and problems of the Speaker. Then perhaps my successors will be able to find precedents for certain situations and how problems were resolved, a kind of information bank that can be readily consulted. I hope that some day all this can be entered into a computer and that my successors will be geniuses. All they will have to do is type their questions on a keyboard to get instant answers. Maybe we could install a machine on the Chair, which would settle our problems faster than you can say Jack Robinson.

Before proceeding with my report, and since there are traditions and traditions exist to be observed, I would like to extend my congratulations to the new officers of the Senate. I would like to start with the Speaker, Senator Charbonneau, and extend my best wishes for a long and pleasant stay in the

Chair. I am sure he will perform his duties with the authority, dignity and competence he has always shown in the various activities where he has either directed or been a participant in in the course of his career. I am sure that with the support and help of his charming wife, he will add lustre to the important function of Speaker of the Senate.

I want to say a few words about Senator Roblin, the new Leader of the Government, or the Leader of the new Government in the Senate. He has gained a wide-ranging political experience in Manitoba as well as on the federal scene. He spent a few years with the management of a major Canadian company. His command of the French language is remarkable. He is a polite and affable gentleman with deep convictions about the tenets and principles of his party. I have always been impressed by the outstanding quality of his contribution to the Senate. I do not entertain any doubts about his competence to lead his party tactfully and efficiently, nor about his obvious sincerity.

I should like to say many good things about Senator Flynn, if that does not offend his modesty. Since he is not here, I can speak freely.

During the long journey his party made through the desert, he was a tireless Leader of the Opposition. He is very competent in parliamentary law, I would even say shrewd, and he knows how to goad the leaders of the former government and make them lose their temper now and then, and he can indeed enjoy himself in spite of the seemingly never-ending tediousness and near hopelessness of those dark years in opposition. William the Silent once said something which has always fascinated me: "I do not need to hope to undertake something, nor to succeed to persevere". Senator Flynn had years to reflect upon that belief. Perhaps now we will have to reflect upon it for some time.

I want to congratulate my leader who, apparently, has left to discharge his responsibilities in the Queen City. He is just like a spring foal. From the Commons, he went to the Senate as Leader of the Government, in a single jump. His thirty years of active political life were a ready-made springboard. We will need all his resourcefulness and all his ability for years to come if the opposition in the Senate is to be forceful and properly directed. He will have his work cut out for him. His experience at the head of many departments make him magnificently prepared to fight on several fronts at the same time.

I have no doubt that his extensive knowledge of political strategy will help keep the government within the limits prescribed by popular consensus. That is the consensus we in the opposition will have to monitor. Political power is a meaningless concept unless it can be traced back to the will of the people or reflected in the spirit of those who govern and those who are governed. To my absent leader, I say good luck.

I shall now go on to the Deputy Leader of the Opposition, the Honourable Senator Frith. He has gained quite a reputation in the Senate as a parliamentarian and a debater. Both in French which he handles well, and in English where he is eloquent, he enjoys an enviable authority of his own. I should point out that personal authority does not necessarily make him authoritarian.

When mention is made of the most influential members of the Senate, his name is sure to come up as his attention to detail have made him one of the leading members of the Senate. I wish him good luck as well as a reliable and unfailing memory.

I would like to salute many senators who have made great contributions to the Senate and been of great help to their colleagues, my seatmate in particular, the former leader of the previous government, who has just come back from a crusade, or perhaps a cruise, to Nairobi, where he attended a conference on the environment. I have no doubt that this conference, which was prepared long in advance by adequate briefings, will be an unequalled success. It will not be too costly and our delegates will bring back findings which will be invaluable for our environment, at least as far as the involvement of the Senate in educating people in this regard is concerned.

Indeed, Senator Olson assured me that he would give us a detailed report on his trip; I hope that this report will be as clear, concise and precise as his answers to the Opposition when he was Leader of the Government in the Senate at the end of last June.

• (1550)

I do not want to forget Senator Doody whose capacity for work and sense of humour have brought him only friends in this chamber. I am confident that he will be a good Deputy Leader of the Government.

I also want to salute Senator Macdonald as, after about 10 years in the Senate, one gets to know just about everyone and one likes to be polite. I come from the country where it did not take us long to say something but we were always polite. I therefore salute Senator Macdonald who did his job as opposition whip so good-heartedly.

I also salute Senator Phillips, the new chief whip of the Government. I found the following sentence about the British Parliament in a book puchased in London:

> The Government Chief Whip, who also holds the ancient but obscure title of Patronage Secretary, reports regularly to Cabinet meetings.

I asked Senator Phillips if he was aware of this rather special title of Patronage Secretary and he told me that he had never heard of it. And I have never heard it either. This is no doubt a medieval practice that has long been abandoned. Further down I see this: "The Captain of the Yeomen of the Guard". I wondered who among the Government Members could assume that title with the greatest of flourish. The other day, Senator Murray referred to my Deputy Leader's role in *Gilbert and Sullivan*. Maybe he should wear that title, "Captain of the Yeomen of the Guard".

Even though the book I just quoted did not refer to the Opposition Whip, I would like to mention Senator Petten, a pleasurable and hard-working Newfoundlander. Whips often perform unappreciated tasks that are often criticized. Somebody must do it. Senator Petten has always done it willingly.

I would never fail to mention my friend, Senator LeMoyne, who was appointed to the important function of chairman of the caucus. this is of course a highly responsible position. I have no doubt he is now looking with his benevolent eye at this assembly, this pool of thought where very deep and novel thoughts circulate. He can get some ideas for his coming work; he can find high style comments, and even Cambronne's famous word with an American twist.

Finally, I will not fail to mention the coming of a group of young senators I will call "les bleus" although not in the sense of "sacré bleu". As you know in France, new Army recruits are called "les bleus". Any newcomer in a position is called a "bleu". Then these Liberal senators are "les bleus" to us in the Senate.

Honourable Duff Roblin (Leader of the Government): Beware!

Senator Riel: In that case, I shall mend my ways and add "sacré" before the word. Having been in the House of Lords, I found within a few minutes that partisan spirit seemed very subdued. I noted a very powerful fraternity, to the point that I was told, Honourable Senators, that one day, there was on the "wool sack" a Lord who was in the habit of sipping "mulled port". So he had had too much. He rose as he was entitled to, and feeling somewhat heavy, with "mulled port" no doubt—he fell on his knees. At that point he said: "I beg you, my dear colleague". So he was picked up and set back on his "wool sack". Those are not things that are usually told. It was Lord Brougham who, the Duke of Wellington said, will remain famous as the designer of a carriage. Lord Brougham who was rather quick-witted and liked to indulge in glasses of mulled port, answered: "Yes, but the Duke of Wellington will remain famous as a footwear designer." Who wears Wellington boots today? Perhaps they still do in Charlevoix. I wanted to say to our friends that the visit to the House of Lords to which I have just referred was quite interesting. Another story comes to my mind. There was a sitting of the Privy Council and the Lords were there. I was told this story about the trial of Queen Caroline who had cheated on her husband. She had been most unfaithful to him. This kind of thing happened even in those days. It is a rather complicated story. To retain her rights, she had to undergo a trial before the House of Lords. Anyway, she was compelled to leave when she lost her case. The Lord Chancellor who was presiding, therefore your alter ego, Mr. Speaker, sent her a little note to wish her a good journey and it read as follows:

Our gracious Lady, we thee implore
Go away and sin no more;
But if that burden be too great,
Go away at any rate.

Therefore I think that even if they dealt with serious matters, the Lords did things well. They even found time to enjoy life. They could take things rather easy and add years to their life.

I should like to extend my congratulations to a few more people. I wanted to say to Senator Tremblay and to Senator Macquarrie that they performed quite well. Throne speeches being what they are, and I have heard quite a few of them, seem to me to be somewhat similar to the catechism used in Quebec, particularly the part dealing with temporal works. The list was long, and then you had to put everything into practice.

This reminds me of another story. I am not mentioning these gentlemen's talents which, I imagine, will be eventually put to more practical and effective use. Just the same, this reminds me of a story or anecdote concerning a Speech from the Throne which was an opportunity for Dr. Johnson to demonstrate his witticism. Those who have will get; therefore, it must be true. I told that story to the Leader of the Government the other day. A young man had shown an essay to Dr. Johnson and asked him about its value. Dr. Johnson said: "Your essay is both good and original, but the part which is good is not original, and the part which is original is not good."

I think I have said something about everybody. We have lost Senator Riley whom I was very fond of and whom I had known for 25 years. He was happy warrior. He had been both an MP and a MPP. He had been a minister. He loved politics very much and lived for it 24 hours a day. When he was alone with you, you felt that he was on the hustings: that is how much he loved life! He enjoyed joking and pulling people's leg. But he had a heart of gold.

I should like also to pay tribute to the Honourable Eric Cook, from Newfoundland, formerly a senator, experienced lawyer and businessman. He was a gentleman who would treat all his colleagues with utmost affability. He had outstanding administrative know-how.

Senator Donahoe was a friend of mine. Although he was a different kind of Irishman, he was very typical. He was definitely a man of the right. He was endowed with eloquence in the old way, which is by no means derogative. He was deeply religious. He had the courage of his convictions. He was not afraid to stand and be counted. I wish both these senators a long and happy retirement. May they come and visit us often.

● (1600)

My first experience after my appointment on September 15 or 16 was to entertain President Zhao Ziyang at luncheon. I enquired as to the eating habits of the Chinese when they are abroad, and I received plenty of advice that was completely useless because they did not like the food.

I was told to serve them champagne. So I served them champagne, but what they liked was beer. This would have been much less expensive. Our information services are not quite adequate. At a joint meeting of the Senate and the House of Commons in the other place, the Secretariat of the External Affairs Department told me not to prepare any speech, because this was a very delicate matter, and they were preparing one for me.

So, why not take advantage of this since there were people brighter than me. Then I waited for the speech. Three days before the event I had to call them and say: "I would like to

get my hands on that speech". They told me not to worry, that I was going to get it.

The following day, I called again and was told: "The person in charge of that is not here, but we are going to get back to you." And the next day again, of course I still did not have it. Finally, Mr. Zhao Ziyang was here. There was only half an hour to go before the joint meeting in the House of Commons, and I still did not have the speech. Then I lost my temper and I was told: "If it is just that, we are sending you the speech delivered by Senator Marchand when Mrs. Thatcher was here. It is the same thing."

Somebody sent me by messenger the speech Senator Marchand had made for Mrs. Thatcher. It was on printed pages torn from the House of Commons *Hansard*, complete with references to the Mother Country, the Magna Carta, the Mother of Parliaments and so on and so forth.

I had to scribble a few words on the corner of a desk in an attempt to have a decent word of thanks for Mr. Zhao Ziyang. As you will easily understand, I am much more fluent in French than in English, so I wrote in French. This is why I did not have one single word of English in my thanks to Mr. Zhao Ziyang, because I did not have time to put any in. Also, I do not think it would have mattered, because he speaks neither French nor English.

All this is not terribly important, but all of a sudden I realized that I had certain powers as Speaker of the Senate. Once the Gentleman Usher of the Black Rod came to see me with a carefully worded document from the Prime Minister's Office, asking for permission to use the Senate Chamber for the swearing-in of Mme Sauvé. So I said: Fine, you are asking me for permission so I have the authority to give you that permission. Then I was told: That is how things are handled, you are the Speaker and it is up to you. So I signed, adding "with pleasure". We can do without a lot of formality here.

So it became clear to me that I had authority over the use of the Senate Chamber. After that, I was asked to sign a request for lending the Senate Chamber to the Canadian Youth Parliamentary Association. I was surprised, because I did not know the association, and in fact had never heard of it. I was told it was a tradition. It was the only association that was allowed to use the Senate Chamber.

So there I had exercised my authority twice. The third time we received a letter requesting permission to shoot a commercial film in this Chamber, with a scenario based on "Joshua then and now", a novel by Mordecai Richler.

I hesitated, and I thought: At this rate, we are going to have something every week, and we cannot really have that. I considered all the pros and cons, I called in the two Senate Leaders and finally I said: No, enough is enough. The Senate Chamber is for the Senate and the senators.

Well, they were not going to take no for an answer, and this went on for two or three months. I told them no, but people tried to pressure me saying it was a very famous novel and it would be good publicity and that a friend of Mr. So and So—

So then I called London and asked the Clerk of the House of Lords: What do you do when people want to borrow the House of Lords to shoot films?

When he heard this, the Clerk of the House of Lords, Mr. Saintie, a friend of our Clerk, Mr. Lussier, was flabbergasted. He said: "What, the House of Lords is sacrosanct. We have never heard of that." He went on to say: "No, we never let anyone enter the House of Lords. They did a movie on Lloyd George, and we never gave permission. Outside Parliament, yes, but not in the House of Lords.

Somebody came to see us about another film starring a very well known actor, but I cannot recall his name.

I felt better when our friends in London said: "We will send you our rules concerning the matter."

So I said: Well, now, you have rules! So they sent me this pamphlet entitled "Photography and filming, including a video recording". That is put out by Black Rod and the Sergeant at Arms. They sent me another one called "Regulations for photography, filming, sound recording, painting and sketching in the precincts of the Palace of Westminster, including the parliamentary outbuildings".

We do not have anything like that here. It might be a good idea to tell the public, when somebody wants to borrow our Senate chamber, "Here are the rules." Journalists and film makers ought to know it, and senators ought to know it as well. It would be a good thing.

After it had arrived, I thought we were on the right track, so we might as well call the Senate in Washington. The Senate in Washington said the same thing and they too sent me their little rule book on how to make films and take pictures—"Rules and Procedures for Broadcast Coverage of Congress".

Not long after, someone from a Chamber of Commerce of the region phoned or wrote me to say: Mr. Speaker, we know that the senators are not very busy, perhaps we might borrow your Senate chamber to hold a debate, we would open the galleries to the public and invite our friends.

So I had to say no to commercial movie-making, debates and what have you, because the English do not tolerate it and the Americans told me to be particularly wary of film makers and not create a precedent.

So I had two good reasons to turn them down. I had to tell Mordecai Richler's friends who had come to see me that it was impossible, that my answer was no, period. No in the lobby, no in the hall, no in the corridors.

That fact was confirmed to me when I went to London. I visited all the parliamentary facilities with them and they told me that certain rooms had been put at the disposal of journalists.

I must say that journalists here in Ottawa behave properly, they stay outside. And so they do in Washington as well. When distinguished members of the Senate in Washington or the House of Lords want to give interviews, there are special rooms for that purpose. These rooms are available to them, and I thought it might be something to consider. Naturally, in

the case of the Americans, there is a little brochure I received which explains the rules that the reporters and film people must observe when they attend proceedings in the Senate.

Like the House of Lords, the American Senate never allows commercial films to be made in the Senate Chamber because Senators would have to be kept out of the Senate all the time in view of the fact films are always being made in the United States.

I have started to speak about films and photography, but I have also spoken about our traditions because, having seen all this, I thought about the years of tradition behind this association of young people called Young Parliamentarians. The assembly was held, but after looking at the files, as I had been allowed to do, I saw that this tradition was only three or four years old, which made me think that this was a fairly recent tradition which it might be better to reconsider. However, that decision will rest with my successor because he will be the one to give or refuse permission to these young people. However, I believe that we should publish general rules in this regard. The last rules published by the British authorities, except where the filming of movies is concerned, deal with the use of committee rooms, conference rooms and interview rooms.

I think this might be a good idea because we are beginning to have a lot of activities in this place. The media are developing more every day, which explains why older Houses such as those in Washington and London, have updated their traditions and published rules.

I would now like to speak about usage, but as far as the films are concerned, what I said applies in Britain not only to Parliament, but to other facilities which come directly under the House of Lords.

I would now like to speak about another matter, namely the use of this Senate Chamber. I was pleased to give my permission for Mme Sauvé's oath of office which of course was postponed for a few months. Finally, one day I received the visit of two people who told me that they represented the Secretary of State and were protocol officers.

• (1610)

I must say they looked fine. A man and a woman—the woman from a very well known Quebec City family—came to my office, showed me a letter and said: "As you know, Mrs. Labelle has directed us to get hold of everything we need in the Senate". When I asked them who was Mrs. Labelle, they told me that she was their boss, the Under Secretary of State.

Then they requested me to leave my office. "Why leave my office?" I asked. "Well", they said, "Mme Sauvé will need a place to rest when she comes and we have chosen your office". "You are very kind", I said, "but under what authority?" In the end, I said: "First, I am not going to leave my office, but when Mme Sauvé, who is a friend of mine, comes, she can use my office whenever she needs it.

"Second, my staff is going to stay here because I do not want to leave the impression that the Speaker of the Senate jumps when someone from the outside says to jump. I am the boss here. I did not want to start a war, but I wanted people to know what is what.

Moreover, when they left they said: "We are also going to take the office of Clerk of the Senate, the office of Senator Lapointe". Nobody had said anything to me about that. I felt that this was not right. Mr. Lussier had left his office or was about to leave it. Anyway, they had talked to him without coming to me first. I think they had already seen Senator Lapointe and some other people by then. My staff stayed put.

Now about the Queen's visit. It was supposed to take place in June but was postponed to September. Let me tell you what happened then.

When I arrived at my office on August 27, there was a telephone message for me. Both Speakers and their wives were asked to report to the Peace Tower at 3.05 p.m. to welcome the royal visitors and accompany them to the Hall of Remembrance.

Well, it was the Secretary of State, in charge of the royal visit, giving me, the Speaker of the Senate, these instructions. It was a short briefing. I did not know who was supposed to be there to welcome the royal couple, Her Majesty the Queen and His Royal Highness the Prince. I did not know what my wife or I were supposed to wear, what the women were supposed to wear, whether there would be other guests, if the Clerks would be there or if other senators would be there. That is the message I got.

Since I had some experience, I called the Gentleman Usher of the Black Rod, who is my ceremonial official, and asked him whether he was aware of that phone call. He said: "Nobody spoke to me." I objected: "Those people are not to force their way like that in Parliament. Parliament belongs to both Speakers and it is time to take a stand."

I asked the protocol official to meet with the Gentleman Usher of the Black Rod and me. The protocol official gave me the program of the visit which had been prepared without prior consultation with us. I said to Gentleman Usher of the Black Rod: "We will not operate like that. I want to assert the rights of both Speakers and the entire Parliament. However, since my colleague from the Commons did not seem as eager as I was, I left him alone and said to myself: "At least, if I have the whole property, I can manage it by myself."

To assert my rights, I put another call to the House of Lords. I spoke to the officials. I asked them: "In Parliament, who should be in charge and see that Parliament is respected, who is supposed to invite the Queen to come to Parliament?" I was told: "In the first place, the Queen never comes to Parliament, except for the opening of Parliament and then it is of course the Lord Great Chamberlain, the Earl Marshall and the Gentlemen Usher of the Black Rod who welcome her at her private entrance in the Victoria Tower. Then, she proceeds to the Robing Room and through the Royal Gallery".

I was somewhat lost, because I could not visualize those things. Then they told me: "Neither the Prime Minister nor outside people have anything to do with that. This is the business of the officers of the House of Lords."

I then gave the following order to the Gentleman Usher of the Black Rod:

• (1620)

[*English*]

> The Program prepared by the State Ceremonial Branch of the Secretary of State for the visit on Wednesday, September 26, of H.M. The Queen and Prince Philip to the Canadian Parliament, where they will visit the Memorial Chamber in the Peace Tower, has been received by my office.
>
> I must express very great surprise that the Speaker of the Senate was not approached by the State Ceremonial Branch (or the Under-Secretary of State) for permission to have access to the Parliament Buildings for the purpose of this ceremony, and that he was not requested to address, with his colleague, the Speaker of the House of Commons, a joint invitation to the Queen and Prince Philip for this visit to Parliamentary precincts.
>
> It is my considered opinion that for such a visit by the Queen and Prince Philip, within the precincts of Parliament, an invitation to these royal personages should have been addressed jointly by the Speakers of both Houses and that the program of the visit should have been organized in cooperation with, and with the approval of, both Speakers.
>
> Furthermore, I have ascertained—

[*Translation*]

I had "ascertained", yes.

[*English*]

By "ascertained" I mean that I talked to my friends in London.

> . . . that, in accordance with Parliamentary tradition on such occasions, the Queen and Prince Philip should be asked to sign the Visitors' Books of the two Speakers. Every important visitor to Parliament is requested to sign these books, and what visitors could be more important than the Queen and Prince Philip?
>
> In view of the foregoing, I feel it is my duty, as holder of the office of Speaker of the Senate, to request that the program of the visit of H.M. The Queen and Prince Philip on September 26th be amended, in part, to provide for the signature of the two Books of the Speakers by H.M. The Queen and Prince Philip, before they visit the Memorial Chamber.
>
> I would ask you, as Gentleman Usher of the Black Rod, to inform the State Ceremonial Branch of the Secretary of State of this request, and to transmit to your counterpart, the Sergeant-at-Arms of the House of Commons, a copy of this memorandum so that he may inform his Speaker.

[*Translation*]

That had a great impact because they complied with what we said:

[*English*]

The people at protocol admitted that the two Speakers were in charge of Parliament and, after a few days' reflection, they agreed to put up a table in the rotunda and to place the visitors' book of both Speakers on that table.

General Reid, who was acting as Secretary to the Queen during that trip—and who incidentally had been a classmate of mine at college—was requested to ask if Her Majesty would be pleased to agree to sign our books, which Her Majesty and Prince Philip consented to do, with pleasure. We went away very pleased on that day because we had survived.

I must tell you one more thing. When I went to London, I checked with the Gentleman Usher of the Black Rod and all the other officers, and it was confirmed that the Officers of Parliament are completely in charge of all protocol.

My wife and I attended a very short briefing on an appropriate dress code. I was told that I was to address the Queen by saying a few words of welcome when she got under the porch, which I did, but besides that, I was given no instruction. Nobody from the Protocol Office told me that I should not address the Queen, that I should wait to be addressed by her—nobody.

• (1630)

When I saw the newspaper stories last summer about Mr. Snow, a Minister in the Ontario government, touching the Queen's arm, I wondered if I had touched her arm. I can assure you that I was never told that I should not hold the arm of the Queen or touch the Queen. Perhaps everyone in Canada knew that but me.

I have not met the Queen often in my life, and being a little loquacious, I was tempted to speak to her. I am not sure if I prompted her to converse with me in addressing her first. I was also very much tempted, in going up the stairs from the porch, to touch the Queen's arm, but a faint memory that I should not touch the Queen came back at that moment. I believe I did not touch her arm, but perhaps I did for a second or two.

As I said earlier, when I saw the news reports of Mr. Snow touching the Queen, I felt sorry for him because, since I was not told that I should not touch the Queen, he also was probably not told.

The position of the Gentleman Usher of the Black Rod and that of the Sergeant-at-Arms in the House of Commons are designated as Officers of Parliament. In London, they take orders from no one; they run their own show, but I must tell you that their shows are well-organized and successful. While I was in London in early October I had occasion to witness a case before the Lords in the Privy Council, and was also privileged to be present at the swearing-in of the new Lord Mayor of London by the Lord Chancellor. Those ceremonies were well-conducted and everything went without a hitch.

The Lord Chancellor is 77 years old. He is the Chief Lord of Justice; a Cabinet Minister, and the Speaker of the House of Lords, although he does not sit on the Woolsack often. The Lord Chancellor is the second-ranking person in protocol right after the Royal Family.

There are two things that cannot leave the realm, the Lord Chancellor and the Great Seal. The Lord Chancellor, if he wishes to leave the realm, must obtain permission from the Queen and permission from the House of Lords.

The Speaker's Parade in the Senate is full of dignity, but does not compare to the Speaker's Parade in the House of Commons in London. The Lord Chancellor is outfitted with a very long robe and lots of gold chains. The train on the Lord Chancellor's robe is so long that there is a train bearer, and to help the train bearer, there is a handle, and there is another person following the train bearer to help him. Because he was going to swear in the new Lord Mayor of London, he was accompanied by four or five pages bearing wine and a friendship cup from which they drink. The Lord Chancellor drinks from it and then passes it to the Lord Mayor, and then the assistants, as in Holy Communion, partake of the wine. Accompanying the parade are four or five gentleman in black britches bearing trays of sandwiches to help digest the wine.

I see by the clock that it is now 4.45, and, because I was the Speaker of the Senate for eight or nine months, I could tell you of my experiences for another two hours.

In conclusion, honourable senators, where protocol is concerned the officers of the House of Lords and the House of Commons are in charge. The Gentlemen Usher of the Black Rod in London, as is the practice here, is appointed by letters patent, which, I suppose are the same as our Orders-in-Council. The administration of everyday business in the House of Lords is overseen by a committee, but that committee is made up of employees, not one lord sits on that committee because that is considered inferior to their status.

The Lord Chancellor, who is the supreme man in that place, has the authority to run everything and delegates his authority on that committee to the Clerk of the House of Lords, and the Clerk has four, five, or six persons assisting him. The Clerk of the House of Lords is not happy with that system because, as he said, he spends a great deal of time looking after refreshment rooms, which we commonly call bars. That is how they do business over there.

I now come to the subject of deputy speakers. The Lord Chancellor does not sit on the Woolsack very often; he has several deputy speakers who sit in his place. The deputy speakers are remunerated—you will be pleased to know that—but not as deputy speakers, because lords receive no remuneration, only expenses. They are remunerated at the same level as is a chairman of a committee. Secondly, they are appointed by letters patent, and their term of office is "good pleasure". The deputy speakers usually serve terms of approximately ten years. I asked why the Deputy Speaker of the House of Lords was not elected and was told that if a person were elected as deputy speaker for a session of Parliament, they could not be sure that, at the end of the session, he would have any rights or powers. When they are appointed by letters patent, they are appointed for good pleasure. So, their powers continue during adjournments. There is no doubt about that.

I support the creation of the office of Deputy Speaker in the Senate of Canada, as you know, and I believe those holding that office should be remunerated, but, at the same time, I believe that the change which has been made should take care of a few other things. Let us suppose that I return to Montreal this evening. I leave the Chair and the Deputy Speaker takes my place. Is he in charge until my return tomorrow afternoon or upon my return in six months? Another question that arises is; what benefits is the Deputy Speaker entitled to? The rules of the Senate state that he takes the place of the Speaker, thereby enjoying all the rights and privileges, which could mean that he could physically go into the Speaker's office and take over.

• (1640)

In the House of Commons, as Senator Corbin has experienced, they have a different system whereby the Speaker's functions are more clearly defined. I think that we should follow the same procedure.

I have no criticism about our relationship with Senator Molgat but I should like to mention another point. The Speaker is provided with a chauffeur and when the Deputy Speaker replaces the Speaker he can give that chauffeur whatever instructions he decides upon. The same applies with respect to privileges in the dining room. I have been advised by Mr. Marchand that the dining room should not be on loan to anyone. When I was the Speaker and my deputy replaced me in my absence, I was under the impression that he had the right to use that dining room. All these matters should be clarified by rules to prevent such problems from recurring.

The Lord Chancellor and the Speaker of the House of Commons in the British Parliament are both supplied with an apartment situated in the House of Parliament, as well as being provided with an apartment in town. The reason for that is the number of functions that they must attend to.

A recent change we made was with reference to reducing the length of the prayers. That has been done, thank God. In the House of Lords the prayer is very long and it starts with the singing of a psalm following several orations. I was informed that they have 26 bishops and archbishops who are lords. They alternate each week in saying the prayers, and a number of lords actually kneel down during the chanting of the psalms or during the prayers. We settled the situation here because we are dealing with only one church. Another interesting point is that the Speaker of the house has a chaplain. At every meal the chaplain recites grace. In the Speaker's suite the benedicite is as follows:

Some have meat but do not meet;
Some meet but have no meat;
We meet and we have meat,
Thanks to you, Lord.

Hon. Robert Muir: That is a variation of the poem by Robert Burns.

Senator Riel: In England presidents and heads of states visiting Parliament are not received in Parliament. The House of Lords contains 200 seating places and there are 1,200 lords.

The House of Commons contains 380 seating places and there are 650 members of Parliament. There has never been a joint session of Parliament of the two houses in England. Heads of state are received at Westminster Hall which is connected to Parliament and was built 1,000 years ago. This is considered outside the limits of Parliament. It is the government that is invited and not the Speakers. When President Reagan or President Mitterand, and previously President de Gaulle, visited England they were received at Westminster Hall. In terms of our accommodation, it is equivalent to receiving President Reagan or President Mitterand in the Conference Centre. As Speakers we do not play much of a role with visiting dignitaries because they come to see the Prime Minister. I believe there is an advantage to receiving important visitors outside Parliament.

I made some inquiries as to how the funding went for parliamentary relationships with foreign groups, and I was informed that contrary to our practice where we fund them through the Senate and the House of Commons, they are funded directly by the Treasury, namely, the Minister of Finance. There might be some advantage to that because the administration seems much more simplified in their case than going directly to the Treasury.

The last point I should like to mention is with reference to Royal Assent. I brought with me a copy of the Royal Assent Act, 1967, and I should like to read it to you.

• (1650)

Honourable senators, the Royal Assent Act in 1967, Chapter 23, states:

> Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—
>
> 1.—(1) An Act of Parliament is duly enacted if Her Majesty's Assent thereto, being signified by Letters Patent under the Great Seal signed with Her Majesty's own hand,—
>
> (a) is pronounced in the presence of both Houses in the House of Lords in the form and manner customary before the passing of this Act;—

This is what we do now. It goes on to state:

> or
>
> (b) is notified to each House of Parliament, sitting separately, by the Speaker of that House or in the case of his absence by the person acting as such Speaker.

This is very streamlined. The act further states:

> (2) Nothing in this section affects the power of Her Majesty to declare Her Royal Assent in person in Parliament, or the manner in which an Act of Parliament is required to be endorsed in Her Majesty's name.
>
> 2.—(1) This Act may be cited as the Royal Assent Act 1967.
>
> (2) The Royal Assent by Commission Act 1541 is hereby repealed.

Honourable senators, the Monarch of England has not personally attended a royal assent since 1854. I, therefore, inquired as to what procedure was followed in order to have the Letters Patent signed. I was told that, when the Clerk to the Crown in Chancery is told by the Lord Chancellor that a bill has been passed by both houses, he prepares Letters Patent and, with the Lord Chancellor, he takes those to Buckingham Palace for the Queen's signature. Upon his return, the Clerk to the Crown in Chancery prepares two letters, one for the Lord Chancellor and one for the Speaker of the House of Commons. Thereupon, the Speakers of both houses announce that the Queen has assented to that act and that it is now a law of the realm.

Honourable senators, I turn now to the subject of the parliamentary restaurant in England, which has been functioning for over 800 years. I was informed that the prices are fixed to cover only the costs of the raw material and the cleaning and that everything else is paid by the Treasury to the tune of several million pounds per year.

The receipts do not have to cover the £1,600,000 annual wage bill or overheads such as accommodation, furniture, major equipment, heating, lighting and printing, all of which are currently provided as they were previously, but they are expected to cover the cost of raw materials, laundry, cleaning, and so on. When I suggested that, in fact, the meals were subsidized, they were rather taken aback since that was a term they would not choose to use. I told them that the same situation existed here.

Senator De Bané, who visited Washington, told me that their joint committee to deal with restaurants had been abolished as of last week. Honourable senators, I do not know if that is the case, but I am sure it is possible.

Honourable senators, the House of Lords has its own private dining room to which only about 20 of the operational public servants are admitted. There is another dining room called the Strangers' Dining Room to which guests can be invited. If any member of the House of Lords wishes to hold a reception, he must fill in a form, make a deposit and sign the form to show that he accepts responsibility.

I am sure that honourable senators know that a similar situation occurred here last year when a bill of over $5,000 was incurred. Senators have been asked to pay for these receptions with, of course, the understanding that they will be reimbursed by the group which benefited. Honourable senators, I find this practice absolutely offensive. It should not be done. I am sure the Clerk of the Senate will vouch that we have experienced a situation where one of our predecessors did that once, and a bill for several thousand dollars was incurred. The restaurant requested payment from the Speaker, but reimbursement was not forthcoming. In the end it came. Honourable senators, I think this practice should not be followed.

Honourable senators, instead of speaking for such a long time, perhaps I should have prepared a written report, but I know only too well that nobody reads those reports.

In closing my remarks today, honourable senators, I should tell you that the House of Lords has a Guide to the Proceedings of the House of Lords and a Companion to the Standing Orders which contain everything a member needs to know about procedure and so on. Any change in methods of administration is published so that the Black Rod knows exactly what to do in any given situation. I feel it would be beneficial for the Senate to have such guidelines so that not only the Senate but the public would know what is and what is not permitted in this place. We must maintain the integrity of the office of the Speaker and also the dignity and decorum of everything that comes under the auspices of the Senate.

Honourable senators, in view of the time, I will continue my remarks tomorrow.

On motion of Senator Riel, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 6, 1984

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

THE SENATE

OFFICIAL REPORT—REQUEST FOR REVISION OF STATEMENT

Hon. Philippe Deane Gigantès: Honourable senators, yesterday I went too far in my remarks about Senator Phillips. I was tasteless. I reported what was, without a doubt, a mean joke committed by Mr. Diefenbaker. Great men are capable of mean jokes. That is not to detract from the greatness of Mr. Diefenbaker.

I should not have repeated that joke in this chamber. I apologize to Senator Phillips for doing that. When I saw his face yesterday when I was speaking, I saw a look of, I think, pain. He did not expect the low blow that I delivered. I do not like administering low blows, and when I do, I apologize, even if it is too late.

I am sure that Senator Phillips has a human dignity that is at least equal to mine. I think he is a good Canadian and loves this country as much as I do. I should not have hurt him, and I apologize for doing so.

I ask honourable senators for the privilege to have stricken from *Hansard* the reference to that tasteless joke, and, if Senator Phillips so wishes, any other part of the speech, except those parts where I said that we are in agreement on both sides of the house that he would not like to be a Liberal.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Orville H. Phillips: Honourable senators, I appreciate the remarks of Senator Gigantès. I do not think that withdrawing the remarks now would be satisfactory, and since I intend to speak on those remarks when Order No. 3 is called later today, I think they should stand. I ask Senator Gigantès to have the courtesy of remaining in his seat until I make those remarks.

BANKING, TRADE AND COMMERCE

FIRST REPORT OF STANDING SENATE COMMITTEE TABLED

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of Proceedings of the Senate.)

[*Translation*]

SENATE REFORM

FIRST REPORT OF SPECIAL JOINT COMMITTEE TABLED

Hon. Gildas Molgat, Chairman of the Special Joint Committee on Senate Reform, which was authorized by the Senate on Thursday, December 8, 1983, to incur expenses for the purpose of its examination and report upon ways by which the Senate of Canada could be reformed, reported, pursuant to rule 84, the expenses incurred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of Proceedings of the Senate.)

YOUTH

FIRST REPORT OF SPECIAL SENATE COMMITTEE TABLED

Hon. Jacques Hébert, Chairman of the Special Senate Committee on Youth, which was authorized by the Senate on Tuesday, April 10, 1984, to incur expenses for the purpose of hearing evidence on and to consider the problems and issues facing Canadian youth between 15 and 24 years of age, reported, pursuant to rule 84, the expenses incurred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of Proceedings of the Senate.)

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand Leblanc: Honourable senators, I have the honour of presenting the second report of the Standing Senate Committee on National Finance being the report on supplementary estimates (B) for the fiscal year ending March 31, 1985. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 293.*)

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

Senator Leblanc: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*English*]

AGRICULTURE, FISHERIES AND FORESTRY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MAKE STUDY

Hon. Herbert O. Sparrow: Honourable senators, I give notice that on Wednesday next, December 12, 1984, I will move:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the impact of the recommendations contained in its report on soil and water conservation in Canada, entitled: "Soil at Risk—Canada's Eroding Future", tabled in the Senate on 6th November, 1984, and to inquire into any matter related thereto;
>
> That the papers and evidence taken on the subject and the work accomplished during the Second Session of the Thirty-Second Parliament be referred to the Committee; and
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, December 11, 1984, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

GAS PRICING POLICY—PROPOSED COMMITTEE STUDY

Hon. Earl A. Hastings: Honourable senators, I should like to direct my question to the Leader of the Government in the Senate. I preface it by extending my congratulations to him on his being named Leader of the Government in this chamber. This is the first opportunity that I have had to do so publicly. I should also like to extend my congratulations to the Deputy Leader of the Government.

My question is in the realm of energy and I am sure that the government leader will have no problem in responding to me, especially in light of his work in, and contribution to, the deliberations of the Special Senate Committee on Energy in the last session, when we were inquiring into the National Energy Program and energy initiatives in Canada. I want to tell the government leader that the people in my province have become very concerned and apprehensive in light of the glowing commitments and promises made by the Prime Minister when he announced, in July, in Red Deer and Calgary that energy would be used as a vehicle for economic growth and development in Canada. At that time he said that as a result of that development, 1,000 jobs would be created in the province of Alberta. He said there would be developments on the east coast and in the north, there would be development of the oilsands in Alberta, the gas fields in B.C., and the heavy oil deposits of Saskatchewan, and that all this would mean jobs and growth in Ontario and Quebec; jobs in exploration and drilling; and jobs for everyone.

• (1410)

Those commitments and promises made in July seem now, in the reality of December, to have become matters for consideration, study and evaluation—

Hon. Jacques Flynn: Pose your question.

Senator Hastings: —in a desperate search for an energy policy for Canada.

Honourable senators, I have every right to preface my question with remarks.

Senator Flynn: But not to preface it with a speech.

Senator Hastings: The gas producers of the province of Alberta are suffering; 30 per cent of our gas wells are shut in; our exports are down 60 per cent; and domestic demand is down. It is in this context I pose my question.

Senator Flynn: Put it.

Senator Hastings: I am posing my question to the Leader of the Government.

Senator Flynn: Well, pose it.

Hon. Azellus Denis: He is trying to imitate Senator Flynn.

Senator Flynn: I rise on a question of privilege. I cannot accept the remarks made by Senator Denis who never opens his mouth except at the wrong time.

Senator Denis: There is no question of privilege; Senator Flynn is old enough to know that.

Senator Hastings: In the context of these promises and commitments, I was interested to learn that the present minister has instructed a committee to make recommendations on how to implement a gas pricing policy in Canada. That committee is headed by Mr. Vern Horte of Calgary, Alberta.

My question is: Will the Leader of the Government in the Senate give us the assurance that other sectors of economic life

in Canada, such as the Consumers' Association of Canada and the Canadian Labour Congress, are represented on that committee?

Hon. Duff Roblin (Leader of the Government): I would start by saying that my honourable friend made an excellent beginning in his little speech in which he kindly offered me his good wishes. I am pleased to accept them. I think my colleague sitting to my right will allow me to express a word of appreciation for him too.

Hon. C. William Doody (Deputy Leader of the Government): Absolutely.

Senator Roblin: However, when my honourable friend invites me to enter into a debate on this whole matter, I am sure he realizes that that is not appropriate for an oral question; therefore, I do not intend to do so.

With regard to the specific questions he asks, insofar as they are applicable to the situation at hand, I will take them as written questions and provide him with a written answer.

Senator Hastings: As a supplementary question, would the Leader of the Government also undertake to provide a list of all members of the committee, their credentials and occupations, and information as to whether the members of that committee have taken the oath of secrecy?

Senator Roblin: I will convey my honourable friend's request to the minister.

Senator Hastings: As a further supplementary question, I would point out that the minister also announced in her statement that the Petroleum Incentive Program has, in effect, been frozen except in special cases.

Has the Canadian Oil and Gas Lands Administration been instructed to cease the negotiation of further exploration permits in the frontier lands? Would the leader also explain what are the criteria for special cases under which the government will grant an exploration permit?

Senator Roblin: The same answer applies, honourable senators.

METRIC CONVERSION

GOVERNMENT POLICY

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government and, unlike most of the questions asked by my colleagues, I will plead with the honourable gentleman to ask his government not to proceed with some promises that were made by members of his party during the election campaign. My question arises from a letter of November 30, addressed to me from the Chairman of the New Brunswick Milk Marketing Board. By way of explanation, this gentleman, William Sherwood, is the son of a distinguished colleague of ours, Senator Sherwood. I presume that if he were here, Senator Sherwood would place before this chamber the request of his son, the Chairman of the Milk Marketing Board.

Honourable senators, I would like to quote at least a portion of the letter. It reads, in part, as follows:

> Milk producers in New Brunswick believe that the government should proceed with the change to the metric system in Canada.
>
> The dairy industry has gone through the pain and expense of the complete change to metric. A return to the imperial system could not be tolerated, especially at this time of looking for every available means of cutting costs and avoiding unnecessary additional expenses.

My question to the government leader is this: Will he entreat the Prime Minister and the minister responsible for metrification not to fulfill the promises made by Mr. Domm and others—including those who operated their service stations under the imperial system during the past year—and to let metrification take its course?

Hon. Duff Roblin (Leader of the Government): If my honourable friend will do me the courtesy of providing me with a copy of his letter, I will see what action can be taken with respect to it.

[*Translation*]

THE CONSTITUTION

QUEBEC'S OPTING OUT—GOVERNMENT POLICY

Hon. Pierre De Bané: Honourable senators, I have a question for the Leader of the Government in the Senate.

A few days ago, René Lévesque, the Premier of the Province of Quebec, decided to reverse the traditional position taken by all Quebec governments, which has been to obtain for the Province of Quebec the right to opt out when amendments are made to the Canadian Constitution.

The day before yesterday, letting his party's ideology take precedence over the interests of the Province of Quebec, Mr. Lévesque said that the right to opt out was absurd and that he was not at all interested in obtaining this right for Quebec. In doing so, he was indeed breaking with the traditional position taken by all previous governments in Quebec.

It is very easy to understand the reasons that led Mr. Lévesque to take this position, because the right to opt out confers considerable powers but also many responsibilities. These involve helping build and consolidate a constantly developing Canada. To a secessionist, however, it is far more attractive not to be an active part of Canada and instead try to withdraw from all national programs.

[*English*]

Could the Leader of the Government in the Senate tell us if Prime Minister Brian Mulroney—who has said in the past that he was firmly opposed to any opting out with compensation—has changed his stand on that question or whether he still thinks that there are other ways of getting the present government in Quebec to sign the new Constitution Act, 1982?

Hon. Duff Roblin (Leader of the Government): I really cannot tell what moves the Prime Minister of Quebec to do the things he does and say the things he says. I can accept no responsibility to answer on his behalf.

With respect to the policy of the Government of Canada, I think it is fairly clear that, if the duly elected premier of a province requests an interview with the federal Prime Minister on a constitutional matter of this kind, it is to be expected that the Prime Minister will accede to that request. I do not think that any of the matters included in my honourable friend's remarks have gone beyond that stage.

• (1420)

Hon. Royce Frith (Deputy Leader of the Opposition): As a supplementary, when the Leader of the Government says that "it has not gone beyond that stage," can we take it that the government, at this stage, has not taken, or is not taking, a position on the question of opting out with compensation or right of veto, that the matter is at the negotiation stage and that the government has no official position on it at the moment?

Senator Roblin: Honourable senators, I had better allow the Prime Minister to deal with such matters, as no doubt he will in due course.

Hon. Pierre De Bané: Honourable senators, I should like to remind the Leader of the Government in the Senate that this is one of the few instances where the Prime Minister has been clear cut in the past. He has expressed his firm opposition to any concept of opting out with compensation. If my memory is correct, he adopted the same argument as that of Mr. Trudeau, the former Prime Minister, to the effect that it would lead to a checker-board concept, where each province would have a vested interest in opting out and, of course, of getting the money from other Canadians. In that respect he expressed his total opposition. I am merely asking the Leader of the Government whether the present Prime Minister still holds the same view.

Senator Roblin: Honourable senators, my honourable friend is entitled to advance any arguments he likes with respect to constitutional adjustment, but he need not expect me to respond to them. That is not my position or my responsibility at this particular stage. This is oral Question Period and I cannot give him any advance on the answer I have already offered.

JUSTICE

QUEBEC—APPEAL OF SPEEDING CONVICTION—DECISION OF MINISTER

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. It is not so much a question as a request that he ask the Minister of Justice for amplification of a decision he has taken on the MacDonald case in Quebec.

As background information, honourable senators may recall that Mr. MacDonald was issued a ticket for speeding that was

in French only. Analogizing it to the English ticket given to Mr. Bilodeau, Mr. MacDonald decided to pursue the matter, and he was assisted in doing so—as also, I believe, was Mr. Bilodeau— by a fund that exists in the Department of the Secretary of State or the Department of Justice, or both.

As further background, the Minister of Justice recently decided to discontinue his support of Mr. MacDonald's appeal, which I believe is at the stage of an application for leave to appeal to the Supreme Court of Canada.

The Honourable John Crosbie, when asked about the matter in the other place, explained that there was nothing unusual in this, that there were other cases involving the fund in which the government had changed its view, and that the government did not always use the fund merely for cases or appeals with which it happened to agree.

I accept that as a satisfactory answer. However, Mr. Crosbie did not go on to explain why, in this particular case, he changed his mind, or whether there was any policy reason behind the government's decision not to assist in the appeal of the anglophone who received a ticket in French only. Not only had the government decided not to continue its support of that appeal, but it is now going to oppose the application in the Supreme Court.

My question is: Will the Leader of the Government bring to the Senate an amplified answer on that aspect of the question rather than just the aspect of the procedural acceptability of the move?

Hon. Duff Roblin (Leader of the Government): Honourable senators, it will, of course, come as no surprise to honourable senators to learn that the government frequently appears on both sides of the same case. For example, when people go before the Legal Assistance Board to receive assistance from government funds for their defence against a charge that may or may not have been laid by the Crown, that does not create any ripples. That is something to which we are well accustomed. The same principle has been applied in the past with respect to some of these semi-constitutional cases.

As to the particular point my honourable friend has raised with respect to that matter, I shall naturally have to inquire. However, it occurs to me that the matter may be considered as *sub judice*. If that is the case, it may inhibit my ability to get a satisfactory answer. Nevertheless, I shall inquire.

Senator Frith: Honourable senators, I would not think that the answer to this question would be inhibited at all by the rule of *sub judice*. If I understand my friend, if it is, he will explain, and if it is not, he will try to provide the information requested.

NATIONAL DEFENCE

DEPARTMENTAL BUDGET—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would ask the Leader of the Government in the Senate whether their cuts in defence spending

announced by the Honourable Michael Wilson in his economic statement for the fiscal year 1985-86 still stand.

Hon. Duff Roblin (Leader of the Government): I shall have to refresh my memory on that point.

Senator MacEachen: Honourable senators, I am not sure which point the leader wishes to refresh his memory on—whether there was a cut or whether the cut has been reversed. I would like to know whether, indeed, the cut announced for fiscal 1985-86 still stands, because just a day or so ago the Minister of National Defence spoke to his colleagues in NATO and pledged more support for NATO. Indeed, the press reports indicate increased defence spending. Naturally, I am wondering whether there are two policies, one to be delivered in Brussels saying, "Yes, we intend to spend more," and one in Ottawa saying, "Yes, we intend to spend less in 1985-86." I want to know whether the Leader of the Government can clarify this matter today. Is there to be less or more defence spending?

Senator Roblin: Honourable senators, my former answer applies: I shall do my best to get some information for the honourable senator.

Senator MacEachen: I thank the Leader of the Government for making a commitment to get more information. There are one or two additional points which I would like to put before him. It is stated that the 14 defence ministers, in their meeting at Brussels, approved a multi-billion dollar program to improve ground facilities and remedy shortages of ammunition. These 14 ministers, including our Minister of National Defence, approved a multi-billion dollar additional expenditure. My question is: Has Canada made an additional commitment to NATO, and, if so, in what amount?

Senator Roblin: My honourable friend will expect me to say that I will have to take the matter as notice because, obviously, I am not aware of departmental matters of that kind.

Senator MacEachen: Honourable senators, once again I thank the Leader of the Government for his commitment to provide additional information because we are dealing with a very key point. It is also stated in the press report that the Minister of National Defence told his colleagues in private that it would be some time before the Mulroney government is in an economic position to carry out its intention to increase the rate of real growth in the defence budget. Is that a fact, that the minister is saying publicly, "Yes, we intend to increase" and privately, "Yes, we are aware that this may not come for some years"? Will the Leader of the Government find out whether or not the commitment for additional expenditures will take place after 1985-86, or is it put off indefinitely?

It is confusing, if not disturbing, to our allies to have the minister say in Washington and to NATO that there will be more spending, in light of the government policy to have a real cut in expenditures for fiscal 1985-86. Where is the government going on this all-important subject?

• (1430)

Senator Roblin: It must have been a very private meeting if my honourable friend is able to quote the press on it! I think that probably it was not quite as private as he imagines.

Hon. Royce Frith (Deputy Leader of the Opposition): These days nothing is private!

Senator MacEachen: He may have had a tape recorder—

Senator Frith: —in his briefcase!

Senator Roblin: He may have had. I would be rather surprised if our NATO allies are in any doubt at all as to what the minister said or as to what the policy of Canada is.

I assume no responsibility for ascertaining the accuracy of reports which appear in the newspapers. That is not part of my job. However, to the extent that I am able, after I have analyzed the questions raised by my honourable friend, irrespective of the fact that he relies upon a newspaper to base his remarks, I will do my best to get him answers which I trust will be satisfactory.

CANADIAN FORCES—UNIFORMS

Hon. Louis-J. Robichaud: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. Is it still the policy of the Department of National Defence to have three different uniforms for the members of the armed forces at a cost of some $80 million? If this is so, at what time does the minister responsible intend to implement this policy?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can by no means confirm my honourable friend's statement that this measure will cost some $80 million. In fact, I think that is not the case. Naturally, I am not acquainted with the minister's program on this matter to the extent that I can comment on it now. However, I will ask the minister if he is able to provide the information which my honourable friend seeks.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask a supplementary question of the Leader of the Government. Can he confirm that it is the intention of the Department of National Defence to provide new uniforms for the armed forces?

Senator Roblin: The answer I gave to my honourable colleague, Senator Robichaud, will do for my honourable friend as well.

Senator MacEachen: So you cannot tell us?

Senator Roblin: I will tell you when I am able.

Senator MacEachen: You do not know whether or not we will have new uniforms?

Senator Roblin: There is no use teasing me like that.

Senator MacEachen: You should know that.

Senator Roblin: You do that in the House of Commons; you do not do it here.

An Hon. Senator: Oh, oh!

The Hon. the Speaker *pro tempore:* Order!

Senator Robichaud: Honourable senators, I should like to ask the Leader of the Government a supplementary question. I understood from his answer to my previous question that it is his understanding that the introduction of new uniforms will not add $80 million to the budget of the Department of National Defence. I would like to know what his understanding is with respect to additional costs involved in the distribution of three different uniforms as opposed to one for the armed forces.

Senator Roblin: I will do my best to obtain an answer to the question my honourable friend asks.

HEALTH AND WELFARE

ACQUIRED IMMUNE DEFICIENCY SYNDROME

Hon. Stanley Haidasz: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. In light of a recent epidemiological report which revealed that a significant and increasing number of cases of AIDS—a contagious and incurable disease—was transmitted by blood products, the governments of Australia and the United States, in order to control the spread of this serious disease, initiated strict measures such as regulating blood donors and screening blood supplies before transfusion to patients. Why has the Minister of National Health and Welfare not made, to date, any announcement with respect to the screening of blood products in Canada in order to protect Canadians against AIDS?

Hon. Duff Roblin (Leader of the Government): My answer to my honourable friend is that I will ask the minister.

Senator Haidasz: I have a supplementary question, honourable senators. While the Leader of the Government is asking the minister about this matter, could he also inquire when the National Advisory Committee on AIDS last met and reported to the minister?

Senator Roblin: I suppose my honourable friend would guess that I am not in possession of that information. I will try to obtain an answer for him.

EDUCATION

POST-SECONDARY—GOVERNMENT ASSISTANCE

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government in the Senate which follows on a question I asked yesterday. I asked the government leader if a study had been conducted to ascertain whether or not the ceiling introduced on the Canada Student Loans Program would not have the effect of closing the doors on students who were desirous of improving their educational qualifications.

In response to my question, the Leader of the Government said that he imagined that the government would want to make sure that those students most qualified in an academic sense—and that is not a verbatim quotation—received the opportunities they deserved. I wonder if he would consider obtaining an answer to my question, which was whether or not a study has been made to ascertain the impact of this cut on the student population.

Hon. Duff Roblin (Leader of the Government): I shall be glad to take the question as notice, honourable senators.

CUSTOMS ACT
CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Nurgitz, for the second reading of the Bill C-9, intituled: "An Act to amend the Customs Act and the Customs Tariff".—(*Honourable Senator Hays*).

Hon. Dan Hays: Honourable senators, I would like to make a short speech in support of the passage of Bill C-9, to amend the Customs Act and Customs Tariff. I assume the bill will later be referred to the Standing Senate Committee on Banking, Trade and Commerce.

The bill was discussed and well explained by Senator Murray in his excellent presentation yesterday and as well by the Minister of State for Finance when she introduced it and moved second reading in the other place. I am sure that all of us who comprise Her Majesty's loyal opposition are pleased to see that the responsibility of office has changed the position of the government party from that of being critics of this legislation to being supporters of the measures contained therein.

While much shorter than Bill C-7, Bill C-9 is also a technical one and, as explained, fulfills some of Canada's undertakings arising out of the Tokyo Round of General Agreement on Tariffs and Trade negotiations concluded in 1979. The amendment makes our tariffs and procedures relating to valuation of goods being imported the same as or, at any rate, more similar to those of our major trading partners. Some protection continues with respect to goods being imported. In particular, as the minister has pointed out, Canada retains the right to increase tariff rates to maintain the same level of production as was enjoyed at the time of entering into the agreement in respect of the goods referred to in Part II of the bill.

When these amendments are passed, the general rule with respect to valuation of goods being imported will be that goods are valued at the price paid by the Canadian importer to the exporter rather than the price at which like goods are sold in the exporter's domestic market, which is now the case.

Part II of the bill deals with changes to the customs tariff. These changes have been preceded by public hearings held by the Tariff Board. It is, I am sure, painful to some to see the level of protection to Canadian production and manufacturing

reduced, but we must bear in mind the fact that Canada relies on international trade for its economic well-being to a greater degree, on a per capita basis, than any other developed country. Freer trade has served us and other signatories to the GATT very well. The longer view requires us, then, to support the measures prescribed in Bill C-9 and similar bills which have preceded it, as well as in bills that will come later to foster the same goals.

There have been seven rounds of General Agreement on Tariffs and Trade negotiations since 1947, and at each round meaningful agreement has been reached to reduce tariffs. Since 1947, we and the rest of the developed world have enjoyed a period of relative peace and freer trade which has seen us and most of our trading partners prosper and increase our standards of living as at no other time in our history. I believe the movement towards freer trade has been a major contributing factor in this unprecedented economic activity and growth.

In 1982, a series of ministerial meetings of GATT members was held, at which time it was agreed there would be no further increase in tariffs and, as was the case at the Tokyo Round, the question of non-tariff barriers was addressed. It is expected that a further round will take place in 1986, and I would encourage the new government to carry on in the same traditions that other Canadian governments have followed, and pursue vigorously the best possible arrangement for Canada while, at the same time, achieving the ends of the General Agreement on Tariffs and Trade, which is that of freer trade among the 80 or so nations which are parties to the agreement.

● (1440)

I, personally, am confident that this remarkable series of negotiations between countries will be able to address successfully the problem of non-tariff barriers, and that international interests will be better as a result of removing these impediments to freer trade. In fact, the bill before us, by removing the potential for arbitrary exercise of discretion in valuation of goods for import, assists to that end.

Before concluding, honourable senators, I would like to raise with honourable senators the fact that I believe there are great potential benefits to be gained within Canada by following the international example in connection with the intra-Canadian movement of goods and services. We have a number of significant non-tariff barriers province to province, and I will simply say at this time that I think it is important that these be addressed.

I hope to have an opportunity to speak further and share my thoughts with honourable senators on that subject at a later date.

In conclusion, honourable senators, I support the bill.

Some Hon. Senators: Hear, hear.

Hon. Lowell Murray: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Murray speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Murray: Honourable senators, let me say that I look forward, as I am sure all honourable senators do, to hearing the Honourable Senator Hays speaking at a later date about the non-tariff barriers which, as he has correctly observed, do exist in this country as between province and province. That, however, is a subject for debate and discussion on another day.

Let me say that I appreciate the support that Senator Hays has expressed for this bill on behalf of Her Majesty's loyal opposition, and in particular that I appreciate his comments as to the reliance of this country's economy on trade.

I appreciate the support that he has expressed for the further liberalization of world trade and the inference that this liberalization of world trade—and I took him to mean also of international investment and international development in a climate as free and small "l" liberal as possible—is demonstrably in the interest of this country and of all the countries of the world.

He stated that the government party had changed its view of this bill. He further indicated that the Conservative Party had, at one time, opposed the bill. I must say that Senator Hays did not offer any documentation to support that statement, and I must say that I have been unable to find any evidence of any opposition on the part of the Conservative Party to this bill or, indeed, to the spirit of this bill.

I alluded yesterday when I presented the bill to its bi-partisan ancestry. To that I can add that in the late 1970s, when the previous Trudeau government was in office, Mr. Chrétien, the then Minister of Finance, had expressed his concerns to other nations, and in particular to the United States, represented by Mr. Robert Strauss, about certain elements of the proposed new code of valuation. By April, 1979, Canada was in a position to initial the new code, subject to the agreement of the government. A couple of months later the Conservative government, under Prime Minister Clark, took office, and the cabinet considered in a formal way, with the assistance of a cabinet document, what position to take.

Mr. Crosbie, the then Minister of Finance, was delegated to try to negotiate certain conditions to our agreeing to this new code in order to protect Canada's interests. That happened in the summer of 1979, and by December of 1979, Canada had signed the valuation code with the conditions Mr. Crosbie had successfully negotiated with our trading partners.

Well, the rest is history; the Trudeau government was sworn in during March of 1980 and proceeded to instruct the Tariff Board to hold discussions with the private sector. The government also discussed particular compensatory tariff increases with our trading partners. Notices of Ways and Means motions were presented by Mr. Lalonde in February of 1984, and since that time we have had to make some changes because of discussions with our trading partners and representations from the private sector of this country.

So, I must insist that the bill has a good bi-partisan ancestry. I do not agree that the government party at any time opposed the bill or the principle of the bill. I am glad to have the support of Her Majesty's official opposition for it today.

Since Senator Hays has indicated his desire that the bill be referred to committee, it is my intention to move that the bill be referred to the appropriate committee after it has received second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Murray, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

SALTFISH ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jack Marshall moved the second reading of Bill C-6, to amend the Saltfish Act.

He said: Honourable senators, I am very pleased and privileged to move second reading of Bill C-6. At the outset, I should say that I rise with some trepidation because of the elevation to the Senate of two former Ministers of Fisheries and Oceans. I had better be right in what I say.

I should like to pay special tribute to the Honourable Roméo LeBlanc. When we were both members of the House of Commons we engaged in debate on a number of occasions. I must say that he was a minister who was fair, sincere and co-operative with members of the opposition.

Hon. Peter Bosa: And knowledgeable.

Senator Marshall: And knowledgeable. He was a friend of the fishermen right across Canada.

Hon. Senators: Hear, hear.

Senator Marshall: I did not have as much experience watching the career as Minister of Fisheries and Oceans of the Honourable Senator De Bané, but I followed the debates closely. He was a worthy choice to follow the Honourable Senator LeBlanc. Judging by his youthful appearance I know that he will be here for many years and will help considerably in his stay in the Senate.

• (1450)

This bill is of particular interest to other honourable senators who have been in this chamber for many years and are quite expert in the field of fisheries. I am referring particularly to the senators from Atlantic Canada.

This is legislation to amend subsection 17(2) of the Saltfish Act to increase the permitted borrowing limit of the Canadian Saltfish Corporation to $50 million from the present ceiling of $30 million.

This amendment, as honourable senators may be aware, involves proposed legislation that has been on the books for some time, and I am hopeful that this chamber can deal with it as expeditiously as possible. From reading *House of Commons Debates* of December 4, it can be seen that this bill was dealt with in less than two hours in the other place. I can see nothing that is in any way contentious in this proposed amendment. However, its implementation is of considerable importance to the effective operation of the Canadian Saltfish Corporation and the large number of fishermen and saltfish processors in Atlantic Canada who depend on the corporation to market their catch.

By way of background, perhaps I should explain that the Canadian Saltfish Corporation, which has its head office in St. John's, Newfoundland, is a crown agency that was established in 1970 with the primary aim of improving returns to fishermen. It was set up to bring about a change in the inefficient and haphazard marketing system for saltfish that existed previously. I think that there is little doubt that the record shows that it has performed remarkably well in fulfilling its mandate.

Under the provisions of the Saltfish Act, the corporation exercises a monopoly in the interprovincial and export trade in salt bulk and dried codfish produced in the province of Newfoundland and Labrador and on the lower north shore of the Province of Quebec. Under matching provincial legislation, the corporation has exclusive purchase rights to cured codfish and to codfish for curing within the mandated region. I think it is important to point out that there is a requirement for the corporation to buy all cured fish of an acceptable quality which is offered for sale within its area of jurisdiction.

At the time the Saltfish Act was passed, approximately 14 years ago, the corporation's borrowing limit was set at $10 million, which was considered sufficient for its operations at that time. This limit was increased to $15 million in 1976, and increased again in 1980 when the borrowing ceiling was raised to $30 million.

Looking ahead, due to the soft market conditions currently prevailing in the frozen groundfish industry, an increase in Canadian salt bulk and saltfish production is predicted in the coming year. Because of this, and taking into account a number of other factors outside the corporation's control, particularly inflationary cost increases combined with severe devaluations of currency in importing countries, the corporation anticipates that its peak borrowing in 1985-86 will be in the area of $37 million. By the year 1988, this borrowing requirement is expected to rise to $48 million. When we talk about severe devaluations, we are referring to the countries to which we export, for instance, Portugal, where their currency is greatly devalued which is to our detriment.

I would like to emphasize that the amount of money established under the act as the borrowing limit represents the absolute level of funds available to the corporation as working capital in any one year. The corporation is not in a position to obtain additional credit outside this limit. Incidentally, the Canadian Saltfish Corporation obtains its working capital through loans from the Minister of Finance.

To put the situation in a nutshell, it appears quite clear that for the corporation to operate effectively, its borrowing limit

must be increased from the current $30 million level. If this should not occur, then the corporation is likely to find itself in the impossible position of being obliged under its mandate to buy all the fish offered to it and, at the same time, having insufficient operating funds to be able to pay the fishermen or processors.

Having said that, I trust that honourable senators will not delay passage of this legislation, because we need to open the way for the Canadian Saltfish Corporation to carry out the mandate for which it was created.

Hon. L. Norbert Thériault: Honourable senators, I join in the remarks made by Senator Marshall in paying tribute to Senator Roméo LeBlanc especially for his tremendous work as Minister of Fisheries. I had expressed these sentiments privately and publicly, but I should like to say in this chamber today that the fishermen of my province in particular will be forever grateful for the understanding and comprehension shown by, and the dialogue that took place between the Department of Fisheries and Oceans and the fishermen while he was minister.

As Senator Marshall said, Senator De Bané did not have quite as long a period of time to prove his mettle in the field of fisheries when he was minister, but I know that he was facing some difficult problems and, given more time, he would have found some solution to those ever-growing problems that the fishermen in my province, and I am sure in the other Atlantic provinces, faced.

Honourable senators, this is a very straightforward bill, as explained by Senator Marshall and I do not see any reason why it should not receive second reading now. Certainly there is no reason for its being referred to committee. It could even receive third reading today. I suppose I could not expect to hear new policies for dealing with problems of fisheries announced by Senator Marshall, although I feel very strongly that he is probably more qualified to do so than the new Minister of Fisheries is, but that is for the future to determine.

In has been my opinion that the marketing system is the source of most of the problems of fisheries. With this government talking about selling crown corporations and doing away with all of them, we cannot expect to have the kind of fisheries marketing structure that I would like to see sponsored by this government. I want to make my position clear. I believe in private enterprise. When the Kirby report on fisheries was published, I said publicly that it lacked substance because it did not attack the marketing problems of fisheries. I know that we could have a long discussion on that subject. The government which I supported did not proceed the way I would have liked, and I hoped that this government might, but after listening to Mr. Wilson and seeing the "blue" Tories at work, there is only a slim hope that we can see a marketing structure to take care of those problems. Nevertheless, I hope that they will have a change of heart regarding fisheries and that they will follow the example of the Canadian Wheat Board.

Honourable senators, as I said, we on this side are prepared to have the bill read the third time today, but perhaps there are other honourable senators who want to oppose that.

On motion of Senator De Bané, debate adjourned.

THE CABINET

ACCESS TO INFORMATION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Phillips*).

• (1500)

Hon. Orville H. Phillips: Honourable senators, yesteday Senator Gigantès, speaking to the inquiry on government secrecy, strayed from the subject of government secrecy and strayed even further from the truth. Apparently, in my remarks on the Throne Speech debate, I hit a sensitive note when I referred to the "big lie" concept of Jack Pickersgill. I was rather surprised that Senator Gigantès found this such a sensitive point, because I am sure that an eminent journalist, such as he claims to be, would be familiar with this story. I am sure that if he were to check some of the old garbage that he had written, he would find that in 1964 and 1965 he wrote a number of articles on that very subject.

In his remarks, the honourable senator went on to prove my assertions correct, and I thank him for so doing. However, I very much regret the deliberate falsehoods that he inserted in his remarks concerning my appointment to the Senate. For some time, I have been aware of the delusions of personal grandeur possessed by Senator Gigantès, but I did not know that he suffered from hallucinations.

It is rather unfair to the late Right Honourable John Diefenbaker for Senator Gigantès to refer to a sneaking friendship with him. Those of us who knew John Diefenbaker know that he did not sneak around. He had his views; you may have disagreed with them, but you knew what they were, and there was certainly no sneaking around. John Diefenbaker was also a proud man who selected his friends, and that would eliminate the possibility of Philippe Gigantès being a friend. Despite adversity, John Diefenbaker kept his self-respect and, again, honourable senators, that eliminates the possibility of his friendship with Senator Gigantès.

All honourable senators are familiar with the contempt John Diefenbaker had for the majority of journalists. I see no reason to assume or believe that Philippe Gigantès would be an exception to that.

The right honourable gentleman was well known to me and, despite the assertions of Senator Gigantès, he did not talk about his friends behind their backs. If he had anything to say, he would say it to your face, and I am sure many in this chamber experienced that and know it to be true.

My friendship with John Diefenbaker continued for many years until his death. I was often invited to his office. I shared

many political discussions with him and many stories, but not once did the right honourable gentleman stoop so low as to mention the name of Philippe Gigantès. I doubt very much if he even knew it.

The honourable senator referred to my election. Both Mr. Diefenbaker and I used to discuss that. We were rather proud of the fact that the riding of Prince, which from the beginning of Confederation had been Liberal—with one exception for four years—was turned around and I was elected in 1957 and in the next two elections. As a matter of curiosity, this morning I checked Senator Gigantès electoral experience. I found the *Parliamentary Guide* says that he was a Liberal candidate in the general election of 1980 and was defeated. I wonder why, honourable senators.

Later in his remarks, Senator Gigantès told us how eager journalists were to publish stories, especially when they were exclusive. I cannot imagine a journalist of the stature of Senator Gigantès possessing such a story and not publishing it. I am sure he wasn't covered by an oath of secrecy administered by any government officials, so I am sure he had an opportunity to publish it. I wonder why he did not publish it. The answer, honourable senators, is very simple. That story was never told to him by John Diefenbaker.

I am intrigued that someone who is God's gift to the Canadian Parliament would not realize that it was impossible to appoint Nathan Phillips as a representative of Prince Edward Island. Surely someone who is as familiar with the history of the Liberal Party would know something about Senate appointments. He apparently had some knowledge because he achieved an appointment himself, but he should have known that it would have been necessary for Nathan Phillips to be a resident of Prince Edward Island to receive an appointment from that province. To the best of my knowledge, Nathan Phillips was not a resident of Prince Edward Island.

Honourable senators, I had some knowledge that I was being considered for a Senate summons. Just prior to my appointment, there was an annual meeting of the Progressive Conservative Association of Canada. At that time the late Premier Shaw and several of his cabinet ministers visited Prime Minister Diefenbaker and urged him to appoint me to the Senate. Shortly after that, the right honourable gentleman had a visit from someone else who wished to put forward their application for the Senate summons, and that gentleman returned from the Prime Minister's office and told me that the Prime Minister had said, "You are too late; Premier Shaw and several of his cabinet ministers were in here this morning, and I have already decided to appoint Orville Phillips." In this instance, the hallucinations of Senator Gigantès took over.

Honourable senators, I do have one complaint about how my summons to the Senate was delivered. I flew home to Prince Edward Island on Thursday evening, arriving there about nine o'clock the next morning. At about one o'clock in the afternoon, I received a phone call from the office of the Prime Minister telling me that I was booked on a return flight, leaving at 5 o'clock that evening. I wish they had told me earlier and I would not have had to pay for the extra flight. As you all remember, we had to do that in those days.

Honourable senators, I sometimes think I was rather naive about my Senate appointment. I never even got it in writing, and I should have done that.

Honourable senators, I have probably wasted enough time on Senator Gigantès. I can live with his falsehood and hallucinations if he can. Before leaving that subject, I should like to tell honourable senators that the Roman Emperor Caligula did not greatly appreciate the Roman Senate so he appointed his favourite horse to that body. I seem to have the distinct understanding, honourable senators, that Prime Minister Trudeau did not exactly appreciate the Canadian Senate. But he did not appoint a complete horse—he only appointed Senator Gigantès. You know, honourable senators, he offered twice the insult to the Canadian Senate that Caligula did to the Roman Senate.

• (1510)

I shall now turn briefly to the inquiry. Throughout the session, there has been a certain preoccupation among members opposite with government secrecy. I find that quite strange because on Tuesday the President of the Treasury Board issued a certain document. It is readily available. It is an excellent document. The only complaint I have about it is the fact that whoever prepared it forgot to include the phone number of Mr. de Cotret, which is 6-7713.

This document lists the expenditures of the various cabinet ministers over the last two or three years. It seems to me to be strange that not one single former cabinet minister has stated that the expenditures are wrong, yet the Leader of the Liberal Party in the House of Commons complains that it is most unfair to provide information about the expenditures of the cabinet ministers. Lloyd Axworthy, whose expenditures increased by 140 per cent despite the six-and-five program, complained that it was character assassination.

I shall digress for a moment to tell honourable senators that I used to remind this chamber that I could not find one Grit who believed in the six-and-five program. This document confirms that. I would urge all honourable senators to phone Mr. de Cotret's office to get a copy of it. I think they will find it very helpful.

I should like to refer briefly to the experience we have had in getting information. I recall that delightful occasion when Senator Marshall rose in this chamber to tell the Leader of the Government in the Senate that he had obtained information that had been refused to him by the government leader. He simply called the Office of the Information Commissioner, where the information was readily available. I have found, however, that the opposition has been very selective in the information it wants.

Hon. Royce Frith (Deputy Leader of the Opposition): I should hope so!

Senator Phillips: The opposition wants information that will embarrass the government, but it tries to keep secret any information that will annoy the Grits.

Honourable senators, we have never had such an open government, yet when information is provided, we hear complaints.

Senator Frith: It is always nice to throw a little humour into it.

Senator Phillips: I have noticed that every time a Grit gets up in this chamber, he quotes Prime Minister Mulroney. Honourable senators, that is a commendable habit. If they keep on doing that and just remember a small portion of the things they have quoted, they will have more information than they can handle. So let us have no more worries about secrecy in the government.

Some Hon. Senators: Hear, hear!

Hon. David Walker: Honourable senators—

Hon. Philippe Deane Gigantès: Honourable senators, I rise on a point of privilege. I believe that I have priority, your honour.

Senator Phillips has described my remarks as deliberate falsehood. I had most of his other remarks coming to me because I insulted him. I accept that he should defend himself in his own style. I should like to point out to him, however, that it was the Emperor Caligula who appointed his horse.

Hon. Duff Roblin (Leader of the Government): What is the point of privilege?

Senator Gigantès: On the phrase "deliberate falsehood," I would like Senator Phillips to withdraw the word "deliberate." I think it is against the rules of the Senate.

Senator Phillips: The honourable Senator Gigantès is more acquainted than I am with the rules on falsehood. If I have transgressed, I withdraw the word.

Some Hon. Senators: Hear, hear!

Senator Walker: Honourable senators, I feel bound to rise because of the honourable senator who has just spoken and about whom all of these nasty things have been said. I have known Senator Phillips for many years, and I can say that a more honest man I have never met in my life; a more carefully spoken man I have never met in my life, and a man who has had more of the respect of Mr. Diefenbaker I have never met in my life. Then we have this new boy, who was born in 1925—two years after I became a reporter for the *Globe*. His chief claim to honour is that at one time he wrote messages for the Montreal something-or-other. It is a shocking thing—and it should not be tolerated in this chamber—to have a new boy come in with all of his lip, all of his impudence and all of his imputations.

Honourable senators, I quote from the speech given yesterday:

> I recall Mr. Diefenbaker telling me that Senator Phillips was an example of how either election or appointment can be an error.

This, with the greatest of respect, Mr. Diefenbaker could not have said because he did not believe it. He could have spoken that way about others, perhaps, but he could not have spoken that way about the person who has been aggrieved today. Mr. Diefenbaker liked this man and told me that repeatedly. Senator Phillips and I were introduced as senators at the same time, and Mr. Diefenbaker spoke very highly of Senator Phillips.

Why does Senator Gigantès not admit that he never heard that story? I suggest to him that he is making up a direct falsehood. Perhaps he does not recall that this may be a falsehood about somebody else. But I suggest that he certainly never heard Mr. Diefenbaker say any of the things that have been ascribed to him. If the honourable senator rises to withdraw his comment, I will sit down. If he does not, I will complete my speech.

Senator Gigantès: I would like to say to the honourable senator, as I have said before, that I have it coming to me if he wants to—

The Hon. the Speaker *pro tempore:* Is this a question of privilege?

Senator Gigantès: Yes, your honour. If the honourable senator wishes to continue, it is, of course, his privilege. I have apologized. I regret what I said in this house, but I do not accept that it was a direct falsehood.

Senator Walker: Does the honourable senator agree that the conversation with Mr. Diefenbaker did not in fact take place?

Senator Gigantès: No, sir, I do not agree.

Senator Walker: Take the cigarette out of your mouth, will you? Act like a gentleman.

Senator Gigantès: I said, "No, sir, I do not agree."

Senator Walker: That is where you are very, very much mistaken. I have risen to reinforce what has already been said on behalf of Senator Phillips. Again I quote from yesterday's speech, where Mr. Diefenbaker apparently said:

> He never understood how the wonderful people from Prince Edward Island, the home of Confederation, elected him.

Are you suggesting that Mr. Diefenbaker said that to you? There is no answer—

Senator Frith: Order!

• (1520)

Senator Roblin: It is a rhetorical question.

Senator Frith: I merely wish to explain that I believe Senator Walker is entitled to say "Does the honourable senator accept", rather than turning directly to him and saying "You".

Senator Walker: That is a good suggestion. Do you admit that it was never said by Mr. Diefenbaker?

Some Hon. Senators: Oh, oh.

Senator Frith: Might I suggest "Does Senator Gigantès admit"?

Senator Walker: Does Senator Gigantès—honourable senators, I find it hard to address him as a senator. Does Senator

Gigantès accept the withdrawal of what has been ascribed to him in the speech he made yesterday?

Senator Gigantès: Honourable senators, I have already said that I wish I had never said it. I have apologized. Whatever you say, honourable senator, and whatever Senator Phillips says, in order to embarrass me, is merited because it was an error on my part to mention such a thing, and I am sorry. I cannot go further than that.

An Hon. Senator: He has apologized.

Senator Walker: That is very good. You apologize—

Senator Gigantès: Yes.

Senator Walker: —for that statement about the alleged interview with Mr. Diefenbaker. That is all I want. But may I tell the new boy one further thing: The next time he comes here to make a speech, he should be wise and tell the truth. He should not make up something in order to make a hit. He will never make a hit around here, in my estimation, but he should try; he should be honest, talk honestly, and carry out his duties as he should as an honoured senator of this great dominion.

The Hon. the Speaker *pro tempore:* Honourable senators, I declare the incident closed.

Senator Frith: Honourable senators, if no other honourable senator wishes to speak on this inquiry, I propose to adjourn the debate.

Hon. Heath Macquarrie: Honourable senators—

Senator Frith: I am sorry, senator; I apologize.

Senator Walker: I held you up, Senator Macquarrie.

Senator Macquarrie: No. I would have listened to the honourable senator for a long time. I am prompted to speak by something that was said by the last three speakers—not by Senator Davey. There is something on my mind which is perhaps unique to this chamber, to Parliament Hill and perhaps to Canada, and it might be germane for me to bring it to the attention of honourable senators. On a certain day in February 1963, I was in the sixth floor parliamentary restaurant—those were the good old days when prices were low—and my companion at the time was the present Senator Phillips. We had whatever decent maritimers had at the time; we had our meal, and we were at the closing stage of the final course. Senator Phillips, like myself, is a tea drinker—he was having tea, and I was having tea.

Some Hon. Senators: Oh, oh.

Senator Macquarrie: In those days we used to be rum drinkers, but I believe he has given that up, and I have not. I commend him but I do not intend to emulate him. A nice young lady of the restaurant staff came over and said, "Mr. Phillips, you are wanted on the phone. It's the Prime Minister." We had known that he was going to get the Senate seat. In fact, a few weeks earlier the late Premier of Prince Edward Island had told me: "I have been talking"—he said this with all due respect—"to the Old Man, and Orville is going to get the Senate seat". He said "I feel a bit like Christ. I have saved others, but myself I cannot save." That is what Walter Shaw said. I had the greatest admiration when the present Senator Phillips was called to the phone. In due course he came back and said—this again was said in terms of affection—"The Old Man wants me to go down to his office," which was to that little office that the then Prime Minister had behind the chamber. I was much impressed with Senator Phillips in that having had that message from the Prime Minister regarding an appointment to a Senate seat, I'll be "Joe-darned" if he didn't finish his tea, and also another cup of tea, and then went down to receive word of the senatorship. He came back and told me that the Prime Minister had said "Now you and . . ."—he named the man who was to become the Lieutenant Governor of Saskatchewan—"make sure you don't go in and vote tonight, because by that time you will be in another jurisdiction".

Now, long before I heard Senator Gigantès, I have heard others say there was some mistake, that the then Prime Minister did not know what he was doing, that because Nathan Phillips was in the gallery he was all mixed up. I have to say that the then Prime Minister was not mixed up. It is an old fable that was used in Prince Edward Island, and elsewhere. The call came to Orville Phillips, and he went to the phone. I would have gladly gone to the phone. The story as told is an unfortunate fable that has been going around for too long, and because I knew the circumstances, I thought that honourable senators would not mind my making this confession—while I am still in my anecdotage and not my dotage—to explain the facts.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators—

Senator Roblin: Before the honourable senator adjourns the debate, I notice that in *Debates of the Senate* for yesterday, December 5, there is the statement:

> I think it was unethical of the Leader of the Government to change the text from "sacré bleu" to "sacrebleu".

I believe the remark was meant in a jocular sense, but I wish to say that I did not interfere with *Hansard* in this case.

Hon. C. William Doody (Deputy Leader of the Government): Have another run at it.

Senator Frith: In order to keep the debate going, I will move the motion to adjourn it.

Some Hon. Senators: Hear, hear.

Senator Frith: That comes from practice. One eventually gets it right.

On motion of Senator Frith, debate adjourned.

AGRICULTURE, FISHERIES AND FORESTRY

SUBJECT MATTER OF MOTION TO AUTHORIZE PRINTING OF ADDITIONAL COPIES OF REPORT REFERRED TO INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION COMMITTEE

Leave having been given to revert to Notices of Motions:

Hon. Herbert O. Sparrow: Honourable senators, I appreciate this opportunity to speak. With leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Agriculture, Fisheries and Foreftry be authorized to order the printing of an additional 10,000 copies of the report entitled: "Soil at Risk", tabled in the Senate on 6th November, 1984.

Honourable senators, if leave is granted, I would like to speak to the matter.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I do not wish to deny the honourable senator leave. However, I do not wish to interfere with the work of the Committee on Internal Economy, Budgets and Administration by authorizing the printing of additional copies. On condition that the matter will be referred to that committee, I will be happy to have the matter debated.

Hon. Duff Roblin (Leader of the Government): Will not that committee have a say in this matter?

The Hon. the Speaker *pro tempore:* Honourable senators, is leave granted?

Senator Roblin: Your Honour, I suggest that the motion should come to us through the Standing Senate Committee on Internal Economy, Budgets and Administration and not directly from the floor of the house. If there is no pressing need to deal with the matter at this moment, perhaps the honourable senator might withhold his motion for the time being until we can ascertain the proper way to handle it.

Senator Sparrow: Honourable senators, if I might speak—I am sorry, Senator Marshall. Did you wish to speak?

• (1530)

Hon. Jack Marshall: Honourable senators, this subject came up at the organizational meeting of the Standing Senate Committee on Agriculture, Fisheries and Forestry. According to the document placed before me as new chairman, there was authorization from the last session, when Senator Sparrow was the chairman, to order the printing of 30,000 copies of this report. However, only 15,000 were ordered. Authority was also given to the then chairman to order more copies if required. Because the session ended, we have run into a legal problem. According to the administration of the Senate, there is no authority to order more copies printed unless the matter goes before the committee. Thus the matter is in limbo at the present time. Because of circumstances, the committee has no authority to order the extra copies.

Senator Sparrow: I thank Senator Marshall for explaining the situation very well. For emphasis, I shall repeat parts of it. Most honourable senators have a copy of the report "Soil at Risk—Canada's Eroding Future" prepared by the Agriculture Committee. As Senator Marshall has indicated, the committee had authorization to print 30,000 copies. As chairman of the committee, I was not entirely sure at the time that we would need 30,000 copies so I asked the committee to authorize the printing of 15,000 copies and to authorize me to order additional copies if required. The committee gave me that authorization. All the copies were distributed and we have been out of stock since September 15. At present, there are requests for at least 10,000 copies and we will probably need more.

While Parliament was prorogued, I asked the Inter-Session Committee to approve the printing of additional copies but this was never done. Nor did we receive replies to the letters we wrote to the Inter-Session Committee and the administration. By the time this Parliament began, we were desperate. We decided to wait until the Internal Economy Committee organized but it has not met yet. Meanwhile, the requests are still coming in. I am receiving requests for 40, 50 and 100 copies at a time. Whenever I go to meetings, I must keep my own copy hugged to my chest. Last week at the organizational meeting of the Agriculture committee a motion was put forward that an additional 15,000 copies be printed. The motion was passed by the committee. However, we are still held up by whatever it is that says the matter must be approved by the Internal Economy Committee.

Upon asking for legal advice today, I was told that the matter may not be approved by the Internal Economy Committee when it meets, which is not until next week. Should the Internal Economy Committee decide that it cannot handle the matter until the Agriculture committee deals with it, then there will be further delays. The advice was that I should bring in a motion referring the report back to the Agriculture committee, which I did earlier today. The motion was put on the order paper in the hope that the report would receive wide discussion in the chamber and not be referred immediately to the committee. This would mean that it may not get reported back to the committee until late December or in the new year. If that were the case and if the Internal Economy Committee does not give authorization, it would mean that the additional copies would not be printed. That is why this motion is before you now.

The new senators appointed since the report was released have not received copies, nor have the new members of Parliament. When the report is discussed in this chamber it will prompt requests, which we will not be able to fulfil. So as far as the committee is concerned, it is a desperate situation. I have given notice that I will speak on the report next week, so I will not belabour the point now. However, it is sad that we have this widely sought after report and we are unable to print additional copies. I plead with you to pass this motion so that we can have additional copies printed. You can all see from the thickness of this folder how many requests I have. We simply want to fill those requests. This situation is embarrassing, not only to the Agriculture Committee, but to the Senate.

Senator Doody: Honourable senators, I would like to comment briefly on Senator Sparrow's remarks. I appreciate fully the predicament he finds himself in with regard to the demand for the report. I apologize for the Inter-Session Committee for not dealing with the matter. I can only tell the honourable senator that by the time the government had changed there was no sign of any application from that committee nor was

there any request for action. However, this was a rather tumultuous period in our history, although it was an exciting and delightful one from my point of view. I can only say at this point that the safest, easiest and best way of dealing with it now is to wait until the Internal Economy Committee meets next Tuesday at 11 a.m. Perhaps there should be a motion referring the request for printing to the committee. I do not think it is necessary to deal with the report in the chamber before that request is made. I think this approach would be far better than to establish the precedent that a chairman or a representative of a committee must come before the Senate to request printings of reports or to deal with any other matter. So I think we should wait until next Tuesday and deal with the matter in the manner I have suggested.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Doody has suggested that we refer the motion itself to the Internal Economy Committee. I think it would be in order to refer the subject matter of the motion to the Internal Economy Committee so that when it meets next week it will already have the motion. In that way this matter would be their first order of business once they are organized. Would that be satisfactory?

Senator Doody: Yes.

Senator Frith: Honourable senators, in amendment, I move:

> That the motion be not now adopted but that the subject-matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.

The Hon. the Speaker *pro tempore:* Honourable senators, is it your pleasure to adopt the motion in amendment?

Hon. Senators: Agreed.

Motion in amendment agreed to.

The Senate adjourned until Tuesday, December 11, 1984, at 2 p.m.

APPENDIX "A"

(*See p. 279*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (B) LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1985

Thursday, December 6, 1984

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

SECOND REPORT

Your Committee, to which Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1985, were referred, does, in obedience to its Order of Reference of November 20, 1984, report as follows:

The Committee heard evidence from the following witnesses from the Treasury Board: Mr. J. L. Manion, Secretary and Mr. D. McEachran, Senior Assistant Secretary, Program Branch.

Supplementary Estimates (B) totalling $6.2 billion is the second supplementary for the fiscal year 1984-85. The total 1984-85 estimates tabled to date are $103.0 billion. Of the $6.2 billion contained in these supplementary estimates, $4.1 billion or 66% represents the adjustment to items with a statutory authority. The remaining $2.1 billion represents new spending authorities that Parliament is being asked to approve.

These estimates contain a request from the Department of Regional and Industrial Expansion for $25 million to cover a loan guarantee for Maislin Industries. Mr. Manion indicated that the government could not be certain that this would be the last request to support Maislin Industries. The Committee learned that the maximum committed to Maislin Industries through loan guarantees was $30 million in U.S. dollars.

With regard to spending reductions, announced at the time of the economic statement by the Minister of Finance in the other place on November 7, 1984, Mr. Manion informed the Committee that there would be some savings to be applied to the deficit. Mr. Manion indicated that these savings would remain in departmental budgets until the end of the fiscal year at which time they would be applied to reducing the deficit. However, the witness also indicated that the Treasury Board would have considerable difficulty in separating normal lapses from savings associated with the spending reduction. The Committee was surprised to learn that these savings were not being immediately withdrawn and applied to the deficit, thereby reducing interest charges. The Committee was also concerned that the government was not able to determine with any accuracy the extent of the savings associated with the spending reduction.

Lastly the Committee learned through its review of the list of one dollar votes (attached as Appendix), that the government, in june 1984, had agreed to extend sales financing from $230 million to $430 million in support of the marketing of Dash 7 and 8 aircraft. The witness told the Committee that the increase, accomplished through loan guarantees, was designed to ensure that lending institutions which finance the purchase of these aircraft do not suffer undue financial loss. The Committee felt strongly that such guarantees should be the responsibility of the de Havilland Aircraft of Canada Ltd., the producer of the planes, and not the government. The Committee indicated its concern that this represented an example of commitments by the government to activities that should be the responsibility of the private sector.

Respectfully submitted,

FERNAND-E. LEBLANC,
Chairman.

APPENDIX TO THE REPORT

LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES (B), 1984-85

The 18 One Dollar Votes included in these Estimates are listed in Appendix I by Ministry and department or agency along with the page number where each vote may be located in the Estimates. The votes are also identified in Appendix I, according to the following three categories. In those instances where a $1.00 vote falls into more than one category, the prime category is designated by an "X" and other category by an "*".

A Eight votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

B Seven votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

C Three votes which amend provisions of a previous Appropriation Act. (Additional explanations are provided in Appendix II).

NOVEMBER 7, 1984

Estimates Division

APPENDIX I

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (B), 1984-85

Page	Department or Agency	Vote	Categories A	B	C
60	Energy, Mines and Resources	10b		X	
72	Environment	15b		X	
90	External Affairs— Canadian International Development Agency	40b		X	

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (B), 1984-85

Page	Department or Agency	Vote	Categories A	B	C
142	National Defence	5b	X		
146	National Health and Welfare	1b		X	
148		L11b			X
152		15b	*	X	
182	Regional Industrial Expansion	1b	*		X
182		6b			X
182		10b		X	
208	Transport	1b	*	X	
208		5b	X		
210		10b	X		
210		16b	X		
210		17b	X		
210		35b	X		*
214		75b	X		
218		85b	X		

APPENDIX II

ADDITIONAL EXPLANATIONS

Amendment of Provisions of Previous Appropriation Acts

National Health and Welfare

Vote L11b—Authority is requested to amend National Health and Welfare Vote L16b, Appropriation Act No. 2, 1973 by the deletion of the titles of Hospital Insurance and Diagnostic Services Act and the Medical Care Act and the substitution of the title of Canada Health Act where they appear within the Vote wording.

Explanation—The Canada Health Act replaces the Hospital Insurance and Diagnostic Services Act and the Medical Care Act. The new legislation which was approved on April 17, 1984, did not provide for the amending of the Vote L16b wording thus a separate Vote is required in these Estimates to provide for this.

Regional Industrial Expansion

Vote 1b—Authority is requested to increase the loan insurance guarantee limit by $200,000,000 U.S. in respect of the de Havilland Aircraft of Canada Ltd. The previous guarantee limit of $230,000,000 was established by Vote 1e of Appropriation Act No. 4, 1981-82.

Explanation—In June 1984 the Government agreed to a temporary extension of the sales financing program used to support sales of the Dash 7 and 8 aircraft in Canada and the United States by increasing existing authority by $200M U.S. This financing assistance applies only to sales bookings to December 31, 1984 or until aggregate sales, excluding sales to the Government of Canada, reaches 55 units (whichever comes first). The increase in authority is required because the most important market for these aircraft is the Commuter airline industry which tends to be largely comprised of smaller airlines with relatively high debt to equity ratios and modest profits. The present guarantee limit, which is $230,000,000, is insufficient to meet requirements to December 31, 1984. The Dash 7 and 8 (Enterprise Development Program) insurance program administered by Department of Regional Industrial Expansion involves the provision of insurance for up to 90% of the amount at risk to lending institutions. Accordingly it is proposed to increase the present limit by $200,000,000 U.S.

Vote 6b—Authority is requested to amend Industry, Trade and Commerce Vote 6a of Appropriation Act No. 1, 1980-81 and Vote 6e, Appropriation Act No. 4, 1981-82 to permit the substitution of the Name "Canadair Financial Corporation Inc." for the name "Canadair Limited" wherever the latter name appears in the Vote Wording.

Explanation—When the financial and corporate restructuring of Canadair took place in March 1984, Canadair Limited was renamed Canadair Financial Corporation Inc. The operating assets were then transferred to a newly created subsidiary of Canada Development Investment Corporation. The subsidiary, in turn, assumed the original name, Canadair Limited, and became the operating entity.

The debt incurred by the original Canadair in developing the Challenger jet remains with Canadair Financial Corporation Inc. As a result, it is this Corporation which now requires the benefit of the loan guarantee Vote since the Corporation is unable to make new loans utilizing the remaining guarantee authority. This means that interest payments due March 15, 1984 on a loan of $150,000,000 U.S. cannot be met without this Vote. The failure to meet this obligation will trigger a default and a call on the Consolidated Revenue Fund pursuant to the existing Government guarantee.

Transport

Vote 35b—The primary purpose of this Vote is to provide funding for two new capital projects through the transfer of funds from Vote 15. The secondary purpose for the inclusion of this Vote is to extend the provisions of Appropriation Act No. 2, 1984-85 so as to display these two new projects, which have not been previously shown in Estimates.

When Vote 35 was included in the 1984-85 Main Estimates each project requiring funding was listed; Vote 35b continues this type of presentation through the addition of these two new projects to the original listing.

THE SENATE

Tuesday, December 11, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

APPROPRIATION BILL NO. 3, 1984-85

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-16, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March 1985.

Bill read first time.

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 44(1)(f), moved that the Bill be placed on the Orders of the Day for second reading later today.

Motion agreed to.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

REPORT OF STANDING JOINT COMMITTEE TABLED

Hon. Nathan Nurgitz, member of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, which was authorized by the Senate on Tuesday, February 23, 1984, to incur expenses in connection with its permanent reference relating to the review and scrutiny of statutory instruments, reported, pursuant to rule 84, the expenses incurred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

ENERGY AND NATURAL RESOURCES

FIRST REPORT OF STANDING SENATE COMMITTEE TABLED

Hon. Earl A. Hastings, Chairman of the Standing Senate Committee on Energy and Natural Resources, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the Second Session of the Thirty-Second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

TRANSPORT AND COMMUNICATIONS

FIRST REPORT OF STANDING SENATE COMMITTEE TABLED

Hon. Léopold Langlois: Honourable senators, Mr. Speaker, before tabling the documents I have here, I would like to join my colleagues in offering you my congratulations and best wishes on your acceding to your present high office. I am sure you will perform your duties with dignity and honour.

I would like to address the same words of congratulation to Senator Asselin, who has been appointed Speaker *pro tempore.*

[*English*]

I should also like to offer my congratulations and best wishes to the Leader of the Government and his deputy, and also to the Leader of the Opposition and his deputy.

[*Translation*]

Hon. Léopold Langlois, Chairman of the Standing Committee on Transport and Communications which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the Second Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of Proceedings of the Senate.)

CHRISTMAS

BUREAUCRATIC AND POLITICAL COMMENTS—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, December 13, 1984, I will call the attention of the Senate to certain bureaucratic and political reflections on Christmas.

QUESTION PERIOD

[*English*]

ENERGY

CANADIANIZATION—GOVERNMENT POLICY

Hon. Michael Kirby: Honourable senators, my question is for the Leader of the Government in the Senate and it relates to the speech made by the Prime Minister in New York last

night. In that speech he stated that, as a new element of government policy, the Conservative government would be abandoning the provisions of the National Energy Program whereby Petro-Canada is entitled to a 25 per cent share of all oil and gas found on federal lands. This is the provision commonly known as the "25 per cent back-in provision."

My question for the Leader of the Government in the Senate is this: In view of the fact that the Prime Minister repeatedly stated, both during his leadership campaign and during the election campaign, that he supported the objectives and the goals of the National Energy Program, does this change in policy indicate that once again the Prime Minister has changed his mind and that now he has abandoned the objective of achieving a 50 per cent Canadian ownership of that industry by 1990?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I wonder if my honourable friend has correctly understood what the Prime Minister said in New York. It seems to me that the point he was making was that those back-ins with a retroactive character were the object of his statement to the businessmen at that time.

I do not believe he said that the policy of securing an interest in one way or another for the Canadian people in respect of these frontier discoveries had been abandoned; it was something quite different.

Senator Kirby: As a supplementary question, I presume that the Leader of the Government in the Senate realizes that, as far as east coast offshore Canadian lands are concerned—leaving aside the question of the Beaufort Sea—because of the nature of the timing when leases were originally granted on those lands, they are entirely covered by the so-called retroactive portion of the back-in provision. To that extent it amounts to a clear abandonment of the existing policy and the existing objectives of the government.

It seems to me that this now raises a very specific question related to the federal-provincial agreement which the Government of Nova Scotia and the federal government signed in early 1982. As part of that agreement, a crown corporation owned by the Government of Nova Scotia was to receive 50 per cent of that back-in provision. In other words, 12-½ per cent was to go to a provincially-owned crown corporation.

In light of the fact that that is an integral part of that federal-provincial agreement, my question to the Leader of the Government is whether the Premier of Nova Scotia was informed of this policy change prior to it being announced by the Prime Minister.

Senator Roblin: I think my honourable friend can take it for granted that the government will live up to all the agreements that were made with respect to these matters.

As to my friend's inquiry about the detail of the matter, he will have to wait until the legislation is introduced, as I believe it will be before too long.

Senator Kirby: As a further supplementary question, it seems to me that, if the government is to live up to the nature of the agreement with the Government of Nova Scotia, that implies, I assume, that in the absence of being able to give the provincially-owned crown corporation 12-½ per cent, the federal government intends to offer some other form of financial compensation to the provincial government in lieu of actually being able to give that share of crown land.

Is that, in fact, a reasonable conclusion, or is it more reasonable to assume that what really was announced last night is a direct transfer of resources from the people of Nova Scotia to the multinational oil companies?

• (1410)

Senator Roblin: My honourable friend can make any assumptions he likes, but I am certainly not responsible for them and I will certainly not try to define his assumptions for him. I have already stated the answer; that is, that the government will live up to its obligations and that the changes to the National Energy Program to which my friend makes reference will be the subject of legislation and will be available for study in due course.

Senator Kirby: In order to understand the honourable senator's answer clearly, is it then reasonable to conclude that this legislation, when it is presented to this chamber, will state precisely what is to happen to that element of the agreement between the federal government and Nova Scotia?

Senator Roblin: My honourable friend can make any conclusions he likes. When he sees the legislation, he will understand what the answer is.

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government in the Senate. I was interested in the remarks made by the Prime Minister last night in New York with respect to Canadianization of the energy industry. He is quoted as saying that it remains "an objective of the government."

Honourable senators are well aware that some very appreciable progress has been made towards Canadianization of that industry. Canadian ownership has increased from 28 to 44 per cent, whether one measures upstream production control or the Canadian benefits with respect to the northern development. We had set an objective of 50 per cent Canadian ownership by 1990.

My question to the Government Leader is this: Has the government established an acceptable objective with respect to the Canadianization of the oil and gas industry in Canada?

Senator Roblin: I do not know what my honourable friend would regard as being acceptable, but when he sees the legislation to which I have referred, he will be able to form a judgment on the matter.

CROWN CORPORATIONS

DISPOSAL

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I read that the Honourable Sinclair Stevens, Minister of Regional Industrial Expansion, has told the press that this week there will be on the cabinet agenda the

question of the sale of one of Canada's crown corporations. I do not intend to ask what is going to happen in the cabinet, but, inasmuch as the sale of a crown corporation may be imminent, I would like the Leader of the Government to tell me whether there have been established any public interest tests that would apply to the disposal of these crown corporations.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that we will have to allow the honourable Mr. Stevens to make his own statements with respect to that matter. I am not able to do so today.

Senator MacEachen: Would the Leader of the Government be able to tell me whether it is possible that these crown corporations might be sold to buyers from other countries or whether the sale would be contained exclusively within Canada?

Senator Roblin: I think that the minister in charge will make any statements that are necessary on that matter.

Senator MacEachen: Would the Leader of the Government undertake to provide me with that information in the event that the minister does not deal with these matters in his public statement? It seems to me that it is rather important, if crown corporations are to be sold, that the Canadian interest be protected. For example, if it is conceivable that a buyer of Canadian assets were to be found in the United States, would any public interest or substantial Canadian benefit tests apply? Could the minister say, for example, that the substantial benefit test of the Foreign Investment Review Agency or the new Canada Investment Act would apply?

Senator Roblin: I think my honourable friend may rely on the minister concerned to make a deal which, in his opinion and then in the opinion of the government, will be one which is advantageous in all respects to the people of Canada.

Hon. Ian Sinclair: Honourable senators, I have a supplementary question which arises out of what has just been said. The phrase "crown corporations" has been used as a generic term. The companies that I have heard discussed consist of aircraft companies and a telecommunications company. Could the Leader of the Government in the Senate advise us whether other crown corporations are being considered for sale as a method of reducing the national debt?

Senator Roblin: That may well be the case, but until some decision is made in respect of it and until it reaches the stage when a public announcement can be made, I am afraid that there is nothing I can say about it in this chamber.

STATISTICS CANADA

CANCELLATION OF 1986 CENSUS

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government arising from a matter that I raised some time ago concerning the mid-decade census. At that time, I asked whether business and the provinces had been consulted, to which the Leader of the Government replied that he would take the question as notice. Just recently, Jean Fournier, the Assistant Deputy Minister of Finance for Federal-Provincial Relations stated that:

> Scrapping the census could prove to be a real problem depending on how close these population estimates come to the actual fact.

That is something to which I had made reference. An Alberta official, who does not want to be identified, also said that it would pose very significant problems.

In light of this growing concern, can the Leader of the Government advise the chamber as to whether the government is going to move and deal with the question of a mid-decade census?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has repeated a question that he asked on a previous occasion. I will be pleased to give him the best answer I can, which is that this matter was also raised in the House of Commons, and the minister informed the house that he felt that the Dominion Bureau of Statistics—or Statistics Canada as it is now called—had other sources of information besides the five-year census which could be relied upon to provide information needed for the various purposes that might come to mind. I am afraid I cannot offer any advance on that statement by the minister.

Senator Sinclair: As a supplementary, that information was, of course, available before, and resulted in massive mistakes on the extrapolation of population figures. A distinguished professor at Western University, Tom Courchene, has said "If you don't have good population numbers, you don't know what the hell you have got."

In light of the very strong statements that are coming from people who are involved in this matter, including the premier of a very distinguished province of western Canada, namely, the province of Manitoba, will the government consider taking another look at this unfortunate action?

Senator Roblin: Honourable senators, I do not believe that I can add anything to the answer I have already given my honourable friend.

CANADA-UNITED STATES RELATIONS

GEORGES BANK—WORLD COURT JUDGMENT

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government arising from an article I have read in the press concerning the request of the Government of the United States to delay implementation of the World Court judgment regarding Georges Bank. Can the Leader of the Government assure this house, in light of the government's generous mood of offering the store for sale last night in New York, that it has not already decided to accept the demand of the United States and delay implementation of the judgment for a year?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not believe my honourable friend would expect me to accept his preamble as being in any way a factual

description of what has been taking place. With that clearly understood, I will tell him that to the best of my knowledge a request has been received from the United States about this matter. It is now being considered by the government, and when a decision is available, it will be made known to my honourable friend.

CANADIAN BROADCASTING CORPORATION

RUMOURED SALE

Hon. L. Norbert Thériault: There are rumours circulating in New Brunswick and the Atlantic provinces that one of the crown corporations that may be offered for sale to one of the great American companies is the CBC. Will the Leader of the Government deny flatly that the CBC has been offered for sale—that is, all of the physical assets of CBC?

Hon. Duff Roblin (Leader of the Government): Do I understand my honourable friend correctly? Is he saying that the Canadian Broadcasting Corporation is being offered for sale? Is that his question? I should find that a remarkable situation if it were true.

• (1420)

Hon. Royce Frith (Deputy Leader of the Opposition): The newspapers will say Roblin refused to deny it.

Senator Roblin: I should have asked him who the prospect was.

ENVIRONMENT

WILDLIFE—EFFECT OF BUDGETARY CUTS

Hon. Jean Le Moyne: Honourable senators, my question is for the Leader of the Government in the Senate. Nowadays one seldom hears good news about the environment. One should never be complacent about it, just because it is a long-term affair. So anything that seems to put in jeopardy some aspect of the protection of the environment is a cause of deep worry. Would the Leader of the Government tell us if the Minister of the Environment will make sure that her budgetary cuts will pose no threat to wildlife, a resource that, after all, is not renewable as so many disappearing species show us year after year?

Hon. Duff Roblin (Leader of the Government): The minister has had the same question addressed to her in the House of Commons and her answer has been, if I remember correctly, that she is taking every step to ensure that the cuts are made with the greatest discretion possible and that everything is done in a manner that lives up to undertakings contained in the Wildlife Convention and other undertakings the government has entered into. So I think my honourable friend can take it for granted that every effort will be made to see that the action is as suitable as can be devised in the circumstances. The plain fact is that when you cut something from anybody then, naturally, you run into trouble, and that is certainly the case here.

Senator Le Moyne: Honourable senators, I have a supplementary question, if you please. Would the honourable Leader of the Goverment acquaint us with the intentions of the government concerning a rumoured three-member committee to advise the minister on the possible effects of her cuts on our living medium? My honourable friend could also oblige us if he would give us the names of the members of said committee.

Senator Roblin: My honourable friend's question is based on a questionable newspaper report which I do not think is valid.

FOREIGN AFFAIRS

SALE OF CF-104 AIRCRAFT TO TURKEY

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government in the Senate. The Minister of National Defence has been discussing the sale of 20 used CF-104 aircraft to Turkey and some expenditures associated with putting these aircraft in working order. Would the Leader of the Government let us know whether these aircraft were offered for sale to other countries and, if so, when?

Hon. Duff Roblin (Leader of the Government): I can give my honourable friend at least a partial answer to his question. The government has already stated that similar offers were made not only to the Republic of Turkey, but to the Republic of Greece as well.

Senator Gigantès: Honourable senators, I have a supplementary question. Would the Leader of the Government please let us know, at his earliest convenience, when these offers were made?

Senator Roblin: Naturally, I am not aware of that at the present time. I shall convey my honourable friend's request for information to the minister concerned.

Senator Gigantès: Honourable senators, I have a further supplementary question. In *House of Commons Debates* at page 1071 the Minister of Defence says that he is opposing the NDP resolution because "Mutual security is not enhanced if current imbalances are locked in, as they would be in Europe." I would be most grateful to the Leader of the Government if he would provide this chamber with a list of these imbalances in the nuclear field.

Senator Roblin: I really wonder whether my honourable friend would be disappointed if I told him that I cannot expand on speeches made by ministers in the other house. That is something out of the line of Oral Question Period in the Senate.

Senator Gigantès: Would the honourable Leader of the Government, without reference to the speech by his colleague in the house, provide this information to the Senate, so that we can be informed on the matter of disarmament?

Senator Roblin: Honourable senators, my honourable friend's question does not lend itself to treatment in the oral portion of Question Period. I will take his question as a written question and see what I can provide by way of an answer.

MANITOBA

WINNIPEG—FUTURE OF ST. PAUL'S COLLEGE SITE BUILDING

Hon. Douglas D. Everett: Honourable senators, I do not want to misstate government policy; however, as I understand it, a research centre on the old St. Paul's College site in Winnipeg is to be completed but it is not to be used as a research centre. Can the Leader of the Government in the Senate tell me what the intentions are with respect to this building once it is completed and what costs it will involve as a completed building?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend will recognize before I say it that his is not the type of question with which I can deal in Oral Question Period in the Senate. However, I can say that I think my honourable friend is a little pessimistic with respect to the future of this building. I have some hope that a use might be found for it which will be regarded, locally, as being a sensible way of spending public funds. When I am in a position to say something more on the matter I will be very pleased to do so.

Senator Everett: Can the government leader give honourable senators an idea with respect to what the costs of the building will be when it is completed regardless of whether or not it is used for a worthwhile purpose or whether or not it is allowed to just stand as a completed but empty building?

Senator Roblin: I think that its future is much more hopeful than my honourable friend indicates; however, he asks for a sum and I will do my best to obtain the cost price for him.

Senator Everett: I am glad to hear that the future is much more hopeful than I thought. Obviously, the Leader of the Government in the Senate has some idea about what might happen to the building and perhaps he could elucidate with respect to that point?

Senator Roblin: When the policy has been decided upon I will be the first to tell my honourable friend about it.

THE ENVIRONMENT

PUBLIC ENVIRONMENT GROUP

Hon. Keith Davey: Honourable senators, I have a question following on the one asked by Senator Le Moyne. Can the Leader of the Government in the Senate tell me anything about an organization known as the Public Environment Group?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am afraid that is not within my compass of knowledge at the moment.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have delayed answers to questions as follows: A question raised in the Senate on November 15 by the Honourable Senator Steuart respecting energy and, in particular, the reduction in grants with respect to the Petroleum Incentive Program; a question raised in the Senate on November 15 by the Honourable Senator Thompson regarding foreign affairs and the Organization of American States; a supplementary question raised in the Senate on November 15 by the Honourable Senator De Bané regarding the closing of the Canadian diplomatic post in Ouagadougou, the capital of Upper Volta; a question raised in the Senate on November 27 by the Honourable Senator Frith, Deputy Leader of the Opposition, regarding metric conversion and government policy; and a question raised in the Senate on November 29 by the Honourable Senator Thompson regarding the National Parole Board and a Federal Court decision. These are all fairly extensive answers, honourable senators, and I would like to have them taken as read, to form part of our record for all to read.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I, too, wish to congratulate the Leader of the Government for bringing forward these answers. I sense that we are establishing a custom by which all delayed answers to questions asked in the Senate will be taken as read. In the past, a senator who asked a question in the Senate, and to which there was a delayed answer, was asked whether he or she would like to have the answer read or taken as read. I would like to hear the answer to the question I asked with respect to metric conversion. I say that because I know there are a great many Canadians who would like to hear the answer as well, and perhaps other senators would like to have their questions answered orally.

Senator Roblin: Honourable senators, I have been accepting as oral questions in the Senate questions which, perhaps, are not really suitably described in that way, since oral questions as a rule require relatively short, succinct answers. The questions that I am asked very often do not fit that description and a lengthy answer is required.

• (1430)

Hon. H. A. Olson: It was worse before.

Senator Roblin: I did not hear that remark. Perhaps that is just as well. In any case, if honourable senators want these questions answered orally by me, now that I have the answers in my hand, I will do so at once.

I start with Senator Steuart who asked about the petroleum incentive program—

Senator Frith: I am sorry, but I seem to have had a great deal of difficulty getting this point across. I raised it on another occasion.

Senator Roblin: I am not playing favourites. It is all or nothing.

Senator Frith: I can remember on many occasions when I would stand up with an answer and say, "I have an answer here which is two pages long," and I would ask Senator Marshall, or whomever, if he wanted it read into the record. He would say either, "No, I will take it as read," or, "Yes,

please read it." I am simply asking you to say to senators, "I have an answer. Since it is two or three pages long, are you satisfied to have it appear as part of the debates or do you wish it read?" Many of the senators may not want to have their answers read, but I personally would like to hear the answer to the metric question. I do not think it is a matter of playing favourites. As a matter of fact, it is not playing favourites because you give each person the equal right to decide whether or not they want the answer to their question read into the record.

ENERGY

PETROLEUM INCENTIVE PROGRAM—REDUCTION IN GRANTS

Hon. Duff Roblin (Leader of the Government): I will start with Senator Steuart's question on the Petroleum Incentive Program and ask him whether he would like his question answered orally or if he is content to have it appear in the record.

Hon. D. G. Steuart: I would like it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Minister of Energy's office states:

The estimate of funds needed for PIP grants was several years old and based on projections now recognized as too high.

Based on current levels of activity, the PIP estimate has been revised downward.

The levels of activity projected for 85-86 are expected to be the same as those for 84-85.

No decrease in activity will come as a result of the cut announced in the Economic Statement.

In other words, the level of PIP grants now reflects more accurately the current and anticipated levels of activity.

FOREIGN AFFAIRS

ORGANIZATION OF AMERICAN STATES—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question posed by Senator Thompson on foreign affairs concerning the Organization of American States. Would Senator Thompson prefer me to read the answer to his question or is he content to have it appear in the record?

Hon. Andrew Thompson: I would like it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

It is the government's position that the question of Canada's future status in the Organization of American States is an important foreign policy issue which warrants careful examination in terms of our overall objectives in Latin America.

The government intends to assess the merits of Canadian membership with an entirely open mind and will address this question in the upcoming review of Canada's international relations.

At present Canada does have an observer's position in the Organization of American States.

BURKINA-FASO—CLOSING OF CANADIAN DIPLOMATIC POST

Hon. Duff Roblin (Leader of the Government): I have a delayed answer to a supplementary question posed by Senator Pierre De Bané on November 15 concerning the closing of the Ouagadougou Embassy in the capital of Upper Volta. I would ask him whether he would prefer to have the answer to his question read at this time or if he is content to have it appear in the record?

Hon. Pierre De Bané: I would like it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The savings anticipated from the closing are as follows, allowing for a 4 per cent inflation rate:

General operations:	$30,784
Building and vehicle rental and maintenance:	91,416
Public utilities service:	72,800
Salaries of locally-engaged staff:	32,978
Overtime for Canada-based staff:	1,040
Capital:	57,200
TOTAL:	$286,218

These figures make no allowance for Canada-based staff who will be reassigned.

Discussions are presently under way between our officials, CIDA's and the Burkinabe government to determine how our aid programs might be adapted to make them easier to manage.

Managing them from hotel rooms has not been included among the possible solutions.

The other programs (consular, trade, et cetera) will be administered directly from our embassy in Abidjan.

NATIONAL PAROLE BOARD

FEDERAL COURT DECISION

Hon. Duff Roblin (Leader of the Government): Honourable senators, the next delayed answer is to a question raised by Senator Thompson with respect to the Federal Court decision on the National Parole Board. I would ask him whether he would like the answer to that question read at this time or if he would prefer to have it taken as read?

Hon. Andrew Thompson: I would like it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Solicitor General states:

At present, it is still too early to assess what impact the two Federal Court cases, rendered November 23, 1984, will have.

The National Parole Board is monitoring the situation in light of the judgments but does not expect that there will be delays in releasing inmates who have earned parole.

The Solicitor General is considering various administrative alternatives to assist the Board in meeting its responsibilities and will soon announce appointments to fill vacancies on the Board.

METRIC CONVERSION

GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): I come, finally, honourable senators, to the question posed by the Honourable Deputy Leader of the Opposition concerning metric conversion. I would ask him what he would like me to do with it.

Hon. Royce Frith (Deputy Leader of the Opposition): He would like it read.

Senator Roblin: In that event, I can tell him—luckily for the Senate—that this is the shortest answer of any of the group that I have today. In fact, it is the only one that is short.

Senator Frith: And it probably says, "We will tell you later."

Senator Roblin: This is the answer to my friend's question, and I want him to listen carefully as it is most enlightening. I have been informed that no decisions have yet been made on the future of metric conversion.

The matter is currently under review and the Minister of Consumer and Corporate Affairs has been consulting and meeting with numerous associations and people to ensure the decision taken is one that is best for the Canadian people.

Senator Frith: Honourable senators, I can only hope that the questions asked by my colleagues receive answers that are a little more informative than that one.

Senator Roblin: Honourable senators, I found the questions from other senators to be much more interesting and searching than the question asked by my honourable friend. I think that their answers will be much more satisfactory than the one just received by my honourable friend.

Senator Frith: I hope so.

REQUESTS FOR ANSWERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I feel somewhat left out, because I have been waiting to receive answers from the Leader of the Government in the Senate to a number of questions I posed some time ago. I draw his attention, in particular, to several questions I asked on November 27 with respect to the guidelines on access to information. I will attempt to be patient, but the Leader of the Government in the Senate knows that there is an inquiry now before the chamber on the very subject of government secrecy, and information which may flow from my questions would govern what I might say in that particular debate.

I asked the Leader of the Government for information with respect to whether the guidelines applied to ministers' exempt staff. I asked a question with respect to what were the circumstances which would justify off-the-record background briefings. I also asked whether a group such as the body examining the expenditures of the CBC was subject to those same guidelines.

I would ask the government leader at this time when he might be able to answer those questions. I would accept very brief answers as long as they deal with the questions.

Hon. Duff Roblin (Leader of the Government): I think I can tell my honourable friend at this time that I will do my best to procure for him not brief but proper answers to the questions he has asked. I am sure he understands that the answers I seek for the members of this chamber are placed by me and my staff with my colleagues in the other place and, while we do our best to expedite replies, we are not exactly in charge of the situation. We also have to recognize that some of these questions require some deliberation.

I think that, insofar as the government is concerned, we would be quite happy to have the resolution on secrecy, to which my honourable friend referred, remain on the Order Paper until such time as the questions are answered so that, if he wants to incorporate that into his speech, he will have had an opportunity to do so. By no means would we attempt to cut him off.

Hon. Joseph-Philippe Guay: Honourable senators, I do not mind if my questions are taken as being written as long as I receive answers.

On November 28, 1984, at page 214 of *Debates of the Senate*, I asked a question respecting the termination of NRC scientists and their leaving Canada and going to the United States. I think a prompt answer to that question should be given so that, if possible, we can keep those professionals in Canada, because once they go to the United States they are gone for good.

Honourable senators, I also asked a question of the Leader of the Government on December 5, at page 261 of *Debates of the Senate*, concerning car rental at the Winnipeg airport. I am sure you will recall that particular question. I bring this to your attention in the hope that you will have an answer for me soon.

Senator Roblin: Honourable senators, I will try to oblige my honourable friend. He has raised a question respecting car rental desks at the Winnipeg airport. I can tell him that that

subject was raised vigorously by Senator Argue not too long ago regarding the Saskatoon airport.

I suppose that honourable senators have read the reply given by the Minister of Transport in the other place on that question, in which he outlined the position in which he finds himself with respect to that. I will not repeat that answer unless honourable senators wish me to do so.

Hon. Sidney L. Buckwold: Honourable senators,—

Senator Roblin: Honourable senators, since I have given the delayed answers, I thought that Question Period was over for the day.

Senator Buckwold: This question relates to a delayed answer.

On November 20 I asked a question which, in the opinion of those involved in western agriculture, is important—that is, the future of Canada's grain trade with the People's Republic of China.

You will recall in my question I indicated that contracts which had been signed by that country with the United States had not been taken up, and that it was a matter of major concern that Canadian contracts along the same lines be honoured.

My question was: What is the situation? The response from the leader was that he would obtain information on that as soon as possible.

I would appreciate receiving that information because, at this time of the year, it is important for farmers to know what their seeding plans should be and what the general situation might be in the future.

Senator Roblin: My honourable friend did raise a very important question, but I have to admit that I have answered it. The answer appears in *Hansard*. If we are talking about the same thing—that is, the China wheat situation—the answer was provided and is contained in *Hansard*.

If my honourable friend wants further information, I will try to obtain that for him.

Senator Buckwold: I apologize because I was not present last week and have not had an opportunity to read *Hansard*, but I will do so.

Hon. Joyce Fairbairn: Honourable senators, my question is an easy one. Last week I asked the Leader of the Government in the Senate whether he knew if the government discussion paper on family benefits was going to be introduced before Christmas and, if so, whether members of the Senate would have access to it. I wonder if there is any news on the date.

Senator Roblin: I can tell all honourable senators that all questions posed to me are in the hands of the officials of the departments concerned. I am doing my best to expedite replies.

Senator Frith: Honourable senators, I am sure that that is true, but I want to ask if Senator Roblin will try—because I think this is particularly timely—to follow up on the question I asked on November 27, which was: Is the Gould group appointed by the Minister of Communications working with the executive of the CBC to determine budget cuts, or is it working independently of the executive of the corporation?

The reason I say that he might do me the favour of asking his staff to follow up on that is that I believe a statement will be made by CBC officials on the question of budget cuts this afternoon. It would help the Senate and honourable senators to evaluate that if they knew exactly what the role and responsibility was of that group.

• (1440)

Senator Roblin: I will pursue my honourable friend's question with the same diligence as I pursue all the rest.

Senator Frith: I don't know whether that is good enough.

Senator Roblin: For you, it's good.

Senator MacEachen: With renewed diligence?

Senator Roblin: No, with the same diligence.

Senator Frith: The same old diligence.

PROPERTY QUALIFICATION OF SENATORS

RENEWAL

The Hon. the Speaker: Honourable senators, the Clerk of the Senate informs me that many senators have not made their Declaration of Property Qualification, as prescribed under rule 114 of the *Rules of the Senate*. That rule reads as follows:

> Within the first twenty sitting days of the first session of each Parliament, every senator shall make and file with the Clerk of the Senate a renewed Declaration of Property Qualification, in the form prescribed in the Fifth Schedule annexed to the *British North America Act 1867*, and immediately after the expiration of such period the Clerk of the Senate shall lay upon the Table of the Senate a list of the senators who have complied with this rule.

The book is on the Table and I urge honourable senators who have not done so to comply with this rule because the deadline is next week.

SALTFISH ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Murray, for the second reading of the Bill C-6, intituled: "An Act to amend the Saltfish Act".—(*Honourable Senator De Bané, P.C.*).

Hon. Pierre De Bané: Honourable senators, the history of the Canadian Saltfish Corporation is well known. It was established by the Liberal government in 1970 to address the urgent problems related to saltfish, particularly in Newfoundland, Labrador and Quebec's lower north shore, which is the

riding of Prime Minister Mulroney. Over the years the borrowing ceiling of that corporation has been increased. It started in 1970 with $10 million, went up to $30 million and now we are talking about $50 million. If we look at the record of that corporation, it is quite remarkable that it has managed to make a profit year after year with the sole exception of last year, and that was mainly due to the devaluation of currencies of the major buyers of saltfish.

As honourable senators may recall, a few years ago the Liberal government established a task force to study the problems of the Atlantic fisheries. One of the conclusions of that report was that, due to the very unique problems north of the Fiftieth Parallel, including the great northern peninsula of Newfoundland, Labrador and the north shore of Quebec, another corporation should be set up to act as a catalyst for the development of this area which is one of the poorest in Canada. That recommendation was accepted by the Trudeau government and $15 million was allocated for that purpose.

May I remind you of the wording of recommendations 14 and 15? No. 15 reads as follows:

> Amend the Saltfish Act to allow the Canadian Saltfish Corporation to buy, process and market fish and fish products in addition to saltfish in that part of the Great Northern Peninsula of Newfoundland north of 50" and in Labrador and the Québec north shore of the Gulf. In particular, the Canadian Saltfish Corporation might purchase and operate plants such as the one it operated this summer at St. Anthony, though it would not have any monopoly on the purchase, processing or sale of uncured fish in this area.

Recommendation 14 reads as follows:

> The governments of Canada, Québec and Newfoundland and Labrador should recognize the need for co-ordinated economic and social development initiatives in this area, and explore ways of jointly improving the socio-economic condition of the area. Federal co-ordinating responsibility would come under the purview of the Ministry of State for Economic and Regional Development.

Honourable senators, I find it regrettable that in dealing with this bill we missed the opportunity to establish such a corporation as a subsidiary of the Canadian Saltfish Corporation which is already present in those areas. It already has an obligation under the law to purchase all saltfish that it is offered. It has no option to refuse to purchase all the saltfish or cured fish offered to it. I remind honourable senators that the former government not only accepted that recommendation but allocated $15 million to do it. Due to the fact that the legal mechanism does not exist as yet, that $15 million is not spent. I thought that the present government, with its huge majority in the House of Commons, would not miss this golden opportunity to amend the Saltfish Act to allow the establishment of that corporation.

I have some hesitation in divulging another point, but I asked myself why not. In the past few years the Canadian Saltfish Corporation has been illegally engaged in the buying and selling not of saltfish but of frozen fish. It has been doing it at the request of the private sector both in Newfoundland-Labrador and in northern Quebec. The private sector, for the past few years, has been asking the Canadian Saltfish Corporation to act as its marketing agent because of the good reputation the Saltfish Corporation has around the world. At the request of the private sector, that corporation has been buying and selling frozen fish around the world. As honourable senators know, that authority does not exist under the act passed in 1970.

When I was a minister, I thought that in view of the fact that that activity brought profitable revenues for the Canadian Saltfish Corporation and that it was done at the request of the private sector, it should continue, but with the clear intention of legalizing that situation at the first opportunity. Now we are at the beginning of a new session with the government having the largest majority in Canadian history but failing to act in order to help those Canadians, particularly those living north of the Fiftieth Parallel, who are among the poorest and some of whom are in the riding of the Prime Minister of Canada and also on the Newfoundland and Labrador side.

Honourable senators, I find it regrettable that that bill does not address the problems of recommendations 14 and 15 of the Kirby report. It does not address the question of the buying and selling of frozen fish. Therefore, I should like the Leader of the Government in the Senate and his deputy to take note of those recommendations. Hopefully, in the near future another bill will be introduced to take those suggestions into account.

• (1450)

Hon. John M. Godfrey: Honourable senators, there is just one matter I should like to comment upon. Senator De Bané pointed out that the Saltfish Corporation had been acting illegally for some years by selling frozen fish instead of saltfish. He regretted the fact that that was not cleared up in this bill.

As honourable senators know, I have been joint chairman of the Standing Joint Committee on Regulations and other Statutory Instruments. When the former government ran into a situation like this, which was completely non-controversial, that committee urged them not to go through the normal parliamentary procedure by introducing a bill in the House of Commons, but rather to introduce the bill in the Senate. That bill could then be studied by a committee of the Senate and passed without undue delay. It could probably be passed by the House of Commons on a Friday afternoon. I do not excuse the former government for not having followed this suggested procedure. The Honourable Perrin Beatty mentioned it in committee and in a speech he gave in the House of Commons.

My purpose in speaking now is to point out to the present government that the same procedure is available to them, and I hope, in correcting omissions in bills of this type, they will use the Senate more often than governments have in the past.

Some Hon. Senators: Hear, hear.

Hon. Roméo LeBlanc: Honourable senators, I had not intended to make my maiden speech on this occasion, but I do

so now because it would be impolite of me not to respond to the kind words of Senator Marshall on moving second reading of the bill, and Senator Thériault in replying. If I did not do so at this time, it would perhaps appear that I do not want to take responsibility for being the author of what someone considers an illegality which consisted of helping small processors, at their request, to use the marketing network of the Saltfish Corporation to help them through some difficult moments.

In this day and age, when the new theology is to question the usefulness of crown corporations, I think I would be remiss if I did not put on record a couple of facts. I happened to have inherited the fisheries crisis of 1974; and I was about to leave when the crisis of 1981 started to develop. During both cycles two organizations did not come out hat in hand begging for a handout. Those were the two crown corporations created with the co-operation, if not at the actual request, of provincial governments in an attempt to solve the problems of their own fishermen. I am referring to the Fresh Fish Marketing Board, with which I am sure the Deputy Leader of the Government is very familiar—in fact, I suspect he may have been involved in its creation—and the Saltfish Corporation. Both of these crown corporations, created to help fishermen, in fact provided very well for them in the days of the fisheries' crises. If my memory is accurate, I recall that in both cases these crown corporations, which, by law, must purchase all the acceptable fish brought to their counters, provided the fishermen with the exact marketing framework within which the industry was able to function.

I point this out because, under the previous Conservative government and under this one, "crown corporations" have suddenly become words held in some suspicion. I would hope that, in questioning the validity of other crown corporations, we would be very careful not to sabotage these two crown corporations which, over the years, have been extremely helpful to the fishermen of Canada. We have to worry much more about the fishermen than about those who, in fact, have caused some of their problems.

Although I support the bill, such as it is, I regret that it is incomplete. I inherited the corporation at a time when, at the request of the Government of Newfoundland, it was dealing in arctic char and herring, in some cases because no one else would. It was really as an act of solidarity that the corporation accepted the request of the Government of Newfoundland to help fishermen, particularly native peoples of the Labrador coast who had absolutely no buyers for their fish, particularly arctic char.

Later, when the small processors banded together, they had two choices: They could put their fish in the caboose of the selling train of the large corporations, which might or might not reach its destination because their products were always the last to be put on the market; or they could band together and use the Saltfish Corporation's marketing expertise, particularly that of the regretted Kyell Henriksen, to put fish in markets that they had not traditionally reached.

With all due respect to the lawyers in this chamber, it is for that reason that, caught between my sense of service to fishermen and small entrepreneurs and the legality of the matter, I opted for service to the fishermen.

Some Hon. Senators: Hear, hear.

Senator LeBlanc: Honourable senators, I wish I had been aware of the suggestion made by Senator Godfrey because it might have been a good way of overcoming the difficulty of the overloaded pipeline called the House of Commons.

Honourable senators, I think Senator Marshall, were he to go back to the Minister of Fisheries and Oceans, would receive some support from that office, because I know the Minister of Fisheries and Oceans and I think his heart is in the right place. If Senator Marshall could bring some good news to those isolated communities north of the 50th parallel, or those small processors who are at the mercy of the giants that we have encouraged in the restructuring, I think the fishermen whom he and other honourable senators in this chamber have served with distinction would be most grateful. I thank honourable senators for their attention.

Some Hon. Senators: Hear, hear.

Senator Godfrey: Would the honourable senator accept a question? My question is: Does he believe, as a general rule, that, if the results are desirable, a minister of the crown is justified in deliberately and flagrantly breaking the law, or may he only do so to sell frozen fish?

Senator LeBlanc: Honourable senators, I do not want to get involved in any philosophical or legal debate. If I am being accused of the crime of helping fishermen, I plead guilty.

Hon. Royce Frith (Deputy Leader of the Opposition): There is a red herring in there somewhere.

Senator De Bané: Honourable senators, I should just like to point out to Senator Godfrey that I think he is optimistic in presuming that, by explicitly including frozen fish in the mandate of the Saltfish Corporation—which it has been doing for the last few years—it would be construed as a non-contentious amendment.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I rise on a point of order. I did not want to interrupt my honourable friend in his comments, but surely they constitute a second intervention in the debate. If he wished to make the statement, he could probably have done so on third reading. However, I would not like it to go unnoted that this is an exception to our rule and one we would not like to endorse permanently.

Hon. Jack Marshall: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that, if the Honourable Senator Marshall speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

● (1500)

Senator Marshall: Honourable senators, when I moved second reading of Bill C-6, I indicated that I did so with some trepidation because, out of the corner of my eye, I was watching Senator LeBlanc and Senator De Bané. Honourable

senators can understand why I was reluctant to speak authoritatively with two fisheries experts seated to my right. I must say that I did not realize that we also have in our midst an expert on the fisheries from Toronto.

Senator Godfrey: Just on the legality.

Senator Marshall: I realize that the honourable senator spoke on the legality, and I think that he may have had a good idea.

Having represented part of the district in Newfoundland to which both honourable senators have referred, I can readily state that they are correct in everything they said. Indeed, the amendment that was introduced in the other place by Mr. Rompkey received the sympathy of the minister. He indicated that, although the amendment was declared out of order, he was prepared to meet with Mr. Rompkey to discuss the changes that would achieve the objectives sought by both honourable senators.

This morning I was in touch with the minister's office and, as I indicated to Senator De Bané outside the chamber, I now have the assurance that, should honourable senators wish to meet with the minister on this particular point, he is ready to receive them at any time, whether they appear individually or as a group.

Honourable senators, I am pleased to say that, in the course of this short debate, we have justified my request of many years ago to focus more attention on the fisheries through the establishment of a special committee of the Senate. Although we do not have such a special committee, we do have the Standing Senate Committee on Agriculture, Fisheries and Forestry. I was hoping that both Senator De Bané and Senator LeBlanc would be members of that committee. I would even be willing to give up the chairmanship for one of those distinguished gentlemen.

Some Hon. Senators: Oh, oh!

Hon. William J. Petten: We accept!

Senator Marshall: I am intrigued by the idea put forward by Senator Godfrey. I can assure Senator De Bané that I will discuss with the minister the point he raised. The introduction of such a bill might be one of the first objectives of the Committee on Agriculture, Fisheries and Forestry.

Honourable senators, I have replied to the various questions that arose in the course of this debate. I will again give the assurance that I will speak with the minister to determine the intentions of the government with respect to implementing the changes that will achieve our objectives.

Motion agreed to and bill read the second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting.

[Senator Marshall.]

INCOME TAX ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Walker, P.C., for the second reading of Bill C-7, intituled: "An Act to amend the Income Tax Act and related statutes".—(*Honourable Senator Kolber*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, when I last spoke to him, Senator Kolber said that he wished to speak on this today. He is not present in the chamber and it may be that he has been held up. I suggest that this order be stood to the end of the Orders of the Day in case he arrives in time to speak to it. If not, we can stand the order until tomorrow and I will get in touch with him in the meantime.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

THE CABINET

ACCESS TO INFORMATION—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I yield to Senator Steuart.

Hon. Senators: Agreed.

Hon. D. G. Steuart: Honourable senators, I rise to speak on the inquiry into the present government's preoccupation with secrecy, which inquiry has been initiated in the Senate by Senator Davey.

This is a new government, elected with a massive majority. I believe, along with most Canadians, that it should be given a reasonable length of time to prove itself before being subjected to undue criticism. While I realize that all honourable senators on this side do not agree with me, I applaud the efforts of this government to reduce our national deficit. I may argue with the way the government goes about reducing the budget, but I am convinced that it must be done.

In this connection, I would point out that one of the most serious problems the Tory government is facing in trying to hold down government spending is its own record, both in opposition and on the hustings during the last election. In opposition the Conservatives urged and on the campaign trail they promised more government spending than any Liberal Party in the history of Canada. I raise this matter in the present debate because I am convinced that the Conservatives' own record of irresponsibility, both in opposition and during the campaign, is one reason they are trying to pull a cloak over

government operations and the wool over the eyes of the Canadian public.

The members of the Conservative Party knew the truth about Canada's financial position when they were in opposition; they also knew the size of the deficit during the election campaign, yet they promised to spend money, like sailors on a drunken spree, from one end of Canada to the other.

Now they form the government. Instead of having the courage to admit their mistake, they have launched a campaign of secrecy—no information, misinformation and cover-up—to distract the public's attention from the truth. That is the reason we have launched this inquiry—to alert the people of Canada, right at the beginning, to exactly what the plan is.

There is the secrecy, coupled with what can only be called double-talk. Let us consider some examples. First, the Honourable Joe Clark put out a gag order on all of his officials. He not only forbade them to talk to the press, he went further and instructed them not even to talk about government programs at social gatherings. The press was outraged, so the Prime Minister launched his double-talk routine. He said that it was all a misunderstanding, and he announced a new set of guidelines which he claimed would prove his commitment to open government. In effect, these new guidelines say to every government employee: "Talk about government programs at your own peril."

Honourable senators, the Conservative Party announced open government and then sealed it up tighter than a drum.

There are other examples of double-talk that we could consider. The government announced that it intended to spend more on defence, after which it cut the defence budget. The government proclaimed from the rooftops that the universality of our social programs was a sacred trust, after which it told us that a means test may be brought in by the back door, through the income tax system—more double-talk, more misinformation. But the greatest piece of double-talk so far is the Tory promise of less government for Canadians. How did they handle that promise? Well we all know exactly what they did—they formed the largest cabinet in Canada's history, which meant an increase in the staff and in the budget of every cabinet minister. Honourable senators know that this is just the opposite of less government, but how does it jibe with the Tory promise of more open and accessible government? Each one of those new cabinet ministers has been given a chief of staff, all of them, I am told, hand-picked by the Prime Minister or his staff, and all paid extremely high salaries. What happens if you want to see a minister or get information from a minister? You will have to go through the chief of staff, and if he or she doesn't want you to see the minister or to give you the information, or if the Prime Minister wants to seal off that minister, you might as well go home and write a letter to the local press because you will get no satisfaction in Ottawa.

• (1510)

No doubt the government will say "Nonsense. It won't work that way." I hope they are right and that I am wrong; but I do know that they copied the idea from the Tory government of Saskatchewan, and that is exactly the way it works out there. In Saskatchewan, with the exception of Premier Devine and a few of his top ministers, the cabinet have about as much power as village councillors; and if the cabinet ministers in Ottawa are not careful, they will find themselves in the same boat.

Honourable senators, when it comes to patronage, this Tory government has outshone itself in the use of secrecy, no information and misinformation. The story of Conservative patronage goes back to the fateful day when the Joe Clark government was defeated in 1980. We all know that Joe Clark left on his desk hundreds of appointments unsigned, unsealed and undelivered. Just imagine, hundreds of faithful Tories, Tories who had laboured in the Conservative vineyard for years, waiting patiently for their reward and suddenly it is all snatched away from them—all those Senate positions, judgeships, appointments to the Harbour Board, the Pension Board, and so on—even as census takers—gone in the twinkling of an eye.

But, honourable senators, what was even more galling to Conservatives was the fact that those awful Grits, those terrible Liberals, once more walked off with the goodies. Some Conservatives, I will admit—those were the older ones who had already been rewarded—said that it was an act of great statesmanship on the part of Joe Clark. Others, mostly the losers, said it was an act of political stupidity. There was one man who quietly agreed with them. That was Brian Mulroney. He used his great network in the Conservative Party to urge those frustrated office-holders to get to Winnipeg and vote for a leadership review, and then to get to Ottawa and vote for a new leader. They did that, and he became the new Conservative leader. Make no mistake, one reason why Brian Mulroney became the Tory leader and the Prime Minister of Canada is that he promised to look after the faithful.

Hon. C. William Doody (Deputy Leader of the Government): Hear, hear.

Senator Steuart: The Deputy Leader of the Government says "Hear, hear". I say wait, wait, he will do it. He made no bones about the fact that he believed in patronage. When asked on one occasion whether he would ever hire a Liberal, he replied to the effect "Only if no Tory is alive to take the job."

During the election campaign patronage became an issue and Mr. Mulroney showed his great skill at secrecy and double-talk. Overnight he became a born-again statesman. He announced publicly that he was sorry he had ever said a good word about patronage. He even apologized to the voters and promised never to indulge in patronage if he became Prime Minister. I can tell honourable senators that a mild shudder went through the Tory ranks. But by this time they knew that Brian could be counted on to do the right thing when the time came—

Senator Doody: Hear, hear.

Senator Steuart: —and I predict that he will. The Deputy Leader of the Government says "Hear, hear." I will admit that he started off rather slowly, very cute and with lots of double-

talk. Let us start with his most famous appointment, namely, that of Stephen Lewis as Canada's Ambassador to the United Nations.

On the surface it appeared to be a clever appointment, because not only is Stephen Lewis a member of the New Democratic Party, but he has very little regard either for Canada's Prime Minister or for Ronald Reagan, the President of the United States. That was made crystal clear in an article written by Lewis which appeared in Maclean's on October 8, 1984, just three days before his appointment as Ambassador to the United Nations. I propose to read one or two lines of the article to illustrate my point. In reference to the Prime Minister's visit to meet President Reagan in Washington, Mr. Lewis wrote:

> Some observers have spoken disparagingly about the trip to Washington. They say that Mulroney acted with indecent haste, grovelling reverentially to the White House. Others are faintly euphoric, arguing that the restoration of continental unity is once again in sight. For my own part, I think that both views are right, and the implications are not pleasing.

Two days later Brian recognized what an outstanding man Stephen Lewis was and appointed him Ambassador to the United Nations. In the same article Lewis refers contemptuously to American foreign policy.

Honourable senators, I am convinced that the appointment was masterminded by Premier Davis of Ontario to pay off Lewis for keeping him in power; at the same time, it was done in an effort to make the Prime Minister look independent and non-partisan. I predict that if Mr. Lewis screws up his courage and lives up to the great hopes that the NDP once had for him, he will prove to be a loose cannon and the Conservatives may regret that appointment.

However, the American government must be somewhat baffled by this double-talk from our Tory government, on the one hand claiming new friendship and on the other appointing a well known anti-American to a high profile post such as Canadian Ambassador to the United Nations.

The Prime Minister then appointed Lloyd Francis to Portugal, to touch base with the Liberals, and then the field was open to look after the faithful Tories. So the patronage appointments are beginning—a few lawyers here, a few loyalists there—and still the Prime Minister denies that he was indulging, or will indulge, in this terrible practice of patronage.

Honourable senators, he even denied that the appointment of Jean Pigott as Chairman of the National Capital Commission was political.

An Hon. Senator: She is a great lady.

Senator Steuart: For those honourable senators who might not know, Jean Pigott is a former Conservative MP.

Senator Frith: He probably didn't know that.

Senator Steuart: She was the person whom Joe Clark brought in to decide who should get the political appointments during his short term in office. I believe she had an office in the Langevin Block and administered Tory blood tests to hopeful applicants; and I can tell honourable senators that if it wasn't true Tory blue, one took a walk. Let me be very clear: Jean Pigott will probably make an excellent NCC Chairman.

Some Hon. Senators: Hear, hear.

Senator Steuart: But if that was not a political appointment, then neither were any of ours in this chamber.

Hon. Nathan Nurgitz: Mine wasn't.

Senator Doody: Desperation.

Senator Steuart: The Deputy Leader of the Government says that his was not a political appointment.

Senator Doody: I didn't say that.

Senator Steuart: I heard someone say it. Apparently it was Senator Nurgitz. Senator, I understand that your political work was so awful that many people in Manitoba did not think it was a political appointment either. Of course, they could have been wrong, and I certainly do not subscribe to that. I believe we won one election when you were there.

Honourable senators, there is one more rather ugly little development that has taken place since the Tories came to office, and that is the so-called research into former Liberal cabinet ministers. First it was Lloyd Axworthy, and then John Turner; and, from what we hear, this muck-raking will be an ongoing spectacle. The Tories are being very sanctimonious about all this, claiming that if the Liberals have nothing to hide, they have nothing to fear.

I agree that if anyone has done anything wrong, then there should be an independent investigation with an opportunity for the accused to respond to all of the facts and question all of the so-called researchers. But these hatchet jobs are not being carried out by independent people in full public view. It is all very secret until the results are handed to the press. I suspect that those so-called researchers are a gang of Tory hacks engaged in a little fancy rewriting of Canadian history.

Some Hon. Senators: Hear, hear.

Senator Steuart: Recently I re-read George Orwell's very chilling novel entitled *Nineteen Eighty-Four* and something struck a vein. He is the man who made famous the words "Newspeak", "Doublethink" and "Big Brother". He also told the story of the government that continually re-wrote its own history. When Senator Davey spoke on this motion, he suggested that some of the secrecy and doubletalk of our new government might be an attempt to imitate the Reagan administration. I am not sure whether Brian Mulroney is attempting to imitate the President of the United States or anyone else or whether he is trying to be himself. I only know that, so far, some of his actions and those of his government are disturbing, and I hope they change. The Conservatives have been given a great mandate. They face tremendous challenges and they have enough able people in their caucus from every part of Canada to get on with their job of governing the nation in the open and above board manner they promised during the election.

• (1520)

Hon. Lowell Murray: Would the honourable senator permit a question?

Senator Steuart: I would be delighted to.

Senator Murray: Actually, I have two questions. The first one is with regard to the question of patronage appointments. Does the honourable senator think that a more useful precedent was the one which attended the transfer of power from Mr. Trudeau to Mr. Turner, in which Mr. Trudeau was apparently not willing to accept a handshake from Mr. Turner and insisted that he sign a document agreeing to look after Mr. Trudeau's patronage appointments? The second question is with regard to government secrecy. Would the honourable senator agree that the ultimate policy on government secrecy was the passage by the previous government of an Order in Council making it an offence for anybody to discuss the uranium cartel, which was itself an action of dubious legality?

Senator Steuart: On the first question, I refer the honourable senator to the appointments that the Right Honourable Joe Clark left on his desk and the appointments the Right Honourable John Turner took over. I am sure that, politically, the appointments Mr. Clark left on his desk constituted just as big a disaster for him as what Mr. Turner faced. So I suspect, although I have had no information on this matter from either of them, that if they both had it to do over again they would both act a little differently. What I resent about the Conservatives is this holier-than-thou, sanctimonious attitude promulgated by Brian Mulroney, that they do not believe in patronage. He would not be an Irishman if he did not believe in patronage. We would turf him out of the clan. Honourable senators need only sit back and watch the patronage roll out.

As to the honourable senator's other question, nobody ever said the Liberals were perfect.

Hon. Duff Roblin (Leader of the Government): Come on, did you clear that with Senator Frith?

Senator Frith: I have to admit it.

Senator Steuart: As a matter of fact, quite a few Liberals said just a couple of months ago that they were imperfect. We were not the ones who went to the people with this policy of no secrets and open government and then changed our minds the day after we got into power. I do not think either example, the example of the Conservatives in their very short term in office or the example set by the uranium cartel, are very good ones to hold up to the public of Canada. All I am trying to do is to save your hides, and if you keep acting this way you will go down the hill an awful lot quicker than the Liberals, who have lasted an awful lot longer than the Conservatives in the history of this country.

Some Hon. Senators: Hear, hear!

Senator Steuart: Any more questions?

Senator Roblin: You have too many answers for me, Davey.

On motion of Senator Frith, debate adjourned.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—ORDER STANDS

On the Order:

Consideration of the Second Report of the Standing Senate Committee on National Finance, presented in the Senate on 6th December, 1984.—(*Honourable Senator Leblanc* (*Saurel*)).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we are awaiting Senator Leblanc's report on supplementary estimates (B). It will be difficult to carry on the next order of business concerning the Appropriations Bill unless we get that report first. Perhaps we could stand this order until later today to see whether Senator Leblanc returns. If he does not return, then we will have to stand it until tomorrow. Perhaps somebody could determine whether he is in the building or whether he is coming to the chamber.

Hon. Royce Frith (Deputy Leader of the Opposition): Agreed.

Order stands.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO STUDY CANADIAN RELATIONS WITH COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Hicks:

That the Standing Senate Committee on Foreign Affairs be authorized to continue its examination and report on Canadian relations with countries of the Middle East and North Africa;

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses, by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine;

That the Committee have power to sit during adjournments of the Senate; and

That the papers and evidence received and taken on the subject during the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Grafstein*).

Hon. Royce Frith (Deputy Leader of the Opposition): Stand.

Hon. Henry D. Hicks: Honourable senators, I think it is unfortunate that this order has stood continuously for over a

week now, and we are into our second week. It will prevent this committee from being reconstituted and getting its staff to work before the end of the year, hence delaying our report—which may not be so timely in two months as it would be today—until the end of January. So I inform honourable senators that in the fairly near future I shall oppose the motion to stand this order.

Senator Frith: Honourable senators, this order stands in the name of Senator Grafstein. He was abroad last week, and when I spoke to him yesterday he informed me that he intended to deal with the matter today. However, he phoned back to say that he would not be able to be here this week but undertakes to dispose of it next Tuesday. So, on his behalf, I simply put this explanation on the record.

Order stands.

YOUTH

SPECIAL SENATE COMMITTEE APPOINTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hébert, seconded by the Honourable Senator Rousseau:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age;

That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada;

That the Committee, have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than October 1, 1985.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Stand.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I regret to say that we will have to ask for a vote on the motion to stand this order. I advised Senator Doody that we on this side feel that we should proceed with this motion today, one way or another, and that I would inform him as soon as I knew that honourable senators on this side were firm in that position. I must say that I regret very much taking the position of opposing the motion to stand an order. We would much prefer to simply finish the debate on the motion and vote on it. But, under the circumstances, the position taken by honourable senators on this side of the chamber leaves me no alternative but to ask for a vote on whether this order should be stood.

Hon. Duff Roblin (Leader of the Government): I wonder if I may speak to the point of order, if, indeed, it is a point of order; namely, that the motion to stand this order should be refused. I think it is appropriate to remind honourable senators that in the six years I have been here, I cannot recall the refusal of a request to stand an order.

Hon. Hazen Argue: I have been refused. It was not within the last six years, but I have been refused.

Senator Roblin: If they refused my honourable friend I would have supported him at the time, had he felt indignant. However, in the six years I have been here I have never known a request for an order to stand to be refused. In fact, just this afternoon we entertained a whole group of requests for orders to stand and these requests were granted by the Senate, including the order in the case raised by the Honourable Senator Hicks when he expressed some serious concerns and voiced his opposition to the request to stand the order on that particular resolution. I can say that had the motion to stand that order come to a vote this afternoon, I would have opposed Senator Hicks, although I recognize the force of his argument. I would have thought that as Senator Grafstein has a very particular interest in the matter at issue, it would be a mistake for us to decline to hear him, even though he has not been here to speak for himself for the past couple of weeks. I say to honourable senators that there is a reason why those of us on this side would like to have a further postponement of the debate, or the vote, on this issue. We are not opposed to any other honourable senator taking part in the debate; but we would not care to have it come to a vote this afternoon for what we believe to be good and sufficient reasons.

• (1530)

Senator Frith: When would you like it to come?

Senator Roblin: I think by next Tuesday we would be able to deal with it without any problem.

I draw to the attention of the house that this is not the first time this particular motion has been before us. It was before us last spring. As a matter of fact, it was introduced on February 23 last by the same senator who proposed it on this occasion. It was debated for some 40 days. During that 40 days the motion was stood on several occasions and, if my memory does not play me false, it was stood by the Deputy Leader of the Opposition during that 40-day period. Other honourable senators spoke on the matter; I would not like to blame my honourable friend for the fact that it took some 40 days. The fact is that it required that length of time in order to marshal the expression of the feelings of both the opposition and the government on that occasion.

We are by no means asking that it receive the same extended treatment on this occasion. We do not think it is unreasonable for us to suggest that the adjournment be granted; it is not being asked in an obstructive way. It is not being asked because we do not wish to deal with it at the appropriate moment; it is being asked for a specific reason. I do not feel

inclined to disclose that reason at the present time, although I might have to. I do not really think I should be asked to do so since I do not think it fitting to ask honourable senators why they wish to adjourn debates in the house. They have their reasons.

Although the Deputy Leader of the Opposition is impatient, as is the mover of the motion, I do not object to that. That is a natural and human reaction. They do not want to see the issue dragged out this time as long as it was dragged out the last time. I am with my honourable friends on that point; but I do think we should be allowed to have the adjournment today. My honourable friend who sits beside me, and those of us who are on this side of the chamber, will be disposed to deal with the matter, and to complete it, if that is the wish of the chamber, on Tuesday next. However, I do not think we should be asked to accept a denial of the adjournment this afternoon.

Hon. John M. Godfrey: Honourable senators, it is not clear to me why the Honourable the Leader of the Government thinks that in a debate on this question he should not disclose the reasons why he wishes an adjournment. If he has valid reasons then why does he hesitate in giving them?

Senator Roblin: Honourable senators, I have never known of a member of this chamber being asked to say why he wanted an adjournment.

Senator Frith: I just did it with Senator Grafstein's. We often do it.

Senator Roblin: I do not feel it is incumbent upon me to state the reason. The reason will be evident in due course. There is a reason, I am not making that up. I ask my honourable friend opposite to be patient enough to watch the matter unfold.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Honourable senators, as the word "stand" is tantamount to a motion for a further adjournment of the debate, I therefore put the question as follows: Those in favour of Honourable Senator Doody's motion for the further adjournment of the debate will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Those honourable senators who are against the motion please say "nay".

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it. However, I have bad hearing.

Senator Frith: It is on the decibel basis.

The Hon. the Acting Speaker: Honourable senators, therefore the request is that we continue the debate.

Hon. D. G. Steuart: Call in the members! I do not believe there were as many "yeas" as "nays". I am asking that the members be called in. If anybody wishes to join with me, then let them join with me.

Senator Roblin: I am not joining my honourable friend. I am simply saying that I can count. I know that 70 beats 21 any day of the week.

Senator Steuart: I am not sure you can offset yourself against me.

Senator Roblin: I see. If members want a recorded vote, then who am I to stand in their way?

Hon. L. Norbert Thériault: Honourable senators, I rise on a point of order. The procedure is new to me and I will be quite frank and honest as my conscience dictates. If I understand the Leader of the Government in the Senate, he is saying that he wants an adjournment of the order until Tuesday and that he is prepared to dispose of the matter then. That is what I want to know.

Senator Doody: That is right.

Senator Thériault: If the Leader of the Government is prepared to dispose of the matter on Tuesday, then I support his position.

Some Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators, I can tell my honourable friend that that was my undertaking. That is to say, we would dispose of the matter on Tuesday. I stick to that statement.

Senator Frith: Honourable senators, I rise on a question of order. It seems to me that the motion for the adjournment of the debate has been put and voted upon. That has been dealt with. I think we can now continue the debate or have the main question.

Senator Steuart: Honourable senators, surely we can rise and ask for a recorded vote.

Senator Godfrey: It takes more than one person to do it, too.

Senator Steuart: Someone else might stand up if I stand here long enough. You want to be on the safe side of the law, don't you? I suggest we have a recorded vote.

Senator Thériault: Honourable senators, as Senator Steuart asked for a recorded vote, I did not believe that the motion had been dealt with. At about the time the Acting Speaker said that he thought the "nays" had it, Senator Steuart rose to ask for a recorded vote. I then rose because I wanted to have clarified for me the position taken by the Leader of the Government. My position was simple. If it were simply an adjournment for the sake of an adjournment then I would not support the position of the Leader of the Government. However, if he is prepared to give his word that he will dispose of this matter on Tuesday then I support him.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure to vote on the motion?

Senator Roblin: Call in the senators.

And two honourable senators having risen:

The Hon. the Acting Speaker: Please call in the senators.

● (1600)

Motion of Senator Doody that further debate on the motion be adjourned until the next sitting of the Senate negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Beaubien	Phillips
Croll	Roblin
Doody	Sinclair
Everett	Steuart
Macquarrie	Thériault
Marshall	Tremblay
Molson	Walker
Murray	Yuzyk—17.
Nurgitz	

NAYS

THE HONOURABLE SENATORS

Anderson	Leblanc
Argue	LeBlanc
Buckwold	Lefebvre
Corbin	Le Moyne
Cottreau	Lewis
Davey	MacEachen
De Bané	McElman
Fairbairn	McGrand
Frith	Neiman
Gigantès	Olson
Godfrey	Petten
Graham	Riel
Guay	Robichaud
Haidasz	Rousseau
Hastings	Rowe
Hays	Stanbury
Hébert	Stewart
Kenny	Stollery
Langlois	Turner—38.

ABSTENTIONS

THE HONOURABLE SENATORS

Hicks—1.

[Senator Roblin.]

The Hon. the Acting Speaker: It was moved by the Honourable Senator Hébert, seconded by the Honourable Senator Rousseau:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age;
>
> That 12 Senators, to be designated at a later date,—

Some Hon. Senators: Dispense.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

NATIONAL FINANCE

CONSIDERATION OF SECOND REPORT OF STANDING SENATE COMMITTEE

> Consideration of the Second Report of the Standing Senate Committee on National Finance, presented in the Senate on 6th December, 1984.—(*Honourable Senator Leblanc* (*Saurel*)).

Hon. Fernand-E. Leblanc: Honourable senators, the report as drafted and tabled is complete. Therefore, I have absolutely nothing to add.

The Hon. the Speaker: If no other senator wishes to speak to it, I shall consider the matter as having been debated.

● (1610)

APPROPRIATION BILL NO. 3, 1984-85

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-16, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985.

He said: Honourable senators, Bill C-16, before us today, is the Appropriation Bill No. 3, 1984-85. It provides for the release of the whole of the supplementary estimates (B) with which the Standing Senate Committee on National Finance has dealt and on which Senator Leblanc reported earlier.

Honourable senators, the amount for 1984-85 for supplementary estimates (B) is $6.2 billion. The new spending authority requested by this bill is just over $2.1 billion, the difference representing statutory items of $4 billion.

These estimates were tabled in the Senate on November 13, 1984, and referred to the Standing Senate Committee on National Finance on November 20. The estimates were discussed by the National Finance committee with Treasury Board officials on November 29, 1984, and that committee presented its report on December 6, 1984.

The total amount of the estimates tabled for the statutory year is $103,019,207,641, of which, the supplementary esti-

mates (B), which is the third set of estimates, amount to $6.199 billion.

If honourable senators have any questions on any part of this appropriation bill, I will try to answer them at this time or, if I cannot do so, I will certainly make every attempt to get the answers for honourable senators.

On motion of Senator Frith, debate adjourned.

INCOME TAX ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Walker, P.C., for the second reading of the Bill C-7, intituled: "An Act to amend the Income Tax Act and related statutes".—(*Honourable Senator Kolber*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have been informed that, for whatever reason, Senator Kolber was in New York yesterday. Senator Sinclair, who left there yesterday evening, tells me that there was a heavy fog over the airport this morning, which probably explains Senator Kolber's absence.

I would suggest that the order stand in his name until tomorrow when Senator Kolber can make his intervention.

Order stands.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of Wednesday, November 28, 1984, moved:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the *Canadian Charter of Rights and Freedoms;* and
>
> That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

• (1620)

He said: Honourable senators, I could not help but be slightly amused by the proceedings which occurred earlier today on another motion. Someone pointed out that it had taken 40 days to reach that particular stage. This motion of mine has been two-and-a-half years in the making.

Hon. Duff Roblin (Leader of the Government): That is not our fault.

Senator Godfrey: I moved the original motion after the Constitutional amendments and it has already been debated. I once delivered a speech of one-and-a-half hours' duration on the subject of the interest the Senate ought to take in human rights. I adjourned that debate.

I do not intend to go through all of the arguments that have been presented before. I will simply state that the main opposition to this motion was put forward by the bureaucracy in the Department of Justice. The attitude there was that it was the duty of that department to examine bills to see whether or not they infringe upon the Charter of Rights and Freedoms. It was the view of that department that additional scrutiny of bills was not necessary and that it would be a nuisance if the legislative body got involved in it.

I am the Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments. One of the original criteria of that committee was to ensure that regulations did not infringe upon the old Bill of Rights, even though the Justice department also had the same responsibility. In my view, both the legislative branch and the Department of Justice should perform this function. Members of that department seemed to have it fixed in their minds that the committee wanted to make decisions as to whether or not an act did infringe upon the Charter. That was never the original intention. It has been pointed out that the only thing we wanted to do was to alert whatever committee was examining a bill of the possibility—just the possibility—of such an infringement so that it would not be overlooked. Having alerted that specific committee, it would be left to make the appropriate decision.

We are generalists in the Senate. No one really has the time to go through a bill with a fine tooth comb. The Joint Committee on Regulations and other Statutory Instruments, however, happens to have two full-time legal counsel who could do so.

Honourable senators, although I am quite sure that the government would never deliberately propose a bill which infringed upon the Charter of Rights, mistakes could happen. Usually they happen through oversight.

I should mention the reasons behind one of the delays in dealing with this matter. I was told by the Minister of Justice and the powers that be that the Standing Senate Committee on Legal and Constitutional Affairs would probably be a more acceptable body to assume this function. I spoke to Senator Neiman, the chairman of that committee, who was very enthusiastic about the idea. She gave notice of motion in this regard but never actually moved that motion. It stood on the Order Paper for nine months until the session ended. She seemed to lose interest, so there was no point in proposing that that committee consider matters of this kind.

I am not speaking to this motion as the continuing Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments. Senator Nurgitz will be taking my place and I am just helping him out, giving him more to do.

I will close by saying that I hope we can finally resolve this matter this afternoon. It has been debated *ad nauseum* and it has been under consideration for two-and-a-half years.

Hon. C. William Doody (Deputy Leader of the Government): If no other honourable senator wishes to speak, I will move the adjournment of the debate—then I will stand it for a few weeks!

On motion of Senator Doody, debate adjourned.

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of Wednesday, November 28, 1984, moved:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and contains the powers set forth in Paragraph 2 of Part 9 of the Cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:

"9. REGULATIONS

In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:

(1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.

(2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:

(a) power to make regulations that might substantially affect personal rights and liberties;

(b) power to make regulations involving important matters of policy or principle;

(c) power to amend or add to the enabling Act or other Acts by way of regulation;

(d) power to make regulations excluding the ordinary jurisdiction of the Courts;

(e) power to make specific regulations having a retrospective effect;

(f) power to subdelegate regulation-making authority;

(g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;

(h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulation."; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

He said: Honourable senators, this is another two-and-a-half year old motion.

Hon. C. William Doody (Deputy Leader of the Government): Congratulations!

Senator Godfrey: I make great progress around here.

I should point out that, again, the Joint Committee on Regulations and other Statutory Instruments only wishes to alert other committees which are actually considering certain bills so that nothing in those bills will be overlooked. By way of example, I will remind honourable senators of an oversight concerning enabling clauses of bills. The specific instance that I will refer to concerns four tax treaty bills which were considered by the Standing Senate Committee on Banking, Trade and Commerce and were passed by both the Senate and the House of Commons—all of which occurred without anyone noticing that those bills contained powers of disallowance that were completely unacceptable, for reasons I will not go into, and another power whereby, through regulation, taxes could be increased. Those oversights occurred because the members of the Banking, Trade and Commerce committee did not have anyone specifically looking at or considering the enabling clauses. The counsel of the Regulations Committee happened to look at the fifth one and saw that objectionable enabling power. It was drawn to my attention and I drew it to the attention of the Banking, Trade and Commerce Committee, with the result that there was an amendment to the fifth bill that came through. It was not entirely satisfactory, but I will not go into the history of that. When the sixth one came along containing the same objectionable clause, and we objected, the government withdrew the bill. So it shows in a practical way how things can be overlooked.

• (1630)

My motion was originally in the form of a direction of the Minister of Justice in 1971. It was forwarded to cabinet in exactly the same wording and it was then approved as a cabinet document in 1981.

All I am saying is that there may be very good and valid reasons why these specific powers that are objected to should be contained in a bill. The resolution and the cabinet directive provides that if they are included, there must be reasons given to the cabinet as to why they are included. There may be perfectly valid reasons. All I am saying, in effect, is that if they are noticed in a bill, the government should give the same reasons to the committee that is considering the bill so that it can decide whether or not they are valid.

Again the Regulations committee really becomes involved in these matters and draws attention to them because it has a permanent staff of two lawyers. I should like to read something to honourable senators concerning the importance of

enabling clauses of bills. I refer to the report of the Commonwealth Conference of Delegated Legislation Committees that was held in Canberra, Australia, in September, 1980. This question was discussed, and the report reads as follows:

> Many delegates reported that problems they encountered with delegated legislation were found, upon examination, to have sprung from the parent statute. It was emphasised repeatedly that there is a need for closer control over delegated legislation at its source, that is, in the regulation-making clauses in bills which are passed by the parliaments. Some committees undertake the scrutiny of the empowering clauses in bills, and delegates from those committees stressed the importance of this work.

In other words, some committees were doing exactly what I am proposing in my resolution.

The report of the Second Commonwealth Conference on Delegated Legislation, which was held in Ottawa in April, 1983, includes the following:

> Governments come very easily to regard statutes as convenient vehicles for the conferring of powers on the executive. Far too often, it seems, remarkable administrative or discretionary powers are contained in Bills which also very often seek to confer delegated law-making powers which the experience of scrutiny committees suggests will be troublesome, lend themselves to the making of unfortunate subordinate laws and be used to by-pass Parliament. Parliamentarians have every cause to be troubled by broad or vague enabling powers. Indeed, the construction and interpretation of enabling powers in Bills is a subject which lies at the heart of any effective parliamentary control of delegated legislation. Parliament must see to it that it understands and approves the precise powers to make delegated legislation granted to the executive. Too often the enabling powers in Bills are passed without examination.

That report refers not only to the Canadian situation, but to the situation that exists generally throughout the Commonwealth. All I am saying is: If we pass this motion, then the committees not only of the Senate but also of the House of Commons will be able to function more efficiently because they will not overlook enabling clauses which may either be improper or should not be granted. I hope that after two and a half years we will be able to resolve this matter—please.

Some Hon. Senators: Hear, hear.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 12, 1984

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

TRANSPORT

NOTICE OF MOTION TO AUTHORIZE TRANSPORT AND COMMUNICATIONS COMMITTEE TO STUDY POLICY ON CAR RENTAL OUTLETS AT AIRPORTS

Hon. Hazen Argue: Honourable senators, I give notice that on Tuesday next, December 18, 1984, I will move:

> That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the policy of the Department of Transport regarding car rental outlets at airports, more particularly its refusal to open up competition to increase the number of car rental outlets; the effect of restricting the major share of business to multinational companies; the adverse effect on jobs in Canadian companies and; the advantages to the travelling public of greater competition.

[*Translation*]

VISITORS IN GALLERY

KATIMAVIK PARTICIPANTS

Hon. Jacques Hébert: Honourable senators, with your permission I should like to call your attention to the presence in the gallery of a group of 40 Katimavik participants, who are accompanied by members of the board of directors of that non-governmental agency which is funded by the Secretary of State.

[*English*]

These are 40 young Canadians of a group of 5,000 from every province and territory of our country who are serving as volunteers in community projects in Hawkesbury, Vanier, Ottawa and Farnham. After three months they will go to work in communities in another province for a further three months. Finally, they will work in a third province for the last three months of the program.

I wish to tell honourable senators that, together, these young people are building the future of our country.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

INVESTMENT CANADA

FOREIGN INVESTMENT—GOVERNMENT POLICY

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate. The new agency, Investment Canada, is apparently not going to review all direct acquisitions of Canadian business which have assets of less than $5 million. Given that these businesses provide the bulk of the jobs in Canada and given that this would make it possible for American businesses, for instance, with dollars worth 30 per cent more than ours, to acquire these smaller businesses, what protection is the government offering against the acquisition of these businesses by foreign interests? Why is the government only concerned with protection against acquisition of big businesses by foreign interests?

Hon. Duff Roblin (Leader of the Government): Honourable senators, the honourable senator who has asked the question really wants me to get into a debate with him on the proposed Canada Investment Act. I think that would be inappropriate at this moment. In due course, the Investment Canada legislation will come to this chamber and it will then be appropriate, I think, to discuss the points raised by my honourable friend. I am sure that at that time some of us will be happy to discuss those points with him.

Senator Everett: Would the Leader of the Government in the Senate not agree that the points I have just put on record are, in fact, accurate?

Senator Roblin: I do not think it would be safe for me to agree with any statement of opinion made by my honourable friend on the topic.

PUBLIC WORKS

UNITED STATES EMBASSY PROPERTY—POSSIBLE ACQUISITION BY GOVERNMENT OF CANADA

Hon. Frederick W. Rowe: Honourable senators, I have a question for the Leader of the Government in the Senate. Several years ago, when that historic landmark known as the Rideau Club burned down, there was considerable discussion or, at any rate, there were rumours that the Government of Canada planned to acquire the property next door which we have known as the United States Embassy.

I wonder if the Leader of the Government can tell us whether there are any proceedings or negotiations under way

with respect to the acquisition of that property, and, if so, at what stage those negotiations are currently.

Hon. Duff Roblin (Leader of the Government): Having perused the report of the Auditor General on the manner in which the previous Government of Canada dealt with matters of real estate, I think that perhaps this is a rather sensitive question. However, I shall take it as notice and see whether I can obtain any information for my honourable friend.

INVESTMENT CANADA

FOREIGN INVESTMENT—GOVERNMENT POLICY

Hon. L. Norbert Thériault: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate which is really supplementary to the question asked by Senator Everett. I do this because the answer that was given to Senator Everett—or rather, the non-answer—really bothers me. The reasoning for not answering the question bothers me even more.

I presume that in the course of time, the Canada Investment Bill will come to the Senate having already been passed by the House of Commons. The question asked by my honourable colleague from Manitoba is a very important one. It would seem to me that, at least, the Leader of the Government in the Senate should have said that he would bring to the attention of the government the concern of my colleague, in order that something might be done about that very important matter before the bill reaches this place.

Hon. Duff Roblin (Leader of the Government): My honourable friend has correctly described the passage of bills through both chambers of this Parliament. However, I do not think that that procedure involves me in any necessity to try to amend government legislation, which is now before the House of Commons, by virtue of a message from the Senate. If the Senate wishes to amend that legislation, the Senate can think about it when it gets here.

Hon. Allan J. MacEachen (Leader of the Opposition): Just think about it?

Senator Roblin: Perhaps try something else, then.

Senator MacEachen: Perhaps amend?

UNITED AUTO WORKERS UNION—PROPOSED INDEPENDENCE OF CANADIAN SECTION

Hon. D. G. Steuart: Honourable senators, at about the same time as the government was announcing the changes in FIRA and our Prime Minister was down in New York testing the waters and opening up Canada for investment and take-overs, Bob White, of the United Auto Workers, had gone down to the United States to request of the parent union more independence and autonomy for the Canadian members within that union. He was turned down by the heads of that union in the United States and has now said that perhaps the only recourse is to have an independent Canadian union. I understand that subsequently the Prime Minister said that he supported that intent and that he was happy that this was happening.

At about the same time, General Motors threatened that if this move towards more independence for the Canadian branch of the United Auto Workers goes ahead, General Motors may have to reconsider its current and future investment in Canada.

My question to the Leader of the Government in the Senate is: What action, if any, does the government intend to take to protect the members of the United Auto Workers Union in Canada from this threat by General Motors?

• (1410)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I really do not think it would be proper for the government, at this stage of the development of events, to place itself in a position where it is instructing either the union or the company with respect to government policy on this question. I must say that I have considerable confidence in the good judgment and common sense of Mr. Robert White, who leads the Canadian section of the automobile union. He can read newspapers as well as anyone else—

Hon. Ian Sinclair: I wonder if you have.

Senator Roblin: Yes, I have.

Senator Sinclair: That's a big surprise.

Senator Roblin: If my honourable friend has another opinion, of course he will deliver it to us one of these days.

Hon. Jacques Flynn: For what it's worth.

Senator Roblin: As far as I am concerned, I think we have to expect that those who are the actors in this drama will conduct themselves with circumspection and good judgment in respect of this matter so that the interests of the Canadian economy and the Canadian workers are not damaged.

Senator Steuart: My problem is not one of not having confidence in Mr. Bob White and the action he has taken; my problem is one of having confidence in the actions of General Motors.

Would the leader not concede and advise his government that this is the other side of the coin, this is the other face, of inviting American take-overs? Here is a Canadian union taking its independence, moving to protect its sovereignty and immediately receiving from the Americans the following reaction: If you do this, you will suffer.

It is not the union in which I have no confidence, it is General Motors. We have seen too many closures of flour mills, and so on, in your part of the country and in my part of the country, that were owned by Americans. They shifted the plants and the jobs to the United States. I think that the government should be worried about this. At the same time as they are welcoming Americans to come in and take over Canadian industries, I think there should be some protection for our workers. Again I ask: Does the government intend to take any steps to try to avert this?

Senator Roblin: I am not here to speak for General Motors, either.

Senator Steuart: Just the government.

Senator Roblin: My honourable friend seems to be concerned about General Motors, so I simply speak to him in the terms in which he raised the issue. I would expect General Motors to operate as good, corporate citizens in this country, and I do not expect that a preliminary skirmish with respect to trade union negotiations will alter that situation.

CANADIAN BROADCASTING CORPORATION

FUNDING—GOVERNMENT POLICY

Hon. Dan Hays: Honourable senators, my question is for the Leader of the Government in the Senate and is prompted by the announcement made yesterday by the President of the Canadian Broadcasting Corporation.

By way of explanatory remarks, I would draw to the attention of honourable senators that the budget of the CBC, expressed in constant dollars, has decreased by 4 per cent since fiscal year 1978-79, and that as a result of the $85 million cut by the government there will be a dramatic decline in funding for public broadcasting in the fiscal year commencing April 1, 1985, not to mention the elimination of 1,150 positions in the corporation.

In addition, in the announcement made by the president of the CBC we heard that new Canadian programs will not be produced to replace U.S. programs. Without going on at great length, there are a number of things happening within the corporation which mean that it will be a less effective tool for reflecting Canadian culture to all of Canada.

My question is: Can the Leader of the Government advise us whether the government has established a policy with respect to the level of funding for the next five years, and if it has not, when may it do so?

Hon. Duff Roblin (Leader of the Government): The point raised by my honourable friend is an interesting one. I can inform him that the CBC was to have received a 5 per cent increase, in constant dollars, for five years, commencing in 1977, under an agreement between the CBC president and the cabinet. That agreement was not put into effect, and in fact the CBC's budget was cut by $71 million in 1978, the year after the agreement was reached.

So, if I am to go on precedents, these five-year undertakings on the part of the previous administration did not amount to much. As to the situation we face today, I think that the cut of $75 million, which is an interesting comparison to the $71 million that was cut off in 1978 when dollars were worth a lot more, is an interesting factor to take into account. I am pleased to say that the president of the CBC has made it quite clear that he has made the majority of his cuts in areas of overhead and not in the area of programs or the area of regional outreach or coverage of that sort for which the CBC is responsible. As budgets are produced in this country on a year-to-year basis, I think it is the policy of the present administration to continue that, and a budgetary allowance will be made in the next fiscal year which, we trust, will be adequate for the needs of the CBC.

Senator Hays: My supplementary then is to ask the Leader of the Government if I understand correctly that there will be no effort on the part of this government to let the CBC know what its level of funding will be for a specified period of time, five years being the usual period for planning such things.

Senator Roblin: I do not think that my honourable friend is entitled to make that assumption. It may prove to be true or untrue. The plain fact is that in most circumstances this government, as is the case with most others, makes its appropriations on an annual basis. There is a school of thought that it should be done otherwise, but that is not the case at the present time.

MANDATE—PARLIAMENTARY COMMITTEE STUDY

Hon. Dan Hays: My second question relates to statements that I have heard as to the possibility of setting up a parliamentary committee to re-examine the mandate of the CBC. Can the Leader of the Government in the Senate advise as to the status of this matter?

Hon. Duff Roblin (Leader of the Government): In reply to my honourable friend's third question—I can count too—I would suggest to him that he will have to wait until the government is prepared to make a statement of policy in respect of this matter. I am not authorized to make such a statement today.

INDEPENDENCE—GOVERNMENT POLICY

Hon. Dan Hays: I characterized my first question as a grouping of matters relating to funding and the certainty of funding for the CBC, and I did bootleg in the matter of the mandate review, but my next question really relates to a matter that I have brought up earlier in the chamber and that is the independence of the CBC. There is an article in the *Globe and Mail* of December 11 which quotes Mr. Marcel Masse as saying that he is planning an expansion of the role of French language television across Canada. I will not go into great detail on the article, but by implication I think that he is making a decision as to whether or not a certain program will be followed in the corporation.

My question in this regard relates to whether or not there is anything further that the Leader of the Government in the Senate can advise me on this troubling matter of the independence of the CBC. In other words, is there a policy, or is there a change in policy with respect to what involvement the department will have in making decisions with respect to programs? Will it be a matter for the department or will the tradition of independence of that corporation be observed?

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the question of the role of the government with respect to the CBC was dealt with by Mr. Juneau in a recent statement which he made on the subject. He made it

quite clear that there was no interference with the cultural integrity of the CBC, nor in the present reallocation of the budget did the government make any suggestions as to how programs should be altered or how policy matters of that sort should be considered. My honourable friend can take that piece of information as an assurance that there has been no unjustified trespass on the integrity of the CBC.

In the statement that my honourable friend refers to, it is true that the minister said if there were going to be any changes they would be discussed in Parliament. That is as far as I can go at the present time.

INVESTMENT CANADA

FOREIGN INVESTMENT—GOVERNMENT POLICY

Hon. Douglas D. Everett: Honourable senators, I have had a few moments to ruminate on the answer that the Leader of the Government in the Senate gave me to my questions, and I did not think it was fair. I want to come back to it again. My question was to the effect that the new Investment Canada will not review acquisition of companies with assets of less than $5 million by foreign buyers. I think that is an important issue and a very important segment of this economy.

• (1420)

It is a protection to bigger businesses, but there is no protection whatsoever in this act against the acquisition of smaller businesses.

What I asked the Leader of the Government in the Senate was: What protection is this government going to give respecting the acquisition by foreign interests of smaller businesses, smaller businesses being those with under $5 million of assets? The honourable gentleman replied that I was debating the bill.

Honourable senators, I am not debating the bill at all. I am asking if the bill is to be taken as a bill offered to Parliament which does not give any protection to the foreign acquisition of small business in Canada; and what steps does this government propose to take in that very important area? That is a fair question which I am sure the honourable gentleman can answer. There must be government policy; they must have thought of something. They just did not take it from the Canadian Chamber of Commerce. There must be some answer to that question. This is not debating the bill.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): My honourable friend can rest assured that there is an answer, but it is not of the sort that can be dealt with at oral Question Period in the Senate when the exchange is supposed to be brief and sharp. I am not expected to enter into debate on the kind of explanation which my honourable friend's request would entail.

However, that is no reason why he should not ask the question. If he wishes me to do so, I will regard it as a written question, not susceptible of an oral answer, and I will provide him with a written answer.

Senator Everett: I thank the Honourable Leader of the Government for providing the answer.

THE ENVIRONMENT

PUBLIC ENVIRONMENT GROUP

Hon. Keith Davey: Honourable senators, yesterday I asked the Leader of the Government about an organization known as the Public Environment Group, and he responded that its existence was "—not within my compass of knowledge at the moment."

My question is: Is it now within the honourable gentleman's compass of knowledge?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must admit to having neglected my honourable friend shamefully because I did not inquire of my staff as to what the reference was. However, if my honourable friend can enlighten me now, I would be pleased to listen.

Senator Davey: I would be most grateful if he would elicit the information since I would like to know something about that group.

Senator Roblin: Honourable senators, if that organization is one which comes within the ambit of the Government of Canada, I will search for the answer for my honourable friend.

FINANCE

DOCUMENT ENTITLED "JOHN TURNER AS MINISTER OF FINANCE: AN ERA OF ECONOMIC DECLINE"

Hon. Keith Davey: Honourable senators, I have a second question for the Leader of the Government. I should like to know if he has yet been authorized to concede that the document "John Turner as Minister of Finance: An Era of Economic Decline" was, in fact, published at public expense.

Hon. Duff Roblin (Leader of the Government): Honourable senators, in response to my honourable friend's second question, I am afraid I am still unable to give him an answer to his question. It belongs to that category of questions which I am not able to answer as expeditiously as my honourable friend would like. However, since he has registered his continued interest in it, I will work on it.

INVESTMENT CANADA

FOREIGN INVESTMENT—GOVERNMENT POLICY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate, which relates to FIRA. My question has two parts. One part arises out of the intervention made in this chamber about foreign investment.

Do I understand correctly that we are not to expect any information concerning government policy on foreign investment that might illuminate, in the long run, our debate when the bill is presented in this chamber?

Hon. Duff Roblin (Leader of the Government): If my honourable friend poses the direct question he has in mind, I will be glad to give the matter consideration.

Senator Frith: Honourable senators, I will do that, but that is not an answer to the question I just put.

I must say that I, along with some other senators, am still having some difficulty in understanding—

Hon. Jacques Flynn: What else is new?

Senator Frith: —exactly how the new Leader of the Government sees his role with respect to answering questions. Earlier today he said he was not authorized to answer questions. If he ever gives us a description of how he sees his obligations, he might include some comment on that. I sincerely do not yet have a grasp of what he thinks are proper questions, and questions that we might expect him to answer. In that context, then, and in respect of FIRA in general, when we are preparing to ask questions in this chamber, are we not to expect answers to questions relating to foreign investment policies of the government until we actually receive the bill? I ask that question because it seems to me that we might save time if we were to receive generally illuminating information on the subject which would help us in the debate that takes place when we do receive a bill. Is it the position of the Leader of the Government that he is not going to give us that information?

Senator Roblin: As I have explained on several previous occasions, my position in the Senate is this: I am a member of the cabinet, it is true, and therefore should be expected to reply to questions asked in this house. It is also true that I am not a minister responsible for the various portfolios to which questions pertain when they are raised here. Therefore, I think it is reasonable to expect that I will be lucky if I can directly answer a question on a portfolio that is not mine. On those occasions when I cannot answer the question in that way, then I do my best to give what answer I can. Where it is necessary to take the matter as notice or to say that I will provide a written answer, then I do so.

I think that, as far as questions are concerned, honourable senators may ask any questions they like. Question Period in the Senate is a free form activity. I would be exaggerating if I said that the rules are non-existent, but they are fairly skimpy, to say the least. I must expect questions, little speeches and debates of all kinds during Question Period and accommodate myself to them as best I can. I am philosophical about that.

I will tell my honourable friend that, if he wants to ask a question about the foreign policy stance of the government, if he poses the question he has in mind I will do my best to get him an answer as soon as I am able to do so.

Senator Frith: Honourable senators, I found the first part of that answer to be quite satisfactory. The government leader has said that the rules with respect to Question Period are practically non-existent. I point out that there are at least two rules which bear on Question Period. One of them states that a debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the questions and by the senator who answers it.

[Senator Frith.]

Hon. Jacques Flynn: Brief!

Senator Frith: Yes, "brief." I suppose that my friend and I realize, having switched places here, that the interpretation of what is "brief" tends to vary, depending upon which side of the question one is on—questioner or questionee. My question arises out of the possibility of what we might call "falling between the cracks" between the demise of the Foreign Investment Review Agency and the creation of the new Investment Canada. It deals with the concerns of the Association of Canadian Publishers about the Prentice Hall take-over. Members of that association are concerned, because up to now the government has taken the position that it will not review that take-over from the perspective of the criterion of significant benefit to Canada. Will the Leader of the Government ask the minister responsible, Mr. Stevens, if he has now had an opportunity to decide whether or not he will review that take-over?

Senator Roblin: I can say to my honourable friend that there is no question but that there is a law in Canada respecting foreign take-overs. At present that law is the FIRA Act that we now know. Any proposal or take-over that comes to the government while that act is in place will be decided under the terms provided for in that piece of legislation. If that act should not be in place and a new one is there—as we hope will ultimately be the case—I can tell my honourable friend that, as I have read that act, provision is made for review of instances just like this one, where the cultural interests of the country are involved.

I would take it from that that, under one act or the other, this particular matter will be investigated.

AUDITOR GENERAL

CABINET DOCUMENTS—ACCESS TO INFORMATION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government whether it is true that the government has now decided to make available to the Auditor General information contained in cabinet documents.

• (1430)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have to tell my honourable friend that a meeting took place yesterday between the Auditor General and the Prime Minister, in which I understand—although I was not there—an effort was made to resolve the question of definition as to what constituted a cabinet confidence, which, under the generally understood parliamentary rule, was not available for general scrutiny, and what did not. The discussion sought to determine a definition whereby the Auditor General's interest would be satisfied, while at the same time observing the constitutional proprieties. That is the state of play at the present time. I expect that at some time in the near future an announcement will be made which will provide us with further information on the subject.

Senator MacEachen: Honourable senators, the Auditor General, following the meeting which he held yesterday with the Prime Minister, stated that everything that was a problem before regarding Petrofina was now out of the way. That is what the Auditor General said, and we all know that the Prime Minister himself has clarified precisely what the problem was, namely, that it was not appropriate for the Auditor General to have access to a cabinet document. All that I am really asking is whether that principle, which has been enunciated not only by the Prime Minister but also by his predecessors, is still to be observed by the government?

Senator Roblin: I do not believe that I can add anything to the statement I have already made on the subject.

Senator MacEachen: Honourable senators, I am sure that the Leader of the Government will agree that his statement has not really dealt with my question, except to say that there was a meeting and that an effort would be made to define what a cabinet document is. Well, we do not need a definition. We know precisely what cabinet documents are—

Some Hon. Senators: Hear, hear.

Senator MacEachen: —and it would be quite unfortunate if the Prime Minister attempted to define a cabinet document—

An Hon. Senator: Tell us.

Senator MacEachen: —as something that is a departmental document.

I ask the question because it is a convention of government that the present Prime Minister has no authority to make available cabinet documents that were the possession of the former government. I am asking whether it is the intention of the Prime Minister, following the meeting with the Auditor General, to maintain the convention which he so stoutly defended within the last short period of time?

Senator Roblin Honourable senators, I believe that where my honourable friend and I would have a difference of opinion is as to whether or not there is a satisfactory definition of what is a cabinet confidence. I believe that is the heart of the matter, namely, that there has been a claim made by some that certain papers, which I would regard as being departmental and not cabinet confidences, are indeed covered by the stamp of secrecy. In fact, I understand that some departmental papers have been marked "secret" even though they are not, in any usual way, considered to be cabinet confidences; and that has been part of the stumbling block in connection with this matter.

I have to be candid with my honourable friend and say that I am not a principal in these discussions, and therefore I must be careful not to try to say something about which I do not really know. That is why I believe it would be a good idea for me to wait until there has been a further statement by the Auditor General and the Prime Minister with respect to this matter.

Senator MacEachen: Honourable senators, I agree with the Leader of the Government that the Prime Minister, up to the present time, has not commented upon his meeting. It has been the Auditor General who has made the statements. I understand the sensitivity of the question and the explanation given by the Leader of the Government, but it would be helpful if he could, at an early date, clarify precisely what the situation is as to whether, indeed, the government has now decided to release departmental documents, which is a question quite separate from the question of cabinet documents. That really is what I would like to know about. Also, if cabinet documents are to be made available, has the consent of the former Prime Minister been received in order to make those disclosures?

Senator Roblin: Honourable senators, I understand the reasons why my honourable friend is so sensitive on this issue. I can appreciate his concern. However, I think that he may perhaps possess his soul in patience for a few days until further information is forthcoming on this matter, because I have some confidence that the answer will meet his requirements.

Senator MacEachen: Honourable senators, I am sensitive about the question of proprieties. If the honourable gentleman was inferring that I was sensitive about the disclosure of information, then I would want to set his mind at ease on that matter. I am sure that he did not have any such inference in mind.

RESTAURANT OF PARLIAMENT

PROVISION OF SERVICES

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. It arises out of a recent announcement by His Honour the Speaker of the House of Commons affecting the administration of the Restaurant of Parliament.

I am a member of the Standing Joint Committee on the Restaurant of Parliament. I am sure that the honourable senator knows that this restaurant has come under a great deal of criticism over the past number of years as being an institution where parliamentarians take advantage of heavily subsidized meals.

Over the past few days and as a member of the committee, I took it upon myself to consult with some experts in private enterprise in this area of endeavour. I discovered that there are great advantages to be derived from putting out to tender the services that are rendered at the present time by the Restaurant of Parliament. Is the honourable gentleman aware if his government has ever considered the possibility of putting out to tender the restaurant services on Parliament Hill?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has posed an interesting suggestion and I hope that he will follow it up. However, I think the suggestion should be put before the joint committee responsible for the restaurant, which is co-chaired by the Speaker of the House of Commons and the Speaker of the Senate. Therefore, the question is not one which falls within my purview, but my honourable friend may find it useful to take the matter up with the committee and with the joint chairmen.

Senator Bosa: Honourable senators, I would be very pleased to do as the leader has suggested, if I knew who has the prerogative of calling a meeting of the committee. If I had that prerogative I would raise this matter directly with that person. I put the question to the Leader of the Government in the hope that somebody will take notice of this matter and call a meeting to discuss this very important aspect of the administration of the Parliamentary Restaurant.

Senator Roblin: My honourable friend will have to apply to the Speaker of the Senate with respect to this matter. It does not come within my jurisdiction.

JOINT COMMITTEE MEMBERSHIP

Hon. Joan Neiman: Honourable senators, I have a supplementary question for the Leader of the Government. Yesterday, while looking at the list of standing, special and joint committees in Senate *Hansard* of December 6, under the Joint Committee of the Restaurant of Parliament I noticed that only the members of the Senate are listed and that there are no members listed from the House of Commons. After reviewing the Standing Orders of the House of Commons, I find that there is no provision for a joint committee on the Restaurant of Parliament. The book, which I have just returned to the Table, is dated December 1982. I have photocopies of the pertinent pages.

I am somewhat at a loss to understand what has happened to the Standing Joint Committee on the Restaurant of Parliament. Perhaps the leader would be good enough to get us some further information on the matter. Obviously, we in this chamber are operating under one set of rules or misapprehensions and those in the House of Commons are operating under another set of rules.

Hon. Duff Roblin (Leader of the Government): I think my honourable friend is correct in what she says about the listed membership of this joint committee. I am looking at the *Minutes of the Proceedings of the Senate* and I see only the names of senators there. Unfortunately, none of this comes within my purview. The honourable senator is applying to the wrong man. I think her query ought to be addressed to the Speaker of the Senate, who should be competent to deal with the point she has raised.

Senator Neiman: With respect, Senator Roblin, I am not sure if the Speaker of the Senate would be competent to give an answer on behalf of the Speaker of the House of Commons. However, he may be, and I stand to be corrected on that point. At this point, I simply want clarification as to why the rules of the House of Commons were apparently changed. Perhaps we were not apprised of this fact and thus continued appointing members to a joint committee which is no longer joint. I do not think that our Speaker can provide the answer on this matter.

● (1440)

Senator Roblin: I think he is the best person to ask. It is true he cannot speak for the House of Commons; however, I think he is on speaking terms with the Speaker of the House of Commons and can raise your point with that gentleman. It really is not a matter for me to get into. I would like to help my honourable friend; however, I think she should talk to our Speaker about it.

[Senator Roblin.]

CANADIAN BROADCASTING CORPORATION

MANDATE—PARLIAMENTARY COMMITTEE STUDY

Hon. Joyce Fairbairn: Honourable senators, earlier in Question Period one of my colleagues asked for information with respect to the formation of a special committee to look into certain questions regarding the CBC. I am wondering if the Leader of the Government in the Senate would put forward the suggestion that if such a committee were to be struck it might be struck as a joint committee. In this way senators could also take part in discussions with respect to the matter.

Hon. Duff Roblin (Leader of the Government): Honourable senators, that is an interesting idea and I will undertake to give it some consideration.

TRANSPORT

AIRPORT CAR RENTAL SERVICE—PARKING

Hon. Joseph-Philippe Guay: Honourable senators, yesterday when I asked a question of the Leader of the Government with respect to a delayed answer, I believe he misunderstood me when I referred to a question I asked on December 5 last concerning car rental at airports and, more particularly, parking areas. My question made no reference to car rental agencies. The Honourable Leader of the Government referred me to the comments of the Minister of Transport in the other place and I read those comments thoroughly. I wish to bring to the attention of the government leader the fact that he made no reference to parking at all. I bring this matter to his attention today in order that I may receive an appropriate answer with respect to my question. I also draw his attention to a question I asked on November 28 last.

Hon. Duff Roblin (Leader of the Government): I appreciate my honourable friend's bringing this matter to my notice. He is quite correct, I did misunderstand his question. I think I understand it now and I will try to obtain an answer for him.

SALTFISH ACT

BILL TO AMEND—THIRD READING

Hon. C. William Doody moved the third reading of Bill C-6, to amend the Saltfish Act.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 3, 1984-85

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips, for the second reading of the Bill C-16, intituled: "An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have three points to make with respect to Bill C-16. The first point is a procedural one I remember from the days when I had the enjoyment of sitting in Senator Doody's place. In those days I usually sponsored these bills and I had to give an undertaking that the bill was in the usual form. I take it that undertaking has been given?

Hon. C. William Doody (Deputy Leader of the Government): It is your bill; we are just presenting it.

Senator Frith: I thought that the notes for the speech about the bill had a familiar ring.

Honourable senators, the second point I wish to make is to remind this chamber that although the bill is lengthy it consists of short, operative provisions. It has then a schedule of the various estimates, or "votes". Those estimates, as some of our new senators will know from their experience in the House of Commons, are normally dealt with by committee. In our case, they are automatically referred to the Standing Senate Committee on National Finance, and in this case they were referred to that committee. I ask honourable senators, if they are interested in appropriations and the estimates, to look at *Debates of the Senate* for December 6, 1984, to which are attached, as Appendix "A", the report of Senator Leblanc (Saurel)—who is Chairman of the Standing Senate Committee on National Finance—with respect to the supplementary estimates (B).

I would like to draw attention to something noted by the committee with regard to spending reductions. In that regard I would like to quote, in part, from the report of the chairman of the committee, which is found at page 293 of *Debates of the Senate*.

> With regard to spending reductions, announced at the time of the economic statement by the Minister of Finance in the other place on November 7, 1984, Mr. Manion informed the Committee that there would be some savings to be applied to the deficit. Mr. Manion indicated that these savings would remain in departmental budgets until the end of the fiscal year at which time they would be applied to reducing the deficit. However, the witness also indicated that the Treasury Board would have considerable difficulty in separating normal lapses from savings associated with the spending reduction. The Committee was surprised to learn that these savings were not being immediately withdrawn and applied to the deficit, thereby reducing interest charges. The Committee was also concerned that the government was not able to determine with any accuracy the extent of the savings associated with the spending reduction.

I draw that paragaph of the report to the attention of honourable senators as a matter of interest in case it escaped their attention.

The third point I wish to make is that I do not think it appropriate—no pun intended—for the Senate to deny supply which has been passed in the other place. I say this in spite of the fact that some of us who went on the now famous and, for some, notorious trip to Australia, were surprised to learn that the Senate in Australia has the power to deny supply. Of course, we also have the perfect right to do so. However, in my opinion it is not appropriate. It is appropriate to examine the estimates to try to do what we can to illuminate them but not to finally deny supply.

Hon. Allan J. MacEachen (Leader of the Opposition): Not today!

Hon. Duff Roblin (Leader of the Government): Who said that?

Senator Frith: My leader says, "Not today!" I have taken note of his remark. I have the impression that others have also taken note of his parenthetical remark—his stage whisper.

Honourable senators, for the reasons I have stated, we on this side of the house intend to support the bill at second and third reading stages.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate.

Senator Doody: Honourable senators, we have little to add to what has already been said in the introduction of the appropriations bill. I appreciate the fact that Senator Frith is concerned about the lack of the government's immediate intent to transfer savings to the reduction of the deficit.

Senator Frith: I was not; I just pointed out that the committee was.

Senator Doody: I would say that maybe we will have another run at that later on; there is usually another set of estimates before we get through the year. Early in the new year there will be the supplementary estimates (D), which is the crunch. Those estimates show that the real numbers are true figures before we get to the new fiscal year.

I note with some interest the aside of the Leader of the Opposition to the effect that today the opposition is supporting the passage of this bill. It sounds as if there might be some interesting things ahead of us. I look forward to a new departure for the Senate and, perhaps, for a complete departure of the Senate.

Having said that, honourable senators, I ask for your support on second reading.

Motion agreed to and bill read second time.

• (1450)

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting.

INCOME TAX ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Walker, P.C., for the second reading of the Bill C-7, intituled: "An Act to amend the Income Tax Act and related statutes".—(*Honourable Senator Kolber*).

Hon. Leo E. Kolber: Honourable senators, I have a few brief remarks to make on this bill and I also wish to voice a few concerns. First of all, it is interesting to note that most of the measures contained in this bill originated from the budget of the Honourable Marc Lalonde of February 1984. It is also interesting to note that the economic statement made by the Honourable Michael Wilson has resulted in very few concrete steps, most of which were also contained in this same budget of the Honourable Marc Lalonde.

I do have several concerns with respect to this bill. The bill changes the provision governing the period of filing the notice of objection to a tax assessment reducing it from 180 days to 90 days. I understand that this is in anticipation of a much more efficient Revenue Canada. However, until that is an actuality, I wonder if we are being fair to our taxpayers.

My second concern is that Marc Lalonde's February budget contained a provision which would have allowed the taxpayer to give to the Minister of National Revenue satisfactory security for taxes which were in dispute. This provision has been deleted. I note that, in the Speech from the Throne, the government stated its intention to refrain from accepting advance payments until the matter had been settled by a court. While that is certainly an eminently fair position, that test has not yet taken place. Therefore, at this moment, we are in an interim or hiatus period and, in my opinion, some clarification in this area is necessary.

The last comment I have to make is that it would appear that the government has suspended advance rulings. This position is not consistent with the stated intention of this government to instil confidence in business. In my opinion, this is not a good way to achieve that goal.

Having said those things and with those concerns and caveats, I certainly would recommend the adoption of this bill

Hon. Jacques Flynn: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that, if the Honourable Senator Flynn speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

[*Translation*]

Hon. Jacques Flynn: I thank Senator Kolber for his comments. I note that he did not suggest that the bill be referred to the Standing Committee on Banking, Trade and Commerce. I should like to know whether he thinks it would be of some use if I were to move the motion so that he might have answers to the points he raised.

Unless I am mistaken, the bill does not make any reference to the last point raised by Senator Kolber. He is probably referring to an administrative ruling. I do not think the legislation provides for the suspension of advance rulings by Revenue Canada when so requested. I do not recall hearing anything about it.

Should Senator Kolber want to have answers to those three questions, I would certainly move that the bill be referred to the Standing Committee on Banking, Trade and Commerce.

[*English*]

Senator Kolber: I do not think that will be necessary.

Hon. Royce Frith (Deputy Leader of the Opposition): Yes, it is.

Senator Kolber: I bow to my leader.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Opposition): I think this bill should be referred to the Standing Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Flynn, bill referred to Standing Committee on Banking, Trade and Commerce.

THE SENATE

OFFICE OF SPEAKER

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Riel, P.C., calling the attention of the Senate to his tenure as Speaker of the Senate, his experiences and his recommendations to the Senate.—(*Honourable Senator Riel, P.C.*)

Hon. Maurice Riel: I am very glad with this opportunity to continue my speech, especially since I realized I forgot something very important, which always happens when you are in a hurry as I was the other day. I also would like to elaborate on a number of points.

I forgot a short paragraph which I thought was rather apt and which I had written especially for the new speaker *pro tempore*, and so I will give it to you now. Senator Asselin, who is now our "permanent" Speaker *pro tempore*, as they say in the United States, is a distinguished parliamentarian in the grand tradition. I am sure the senator will find it very difficult not to rise and take part in our daily debates.

I am sure that at times his temper will rise, but that, like all Speakers of the Senate, he will remain in his moderating role and exercise the authority that role confers on him.

I am sure he will also be very keen to study all the precedents to find out exactly what his powers are. At times, the situation as seen from the Chair is not the same as seen from the floor of the chamber. On the other hand, the Senator knows that in the Senate, the Speaker has the right to take part in debate and to vote.

I believe that during the last session, your predecessor Senator Molgat left the Chair to table his committee's report.

Others before you have done so many times. I noticed that many of our colleagues were surprised to hear the Speaker of the Senate is entitled, under rule 42, to take part in debate, and to vote under rule 49. I wish Senator Asselin a successful "permanent" *pro tempore* speakership.

I wish to thank Senator Molgat who was my Speaker *pro tempore* until Parliament was dissolved. He performed his duties with distinction and great skill.

I would like to quote something interesting from "The Modern Senate of Canada, 1925-63". There is one passage that describes the history of the role of the Speaker and the precedents for allowing the Speaker of the Senate to take part in debate and to vote.

[*English*]

> Unlike the Speaker of the House of Commons, with the Speaker of the Senate there is no suggestion of a requirement of either impartiality or aloofness from debate.

[*Translation*]

That is rather dangerous. I would not advise it. That was probably in the good old days.

• (1500)

[*English*]

> On those rare occasions when the Speaker wished to address the Senate, he left the chair and spoke from the floor like other members. During the second reading debate of the Trade Mark and Design bill of 1927 Sen. Bostock informed the House that he had strong protests from Vancouver, his home town, about the object of the legislation and urged the postponement of the debate, in order that all interested parties might be heard. Again, in 1945 Sen. King, who, together with Sen. Moraud, represented the Senate in the Canadian delegation at San Francisco, took part in the debate on the resolution approving the United Nations Charter. He was once more brought into the discussion in 1947, when he felt that as Speaker of the Senate he had to reply to an unprecedented attack by Sen. Murdock upon the report of the Senate's Internal Economy committee recommending an increase in the salary of the Gentleman Usher of the Black Rod.

The quotation does not say if the Speaker of the Senate then was the Chairman of the Internal Economy Committee, but I will check on that and report back to you, because that might be very interesting to know.

The quotation goes on to state:

> Sen. Robertson left his chair twice during his speakership—once in 1954—

Hon. Royce Frith (Deputy Leader of the Opposition): Would the honourable senator receive a question? Was this "unprecedented attack" a verbal attack or a physical attack?

Hon. C. William Doody (Deputy Leader of the Government): Financial.

Senator Riel: It is not stated precisely, Senator Frith.

Senator Frith: It does not say whether it was a physical attack or a verbal attack?

Senator Riel: No, but if the Gentleman Usher of the Black Rod is brought in, I suppose he would defend the Speaker.

In the book I read—and I am not going to quote the complete book—it says that at one time Speakers had difficulties amongst themselves. One Speaker called the other an old viper. At that time there was a Sergeant-at-Arms, and he was obliged to intervene. So, your question was in order, Senator Frith, as is usual.

The quotation goes on to state:

> Sen. Robertson left his chair twice during his speakership—once in 1954 to join in paying tribute to the memory of Sen. Dennis, a fellow Nova Scotian, and once in 1955 to take part in the debate on the motion to approve the Protocol on West Germany's accession to NATO. In addition to addressing the House, the Speaker in all cases has a vote; thus, Hardy participated in one division during his short term as Speaker in 1930; Blondin voted in a total of twelve divisions between 1930 and 1935, and Foster and King voted on one bill each while Speakers.

[*Translation*]

I trust, dear Sir, that the example of your predecessors to whom I have just referred, will encourage you to put your rights and privileges to good use. Of course, and we know that, with your usual discretion, you will use them well.

In my previous speech, I talked about the protocol service of the Secretary of State. I must point out that I am certain there was no ill-will and no lack of sincerity on the part of the officials who came to see me. Their department gives them instructions and they follow them. They are not paid to be experts in parliamentary law. It is up to the Speaker of the Senate to make sure that the rights and prerogatives of the Senate are respected. This is one of his duties and he is empowered to see to it.

Otherwise, the Senate would be left to play a minor role if not actually despised.

In fact, I must say that, later on, I had good relations with one of the protocol officials who came to see me. The pretty lady from Quebec who came to the first meeting never returned. I was sorry about that. I am convinced that, with written and published rules on the rights, privileges and prerogatives of the Speaker of the Senate or even of the Speakers of both houses, our friends from the protocol service of the Secretary of State would understand and co-operate fully.

I also want to say a few words about Royal Assent. I have already referred to the British law passed in 1967. There is nothing new about this. Senator Flynn spoke about this years ago. Senator Frith has also spoken a lot about it. Senator Godfrey and others have studied the matter in depth. We only have to continue in their footsteps.

Coming back to the matter of protocol, I spoke briefly the other day of the privilege I had of greeting Her Majesty the Queen to this place.

[*English*]

I want to report to you that welcoming the Queen to Parliament was a great experience. The Queen radiates dignity, grace and intelligence. What she has to do, she goes about in a quiet but sure way. For instance, when she left the porch under the Peace Tower to enter Parliament, she made a remark to me in French—in French always—that it seemed to her that that was the first time she had entered the rotunda. Then, as I indicated the way to the elevator, passing by the left side arch at the top of the stairs, she turned to me and said: "I believe we should go by the centre arch", which, of course, was the proper way, and which, I must say, I had been told by the protocol office of the Secretary of State for External Affairs.

At that time she repressed, or she permitted a faint smile and I thought I saw a twinkle in her eye, but always she kept strict composure and perfect decorum. I suppose it is this that one calls "Majesty".

When the Queen and the Duke came down from the Memorial Chamber, it was my honour, as Speaker of the Senate, to escort them to the table to sign the book of the Speaker of the Senate, first the Queen, and then the Duke. She was amused to see a little red dot in the place where she was to sign, so she queried me about that. I told her that we had prepared two inscriptions on the page in Gothic characters, one in French and one in English, and in order to be sure that her signature would be exactly in between, we inserted the red dot. I told her that we wanted equality between the French language and the English language. The Queen saw the point right away. She thought that that was very ingenious.

The Duke was interested in the colours of the two books. He asked, in perfect French, why there was a red book and a green book. He also asked why the red book was thicker than the green one. I simply told him that the green book was a sign of hope for the members of the House of Commons that they will join us in the Red Chamber one day, and if the red book was thicker, it was because we are senators for longer periods than they are Members of the House of Commons—like the lords—which made good sense to him, he being one of the Royal Lords.

Through all of this the Queen did not lose her sense of direction and did not forget the timing of the program. I wished then to have a conversation with them, which I did to some extent with the Duke, so much so that many people who watched the news broadcast asked me what the Duke and I were talking about in such an animated way. I must confess that I do not remember at all. I remember only his perfect French.

I want to conclude this part of my speech on the visit of the Queen by saying, let nobody say that he is not filled with a certain emotion when he meets so much dignity, intelligence and presence in one person, the Queen.

[*Translation*]

I would like to say a few words about the Pope's visit. But in this case, as the folks back home would say, I did not get a formal invitation. I did not welcome him to Parliament either. I only met him at Government House along with other Canadian parliamentarians. I was introduced to him very briefly. I felt as though I had always known him.

Personally, I am full of admiration for the Holy Father who must assume huge responsibilities, as the leader of hundreds of millions of believers who, in these difficult times, are somewhat scattered and split up. Who would not want to help the present pope with his plans and dreams of kindness, brotherhood and universal happiness?

But what a strong-willed man! From his native Poland to the throne of St. Peter, life has not always been easy for him, as evidenced by the story of his life. He is kindness incarnate, while remaining absolutely firm. St. Peter's ship demands from its helmsman outstanding qualities. One has the distinct feeling that the present pope has them all.

[*English*]

• (1510)

Returning to what I said about the use of the red chamber for commercial film making and use of the Senate by non-senators, my staff contacted, in addition to officials of the House of Lords and the United States Senate, the Clerk of the Ontario Legislature. I personally spoke and exchanged correspondence with the Speaker of the Quebec National Assembly. Insofar as their respective houses were concerned, they were supportive of my stand. We also contacted the Clerk of the Senate of the French Republic. His answer was that for permission to be granted for a commercial film to be made in the French Senate the scenario would have to adhere rigorously to history. Permission has not been given. One thing that is certain is that neither the House of Lords, the American Senate, the French Senate, nor the Quebec or Ontario Assemblies have lent their chamber for the making of commercial films. They have also not let their chambers be used for mock parliaments or for debates of the Chamber of Commerce.

Hon. Andrew Thompson: May I ask the former Speaker a question? As I recall, the Ontario Legislature had an association of youth parliamentarians. Is that what he referred to as a mock parliament?

Senator Riel: Are you asking about Ontario?

Senator Thompson: I understood you to say that the Ontario Legislature was never used for a mock parliament.

Senator Riel: That is what I understood from your question.

Senator Thompson: I would question that, but I could be wrong.

Senator Riel: I said that my staff contacted the Clerk of the Ontario Legislature. I have not spoken to him personally but this is the information I received. Perhaps I should check once more.

I learned from speaking to the Speaker of the Quebec National Assembly that they are not using their chamber for commercial film making.

I engaged in correspondence with Speakers participating in the Speakers' Conference of Canada which will be chaired for 1984-85 by the Speaker of the British Columbia Legislature. This conference will meet early in 1985 in Victoria. I sent the chairman part of the correspondence on this subject in order that this item will appear on the agenda of that conference.

I did the same thing with the Speakers' Conference of the Commonwealth which will take place in India in 1985 or 1986 and of which Mr. Philip Laundy, one of the asssistant clerks in the House of Commons, is an officer.

I believe that a common policy for all the assembly houses in the provinces, the House of Commons and the Senate should be adopted and observed, and also at the Commonwealth level. Now that the Senate has taken the lead, I hope that our Speaker or his deputy will be present at these meetings to present our points of view and our recommendations.

I should now like to return to my visit to the House of Lords. As you know, there is a different disposition of benches in the House of Lords from that in our Senate. They have 26 archbishops and bishops sitting to the right of the Woolsack. The government sits next to them on the right. On the left the first place is occupied by the Liberal peers, although the party is nearly non-existent in the U.K. The official opposition sits a little lower and then there are the cross-benchers.

The cross-benchers are a group of approximately 220 lords, of which 50 are present on any sitting day. They are sitting not to the right or to the left of the Woolsack but in the place of our Black Rod on benches across the centre aisle. Knowing that there are never more than 200 peers in the House of Lords at any one sitting, the cross-benchers are somewhat of an important minority. As a matter of fact, they are the real opposition in the House of Lords. Who are the cross-benchers? They are peers or lords appointed as independents and sitting as such, which means they are not affiliated to a political party, they are not dependent on the leaders of any party in the House of Lords, and they are not dependent on the whip of any party or belonging to the caucus of parties. They are also independent among themselves. They do not form a monolithic group like their colleagues, the lords who belong to the caucus of their party. These cross-benchers in the House of Lords are a very loosely assembled group and they act independently of mind, speech and conscience. They convene weekly for the sake of discussion, but each remains free to act as he so desires, and they are subjected to no pressure. They elect a convener who acts as a sort of shepherd to this group with no other authority than his recognized moral authority which, in many ways, would prevent him or her from exerting any unwelcome pressure on a colleague. The cross-benchers are given proportionate representation on House of Lords' Committees.

Senator Molson, being the first independent senator appointed to this chamber by Mr. St. Laurent in 1955, has aspired to form such a group for many years. In February 1983 he sent a circular letter to all honourable senators on the workings of the cross-benchers' system in the House of Lords.

• (1520)

The Liberal peers, whose positions are mostly hereditary, because their party has not been in power for a long time, also form an important segment of that body. Since the representation of their party is almost non-existent in the Commons, they have more freedom of action. However, generally speaking, the partisanship is very much subdued in the House of Lords; they leave that to the House of Commons.

Honourable senators, this may, in part, be due to the general character of the lords, their maturity and their sense of history. As we see in the *Story of Parliaments* by Christopher Jones, at page 229, the House of Lords is expected to conduct itself in the following way:

> —are expected to know how to behave themselves without having the full authority of the Speaker over them . . . and they refer to each other with grave courtesy as 'My Noble Friend' or the 'Noble Lord'—

The author of the book goes on to state:

> Should the noble tempers become too frayed, then the Leader of the House asks the Clerk to read the standing order against asperity which was passed in 1626 and still applies.

Honourable senators, that reads as follows:

> To prevent misunderstanding and/or avoiding of offensive speeches when matters are debating, either in the House or at Committees, it is, for honour's sake, thought fit, and so ordered, that all personal, sharp, or taxing speeches be foreborne, and whosoever answereth another man's speech shall apply his answer to the matter without wrong to that person; and as nothing offensive is to be spoken, so nothing is to be ill taken if the party that speaks it shall presently make a fair exposition or clear denial of the words that might bear any ill construction; and if any offence of that kind be given, as the House will be very sensible thereof, so it will sharply censure the offender, and give the party offended fair reparation and full satisfaction.

The writer concludes:

> Which, more than three hundred and fifty years later, sums up parliamentary courtesy and parliamentary discipline precisely.

Honourable senators, perhaps this rule of 1626 should be read by our Speaker after prayers at the first sitting of each year.

Due to great freedom in its work, in party discipline and in parliamentary discipline—which seems to be left more to personal judgment than otherwise—the House of Lords is able to accomplish a great deal.

According to a publication of the British Parliament, statistics kept by the Information Office of the House of Lords for the year 1977-78 indicate the following breakdown of work accomplished by the House of Lords:

about 50 per cent of its time, concerns Public Bills.

Most of the time spent on legislation is spent on revising Bills sent from the Commons, and because of its legal tradition, the House of Lords can do a great deal of tidying up in a detached and rather professional way. About 30 per cent of its time, the Lords spends debating reports and general subjects, often far-reaching debates on subjects such as the environment or leisure, and they are usually debated in a measured and well-informed way. It is a pity that the House of Lords debates are so seldom used as a source of information in view of the wisdom and experience concentrated there, which comes across without political venom and often with courteous eccentricity. Unstarred Questions, which come at the end of the day, are like short Adjournment Debates in the Commons and take up about 9 per cent of their Lordships' time. Finally, there are the debates on the reports of the House of Lords European Communities Committee, which has formed seven specialist sub-committees, is manned by about 90 Peers, and is able to devote far more time to the subject than the equivalent House of Commons Select Committee. The House of Lords itself spends nearly 5 per cent of its time debating the European Committee's reports, far more time than the House of Commons can afford. The more important statements made in the House of Commons are usually repeated in the House of Lords.

Honourable senators, I would also point out that, according to the same information, the number of oral questions at daily question time in the Lords is limited to only four, each question taking eight to ten minutes. The total time devoted to the Question Period is about half an hour, sometimes 45 minutes. They call that Fast Business. Honourable senators, the Question Period in the Senate today lasted not more than 40 minutes, so we are not doing too badly.

Senator Doody: It depends on where you sit.

Hon. D. G. Steuart: And when you sit.

Senator Thompson: How do they select the four questions to be asked?

Senator Riel: I am afraid I do not know the answer to the honourable senator's question.

The cross-benchers act as the real opposition in the House of Lords because they have the strength of numbers, with at least 50 cross-benchers sitting every day. The total number of lords in attendance on any given day is not more than 200 and probably more likely to be 150. The activity is focussed in the cross-benchers' corner and, as I understand it, that is welcomed.

Honourable senators, while I was imbibing all this information about party organization, discipline, parliamentary manners and work in the House of Lords, I could not help but admire the performance of that body. If we kept statistics, we could judge whether we rated as well. Honourable senators, I am sure we would.

An article in *The Economist* of June 16, 1984, circulated to us by Senators Bell and Gigantès, bears the very interesting title, "Britain's House of Lords now out-performs the Commons as a responsible legislature." It is worthwhile reading.

This good work and reputation is not all due to the cross-benchers, but, nevertheless, I believe it would be a positive step if we were to appoint more independents to the Senate. In this chamber we have three independents: Senators Molson, Pitfield and Lawson. I do not know if we can judge the weight of their influence, but I would suggest that they do have some. I believe that, if we had a larger group of cross-benchers, we would be making progress.

Honourable senators, several months ago I conveyed an idea I had to Senator Le Moyne. It was that we should create a special group of senators to be appointed *ex officio* to the Senate, this group being made up of all the former prime ministers of Canada, all the former premiers of the provinces and all the former governors general.

● (1530)

The number of senators would not exceed the 104 or 112 that can be appointed according to the Constitution. The distinguished citizens belonging to the group would become, as I said, *ex officio* members of the Senate on their retirement from office, if they so wished, by informing the Clerk of the Senate of their readiness and acquiescence.

[*Translation*]

Senator Jacques FLynn: Up to what age?

Senator Riel: According to the Standing Orders. We are limited to age 75 by the Constitution of the land. We have a former Governor General who is hardly 50.

Senator Flynn: Another one is 80!

Senator Riel: We have in Newfoundland a former premier who is well above 80. There should be limits.

Senator FLynn: I thought you wanted no age limit for those people.

Senator Riel: No. As you know, I always support sensible measures.

[*English*]

They would have only to present a certificate from the Clerk of the Assembly of their province to the effect that they have ceased to occupy the function of premier and are no longer sitting members of a house. They would need no summons from the Prime Minister of Canada, whoever he might be, and would not owe their appointments to any one political party. They would be free to be perfectly independent of the parties, and could render to this country invaluable services in bringing to this place of sober second thought their experience, wisdom and intellectual powers. If ever they should wish to return to elected politics, they would have to resign.

Honourable senators, think of it: We could have Ed Schreyer, former Governor General, Pierre Elliott Trudeau and Joe

Clark, former Prime Ministers; Frank Moores, Gerry Regan and Alex Campbell of Prince Edward Island, Mr. Bourassa of Quebec, Mr. Davis of Ontario, Mr. Lyon of Manitoba, Mr. Blakeney of Saskatchewan and Mr. Barrett of B.C.—a total of 11 if I count well. However, Mr. Bourassa is the current Liberal leader in Quebec and is pursuing other goals, so our total is reduced to 10. But one day we might have with us Messrs. Bennett of British Columbia, Lougheed of Alberta and Lévesque of Quebec. It would be an interesting group of men with which to start the cross-benchers system in our Senate. To see Mr. Trudeau, Mr. Lévesque and Mr. Lyon rubbing shoulders in this chamber would be a spectacle worth the visit of at least one reporter.

[*Translation*]

To go on with my discussion with Senator Le Moyne, I wonder whether this would be "*Le dialogue des dieux*", or "*Une saison en enfer*".

Senator Le Moyne: The dialogue of the deaf!

Senator Riel: You may be right. This would be a Beau risque to quote somebody I have in mind.

[*English*]

Honourable senators, in recent times the tradition has been to appoint to the Senate former premiers. In this capacity we have had Senator Manning, former Premier of Alberta; Senator Smith, former Premier of Nova Scotia; Senator Robichaud, former Premier of New Brunswick and Senator Roblin, former Premier of Manitoba. Of course, we also have Senator Hicks, another former Premier of Nova Scotia—I am suddenly forgetting a man whom I knew before he became premier of that province. It would have been a good thing to have had with us John Robarts of Ontario and Jean Lesage of Quebec, and probably others as well. If they had been *ex officio*, in the company of colleagues who had occupied similar positions as former premiers of provinces, perhaps they would have come.

Honourable senators, this is probably the only chance to form a group of cross-benchers of a small but influential percentage. They could coalesce around them those here who have wished for years to form a group of cross-benchers. It would give them an opportunity to make a greater contribution to the work of this house and, perhaps, to permit our Senate to demonstrate the spirit existing in the House of Lords.

This is an idea that I put forward to all honourable senators and to the present government. The realization of the idea would require an amendment to the Constitution, but it seems that, at the moment, the government in power has a clear majority and good relations with the provinces. Furthermore, those who have made a great issue about increasing provincial representation in the Senate would certainly be satisfied to see, in this chamber, so formidable a group of provincialists as the former premiers. When I conceived of this idea some months ago—when it was at the embryonic stage in my mind—I spoke of it to Senators Le Moyne and Pitfield and I received much encouragement to pursue it. I must say that I even spoke to the then Prime Minister, who said to me that, although the idea was intriguing and interesting, he could not entertain it at the moment because he was leaving. He suggested that I pursue it with one of his successors.

Senator Flynn:: Une fin de non recevoir.

Senator Riel: We will see, we will see; perhaps you are more apt than I to interpret the words of the former Prime Minister.

In any event, the Constitution allows a government to appoint 8 senators more than the figure of 104, making a total of 112. The present government could, at this time, appoint 5 senators, for a total of 104, and an additional 8, for a total of 112; 13 new senators could be joining our ranks. I suspect, however, that they will all be "des bleus," as a custom has existed since Confederation that the government of the day appoints supporters. I have read that, during his tenure, Sir John appointed 113 or 115 senators, of whom one was Liberal.

Senator Flynn: Oh, no; the first group was practically half and half.

Senator Riel: Do you think so?

Senator Flynn: I know of many Grits who were appointed to the first Senate.

Senator Riel: Are you going to agree, however, that Sir Wilfred Laurier appointed 95 senators, all of whom were Liberals?

Senator Flynn: I would agree with that.

Senator Riel: You agree. Are you willing to agree that Mackenzie King appointed few Conservatives?

Senator Flynn: None.

Senator Riel: Mr. St. Laurent appointed one Conservative, one Independent, Senator Molson, and one Independent-Liberal, Senator Cameron. Prime Minister Trudeau, during his tenure, appointed a number of Liberals and a few Conservatives, such as Senator Asselin, Senator Roblin, Senator Muir, Senator Marshall and others.

● (1540)

Senator Flynn: We have become an endangered species!

Senator Riel: Yes, I know; but they were persons of good character. That is why I say that it would be a good thing to have former provincial premiers appointed *ex officio* and enabled to sit in this chamber without being nominated by anyone and who would be able to maintain their liberty. I think that would provide us with the only opportunity to have a section of cross-benches. I have often discussed this matter with Senator Molson, but I can see no way out, because the Liberals will inevitably appoint Liberals and now, of course, it is the turn of the Progressive Conservatives.

I believe that if a group of the most experienced persons in this country were appointed to the Senate and were not subject to the imperious pressure of caucuses or whips, we might see in the Senate the diminution of that partisan spirit that exists in the House of Commons and which sometimes permeates the Senate. The Senate might then become more like the British House of Lords, namely, a little more serene, and we would

then be able to sing the following verse from Gilbert and Sullivan's *Iolanthe*:

We are peers of the highest station
Paragons of legislation
Pillars of the British nation

There is a further part to my speech, which I am prepared to delay until another occasion.

On motion of Senator Riel, debate adjourned.

VETERANS AFFAIRS

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO REVIEW SENATE COMMITTEE REPORT ENTITLED "THEY SERVED—WE CARE"

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Bielish:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to review and update the recommendations contained in the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981, and to enquire into any matter related thereto; and

That the papers and evidence taken on the subject and the work accomplished during the First Session of the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Bonnell*).

Hon. M. Lorne Bonnell: Honourable senators, I shall try to conclude my remarks today; otherwise I shall seek permission to adjourn the debate—which I hope will not be on division.

Hon. Duff Roblin (Leader of the Government): For you, senator, anything goes.

An Hon. Senator: Be concise.

Senator Bonnell: The reason for my speaking today is to support the worthwhile motion of my colleague, Senator Marshall. Senator Marshall spoke about the great things that the Standing Senate Committee on Health, Welfare and Science had done in the past and those things that the new Committee on Social Affairs, Science and Technology would be doing in the future.

The report of the committee entitled "They Served—We Care" has been taken seriously by the Department of Veterans Affairs, and many of our recommendations have been carried out. However, there remain some recommendations that require further consideration.

Sometimes I believe that the group of Canadian servicemen who were in Nevada at the time of the nuclear explosions in the 1950s, and were also at Chalk River, have not been recognized by the Department of Veterans Affairs as having been exposed to danger from nuclear radiation to the detriment of their health. Many of those servicemen today are suffering from cancer.

The Veterans Department in the United States has now recognized that servicemen who served in Nevada at the time of the atomic explosions were exposed to danger in a nuclear zone; and the Canadian Department of Veterans Affairs should now give serious consideration to those servicemen who were present in Nevada and at Chalk River.

In 1982 the Minister of Veterans Affairs established a committee headed by Mr. A. D. McCracken for the purpose of endeavouring to shorten the time taken between an application for a disability pension and the time that a decision is reached. The McCracken report was made available to our committee and many of its recommendations have been implemented. Certainly the time has now been shortened, but I do not believe that it has been shortened enough. There is still too long a period between the time that a veteran makes his application and the time that he receives the decision as to whether or not he will receive a pension.

I also believe that many of our veterans should receive the benefit of the doubt. I cannot understand why the applications of many veterans are turned down by the Pension Commission but are passed later by the Appeal Board. Approximately 25 per cent of applications that are turned down by the Pension Commission are passed by the Appeal Board. Of the other 75 per cent of applications that go before the Pension Review Board, 25 per cent are passed. If those servicemen had been given the benefit of the doubt in the first place, they would not have had to wait two or three years before eventually having their applications accepted.

It is possible that the Committee on Social Affairs, Science and Technology can examine this matter to see if the process can be speeded up on behalf of veterans.

I believe also that many former prisoners of war who served at Dieppe and who were prisoners for two years or longer are not receiving a fair shake by the Department of Veterans Affairs. I know that prisoners of war in Japan and Hong Kong were treated badly, but nevertheless they are receiving a better deal than some of our ex-servicemen who were prisoners of war in Europe. I believe the time has come when the department should give further consideration to those veterans, to see if something can be done to assist them in the latter years of their lives.

Plans were made in recent years to set up a computer in Charlottetown, but because of the restraint program it had to be cancelled. Even if it were necessary to cancel that project, there should be some way for the records of veterans to be put into a computer, so that it does not take months for someone's records to be obtained. They must be available somewhere, and why cannot the few records that are left be placed in a computer? They would then be instantaneously available in Ottawa, Charlottetown, Halifax, or wherever the veteran might be living.

• (1550)

With these few comments, one might think that I think that there is a great deal that is wrong with the Department of Veterans Affairs. That is not so. I beiieve that the veterans in Canada receive better treatment than veterans anywhere else in the world. However, just because they receive the best treatment in the world, it does not mean that there is not room for some improvement. It is those improvements I want for the few veterans who are still with us, and I think it would indicate that we still remember them. The title of our last report, "They Served—We Care" shows how we as senators feel about our veterans in this country. I support the motion of Senator Marshall.

Motion agreed to.

AGRICULTURE, FISHERIES AND FORESTRY

MOTION TO AUTHORIZE COMMITTEE TO STUDY IMPACT OF ITS REPORT ENTITLED "SOIL AT RISK—CANADA'S ERODING FUTURE"—DEBATE ADJOURNED

Hon. Herbert O. Sparrow, pursuant to notice of December 6, 1984, moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the impact of the recommendations contained in its Report on soil and water conservation in Canada, entitled: "Soil at Risk—Canada's Eroding Future", tabled in the Senate on 6th November, 1984, and to inquire into any matter related thereto; and

That the papers and evidence received on the subject and the work accomplished during the Second Session of the Thirty-second Parliament be referred to the Committee.

The Hon. the Speaker *pro tempore:* Honourable senators, is it your pleasure to adopt the motion?

Hon. Herbert O. Sparrow: Honourable senators, with the permission of the Senate, I would like to adjourn the debate until the next sitting of the Senate.

Hon. Jacques Flynn: We don't mind if you go ahead now.

Senator Sparrow: I mind, thank you. I wish to adjourn the debate.

On motion of Senator Sparrow, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 13, 1984

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

ONTARIO AND MANITOBA COURTS AMENDMENT BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-3, to amend various acts as a consequence of the reconstitution of the courts in Ontario and Manitoba.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, December 18, 1984.

[*Translation*]

FRESHWATER FISH MARKETING ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-5, to amend the Freshwater Fish Marketing Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, December 18, 1984.

[*English*]

INCOME TAX CONVENTIONS INTERPRETATION BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-10, respecting the interpretation of Canada's international conventions relating to income tax and the acts implementing such conventions.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, December 18, 1984.

[*Translation*]

FOREIGN EXTRATERRITORIAL MEASURES ACT

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-14, to authorize the making of orders relating to the production of records and the giving of information for the purposes of proceedings in foreign tribunals, relating to measures of foreign states or foreign tribunals affecting international trade or commerce and in respect of the recognition and enforcement in Canada of certain foreign judgments obtained in antitrust proceedings.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, December 18, 1984.

PROHIBITED DEGREES OF MARRIAGE BILL

FIRST READING

Hon. Jacques Flynn presented Bill S-2, to consolidate and amend the laws prohibiting marriage between related persons.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Flynn, bill placed on the Orders of the day for second reading on Wednesday, December 19, 1984.

CUSTOMS ACT
CUSTOMS TARIFF

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, December 13, 1984

Your Committee, to which was referred Bill C-9, intituled: "An act to amend the Customs Act and the Customs Tariff", has, in obedience to the Order of Reference of Thursday, December 6, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LOWELL MURRAY
Chairman

The Hon. the Speaker *pro tempore:* Honourable senators, when shall the bill be read the third time?

On motion of Senator Murray, with leave of the Senate and notwithstanding rule 45(1)(b), bill placed on the Orders of the Day for third reading later this day.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. Nathan Nurgitz, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, presented the following report:

Thursday, December 13, 1984

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

FIRST REPORT
(*Statutory Instruments No. 28*)

Your Committee reports that in relation to its permanent reference, section 26 of the *Statutory Instruments Act,* 1970-71-72, c. 38, the Committee was empowered during the Fourth Session of the Thirtieth Parliament, the Thirty-First and the Thirty-Second Parliaments, "to study the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

(b) in the enactment of statutory instruments;

(c) in the use of executive regulation-including delegated powers and subordinate laws;

and the manner in which Parliamentary control should be effected in respect of the same;

2. the role, functions and powers of the Standing Joint Committee on Regulations and other Statutory Instruments."

3. Your Committee recommends that the same order of reference together with the evidence adduced thereon during the last three Parliaments be again referred to it.

Your Committee recommends that its quorum be fixed at four (4) members, provided that both Houses are represented whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings to receive and authorize the printing of evidence so long as three (3) members are present, provided that both Houses are represented;

That the Committee have power to engage the services of such expert staff, and such stenographic and clerical staff as may be required.

Your Committee further recommends that it be empowered to sit during sittings and adjournments of the Senate.

Respectfully submitted,

Nathan Nurgitz
Joint Chairman

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration?

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

INTER-PARLIAMENTARY CONFERENCE ON THE ENVIRONMENT

MEETING HELD AT NAIROBI, KENYA—NOTICE OF INQUIRY

• (1410)

Hon. H. A. Olson: Honourable senators, I give notice that on Thursday next, December 20, 1984, I will call the attention of the Senate to the meeting of the Inter-parliamentary Conference on the Environment, held at Nairobi, Kenya from the 26th of November to the 1st of December, 1984.

ENERGY AND NATURAL RESOURCES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO REVIEW ALL ASPECTS OF NATIONAL ENERGY PROGRAM

Hon. Earl A. Hastings: Honourable senators, I give notice that on Tuesday next, December 18, 1984, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review all aspects of the National Energy Program, including its effects on energy development in Canada;

That the papers and evidence received and taken on the subject and the work accomplished during the Second Session of the Thirty-second Parliament be referred to the committee;

That the Committee be authorized to meet during an adjournment of the Senate;

That the Committee have power to adjourn from place to place within Canada for the purposes of this review; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the above-mentioned purpose.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, December 18, 1984, at 2 o'clock in the afternoon.

He said: With the permission of honourable senators, I should like to say a few words about the schedule for next week. There is quite a large number of bills which were placed on the order paper today for second reading next week. It is our hope that we shall deal with them all by Thursday, December 20, so as to have Royal Assent that afternoon. With the sort of co-operation and goodwill that we have been used to receiving in this chamber, I have no doubt that we shall accomplish that.

There appear to be few, if any, contentious bills among these. I think most of them are hangovers from the previous parliament. If we do succeed in getting Royal Assent, it is hoped that we can rise on December 20 and adjourn until January 21. Is my understanding correct?

Hon. Duff Roblin (Leader of the Government): That is our hope.

Senator Doody: Of course, if things do not proceed according to plan and some unexpected hitches arise, or unanticipated legislation reaches us from the other place, or, indeed, if we do not fulfil our work commitment in the Senate, we may have to stay a day or two later and perhaps come back a little earlier. But it is hoped that will not occur.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

CANADA-NEWFOUNDLAND OFFSHORE OIL AND GAS AGREEMENT

Hon. Frederick W. Rowe: Honourable senators, members of the Senate and the great majority of Canadians were pleased to hear the announcement yesterday that an agreement had been reached between the federal government and the Government of Newfoundland respecting the development of offshore oil and related resources. Honourable senators are no doubt aware that this is something that has been discussed for many years, dating back to the period of the Pearson administration. At that time preliminary discussions were held.

The information we have received so far is of a very general nature—so general, indeed, as to be somewhat mystifying to some Newfoundlanders and perhaps also to others.

Therefore, I would request, in all sincerity, that the Leader of the Government enlighten us regarding this matter beyond the bare bones of information that most of us received yesterday from the media, from the appearance on television of the two ministers, and from some of the reports carried by the press this morning. Can the Leader of the Government give us any additional information on this matter?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I thoroughly concur with the expression of satisfaction that I detect in the honourable senator's comments, that progress is being made in connection with the Canada-Newfoundland offshore oil and gas agreement.

I agree with him that the information available so far is not as definitive as he and others might wish. There has been a consensus on the fundamental concepts that go into an agreement between the two levels of government that is substantially the principles already agreed upon and outlined in the Atlantic Accord that was negotiated between the present Prime Minister and the Premier of Newfoundland some time during the summer. So, in terms of the broad outline of the agreement, they can be found in the terms of the Atlantic Accord.

However, a good deal of work still has to be done to reduce that accord to legal form, and I am told that it is not anticipated that it will be completed until perhaps the middle or the end of January. At that time it is hoped that there will be a definitive document that crosses all of the "t's" and dots all of the "i's", which will then be available for public discussion.

Senator Rowe: Honourable senators, as a supplementary, I remain a little mystified. The Leader of the Government has used the word "satisfaction" in respect of my earlier comments. At this point I cannot agree with something about which I know very little; and I am sure that applies to many Newfoundlanders and, indeed, to other Canadians. For example, the Honourable Pat Carney is quoted as saying:

● (1420)

> We have reached agreement on all substantive issues. The only thing that has to be dealt with now are some technical matters, so we expect to be able to return in January to further refine an agreement for early signing.

This does not seem to jibe with the statement just made by the Leader of the Government. As far as I am concerned, there are more than technical matters that have not been enunciated. The workings of the agency are referred to in this article. It will be a seven-member board with a neutral—which is not my word—chairman, and Miss Carney is credited with saying an "independent" chairman. How does that fit in with the seven members of the board? What are they? Are they independent, neutral or what? Does it mean that the chairman does not have the right to vote under any circumstances? Normally, it may not be necessary for the chairman to cast a vote, but there are always occasions when the chairman must exercise this right. Those are some of the things I was hoping the Leader of the Government would flush out for us this afternoon.

Senator Roblin: If I have misinterpreted my honourable friend and he is not satisfied, I certainly withdraw the allegation and take note of his dissatisfaction. I am satisfied to the

extent that, after many long years of discussion on this matter, the two levels of government have reached a consensus on the terms under which such an agreement should be constructed. At this stage, I think that is a very satisfactory development.

I have to tell my honourable friend that I am not able to give him any more information than that, and I know that he really does not expect me to do so because, not being the minister in charge, I do not have information of the character he requires. If he has a specific question, and he mentioned one or two in his comments today, I shall do my best to get specific answers to them. The definitive agreement is expected sometime in the early part of the new year, and I hope that when my honourable friend sees it he will find that it satisfactorily answers most of the questions he has raised today.

Senator Rowe: Honourable senators, I would like to add a further comment to my earlier question. I would like to go on record as not being satisfied or dissatisfied with this agreement.

Hon. Jacques Flynn: Then you are neutral.

Senator Rowe: I simply do not know enough about it. Until we know more about these details—and not the technical matters referred to by Miss Carney, but serious details—how can we express our dissatisfaction or approval? I shall simply have to wait and hope that I can get more information from the Leader of the Government or from other administrative sources.

Senator Roblin: I simply repeat that shortly after we return from the Christmas break I hope there will be made available to the general public and, of course, to members of this chamber, full information on the matter.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government has placed us in a very difficult position by not telling us the terms of the agreement between the Government of Canada and the Government of Newfoundland. We have received absolutely no information from the Leader of the Government on this point, even though a request has been made by a representative of the Province of Newfoundland.

So I ask this question: In view of the fact that the Minister of Energy, Mines and Resources has stated that there has been agreement on a 62-clause pact between the Government of Newfoundland and the Government of Canada, would it be possible for the Leader of the Government to table that draft so that members of the Senate, and particularly the members for Newfoundland, would be able to see the terms of that agreement?

Senator Roblin: I do not think I have placed my honourable friend in an embarrassing position. After all, he is not constitutionally required at the present time to negotiate the agreement himself. When the agreement is negotiated he may have a constitutional opportunity and responsibility to examine it. However, I suspect that until the negotiations have been completed it would not be appropriate, nor customary, to have the negotiating papers tabled in this chamber. I rather think the minister in charge would not be inclined to do that.

Senator MacEachen: Honourable senators, the Leader of the Government told us a few moments ago that he was greatly satisifed that an agreement had been reached between the two governments. He now tells us that negotiations are continuing. The minister responsible has stated there is a 62-clause pact which has been agreed upon, and we would like to see it. Will the Leader of the Government let us have a look at it?

Senator Roblin: I have no trouble in saying that I am pleased and satisfied with the agreement. If my honourable friend had listened as closely as he should, he would have heard me say that the agreement is substantially the same, in principle, as that which had been agreed to under the Atlantic Accord. That agreement is in the public domain and my honourable friend knows what it contains. I do not think it is reasonable for him to suggest he is completely ignorant of the topic when he is not. He can look at the Atlantic Accord and see what is in it. When the agreement has been completed in all particulars he will see that, too.

Senator MacEachen: Honourable senators, the Leader of the Government is asking us to look at a document between the Leader of the Conservative Party and the Premier of the Province of Newfoundland. That was an accord reached at a time when the prime minister of the day had no authority to enter into any agreement. It is not an official document; it is a document between two leaders of the Tory Party. We want a document that carries the weight of the Government of Canada. I do not think it is satisfactory for the Leader of the Government to tell us to examine Tory literature in order to find out what is happening between two governments in Canada.

Some Hon. Senators: Hear, hear.

Senator Roblin: If my honourable friend wishes information instead of confrontation, then he should examine that document. It would tell him a great deal of what he would like to know.

I can tell the honourable senator that the agreement which is now being finalized is between two Tory politicians, again, the Prime Minister of Canada and the Premier of the Province of Newfoundland.

Hon. H. A. Olson: It is between two responsible governments, not two Tory leaders.

Senator Roblin: Quite so.

If my honourable friend does not wish to look at the Atlantic Accord—and I am not suggesting he should—then he can ignore it; it makes no difference to me. However, I will tell him he will get the information respecting this agreement when it has been finalized. I would really not encourage him to think that he is going to receive it before.

Senator MacEachen: Honourable senators, if the best the Leader of the Government can give us is the Atlantic Accord, which is accurately described as a document between two Tory leaders, then will he agree to table it so that it will have the

status of a public document and carry with it the weight of the government? Will my honourable friend do that?

Senator Roblin: No, honourable senators, I will not.

Some Hon. Senators: Oh, oh.

Senator MacEachen: The Honourable Leader of the Government is clearly in a very unco-operative mood. He has had a request from a Newfoundland senator for information, which he has refused. Why is it that senators are not entitled to this information? We are told by the minister herself that she called up the Premier of Ontario and outlined to him the main elements of the deal. Why is it that the Premier of Ontario can have this information while representatives in the Senate from the province of Newfoundland cannot? Are we to rely on a network of Tory cronies, and do we have to plug in through some Tory individual in the country to obtain information?

Some Hon. Senators: Hear, hear.

Senator Roblin: We are not on a list of Tory cronies; however, we are on a list of provincial and federal governments that can co-operate and get things done in a way that my honourable friend's administration utterly failed to do.

Some Hon. Senators: Hear, hear.

• (1430)

Senator Roblin: I understand his chagrin, but chagrin it is and that is all there is to it.

Senator MacEachen: That is a nice rhetorical point. We accept it. I want to know why it is that the Premier of Ontario can have a briefing on the elements of this accord while the representatives of Newfoundland in this chamber are denied that information. Tell me why that is the case.

Senator Roblin: My honourable friend can find out whatever was said to the Premier of Ontario with no difficulty whatsoever. If he will ask me to find out what was said to the Premier of Ontario, I shall be glad to get him that information.

Senator MacEachen: I thank the Leader of the Government for that shift in his position. Would he please now give us an outline of the elements of the deal that were conveyed by the minister to the Premier of Ontario? He has said yes, and I thank him for that assurance.

Senator Roblin: I have not said that at all. What I have said is that I will find out what was said to the Premier of Ontario. What was said to the Premier of Ontario is not within my compass at the present time, and I undertake to do no more than that.

Senator MacEachen: Honourable senators, apparently the Leader of the Government does not trust his colleague in the government who has said clearly that she has outlined to the Premier of Ontario the deal that was emerging. That is what we want to know: What is the deal?

Senator Roblin: My honourable friend need have no doubt as to whether or not I trust my colleague. I trust my colleague a great deal more than I trust him—

[Senator MacEachen.]

Hon. Royce Frith (Deputy Leader of the Opposition): That is obvious; or more than you trust all honourable senators.

Senator Roblin: I trust my colleague to develop agreement with the Province of Newfoundland to the benefit of that province and to the benefit of the people of this country, that my honourable friend and his colleagues for years utterly failed to do. I will obtain the information that I undertook to obtain, and will abide by my statement in that respect.

Senator MacEachen: Then, what is the undertaking, so that we are clear about it? What information are you going to give us?

Senator Roblin: My honourable friend wanted to know why he could not know what information was given to the Premier of Ontario. I will find out what that information was.

Senator MacEachen: We already know what it was, from the minister—the main elements of the deal. And that is what we want from the Leader of the Government.

Senator Roblin: My honourable friend has read the newspaper, yet he does not know what the minister said.

CROWN CORPORATIONS

THE DE HAVILLAND AIRCRAFT OF CANADA LIMITED AND CANADAIR LIMITED—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government. Under what conditions is the federal government now prepared to sell to foreign interests the aircraft companies, de Havilland of Toronto and Canadair of Montreal?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that question was raised recently in the other place. I shall obtain the minister's reply for my honourable friend.

[*Translation*]

JUSTICE

QUEBEC—APPEAL OF SPEEDING CONVICTION—DECISION OF MINISTER

Hon. Philippe Deane Gigantès: Could the Leader of the Government explain to the Senate why his government will oppose before the courts Mr. MacDonald's claim that he has a right to be issued traffic violation tickets in the English language?

[*English*]

Hon. Duff Roblin (Leader of the Government): That question was also raised the other day in the House of Commons. I shall be glad to obtain the minister's answer for my honourable friend.

Hon. Joseph-Philippe Guay: It wasn't very good.

Senator Roblin: That is a matter of opinion.

[*Translation*]

Senator Gigantès: As the Leader of the Government is certainly aware, this is a very sensitive matter. He used to demonstrate strong sensitivity regarding official language issues in his own province when he was premier. He was very generous. He was fully aware that one must strike a delicate balance when dealing with these issues, and he managed to do just that.

Could he tell me why his government will oppose Mr. MacDonald's request to receive these tickets in English—that was very reasonable for a Scotsman who could have asked for them in Gaelic? Why will it oppose his claim before the courts, when this opposition will serve only to confirm anglophones in areas such as New Brunswick in their opinion that a double linguistic standard exists in Canada, because the government has supported in the past similar appeals made by francophones and not by anglophones?

[*English*]

Senator Roblin: My honourable friend has repeated the substance of his question a second time, but he has embellished his second question with a kindly reference to myself, which I am glad to acknowledge, because I don't often hear such references.

I must tell him the points he has raised are similar to those raised in the other place and I am content with the same answer I gave before.

[*Translation*]

Senator Gigantès: Honourable senators, I have a supplementary. I have read *Hansard*. My question concerns what was done to an Englishman, or rather, for those of Scottish origin, to an English speaking Scotsman who is asking for certain legal documents in English. English is still one of the two official languages, and this situation could have an impact in New Brunswick where there are major problems in the very sensitive and unstable area of French and English relations.

This question was not raised in the other place. It is on this point among others that I would like an answer.

[*English*]

Senator Roblin: My honourable friend has raised two different matters, the first dealing with the traffic ticket question in Quebec, which is a concern of the Department of Justice. That question has been dealt with in the other place. I will obtain the information.

With respect to the problem in New Brunswick, that, of course, is a provincial matter and arises because of provincial legislation and because of an inquiry that is being conducted by the government of that province.

I acknowledge that there have been some difficulties that have been encountered in connection with that inquiry. I think my honourable friend will agree with me, as will other honourable senators, when I say that I hope these matters can be resolved in a proper and appropriate manner with the same satisfaction to all concerned.

[*Translation*]

Senator Gigantès: I have another supplementary question.

Hon. Jacques Flynn: You are going to ask the same question for the fourth time!

Senator Gigantès: This is a very sensitive question. I believe that the Leader of the Government agrees with me. I also want him to assure me that arm's length attitude of the government is not prompted by an undue fear of creating problems in Quebec since the government of this province has enough problems as it is. We must take into account the fact that Quebec is quite willing to accept that people who speak English be served in English. There is therefore no problem.

The government could take any action it sees fit without offending Quebecers. I would like the assurance from the Leader of the Government that the decision to oppose Mr. MacDonald's request was not influenced by the very natural and very laudable desire of the federal government to have good relations with the government of Quebec.

[*English*]

Senator Roblin: I think I may say quite clearly that the actions being taken by the federal government are actions it considers to be proper from a legal point of view in the present circumstances.

There is no guarantee that its view of the law is correct; that is why we have judges to tell us what the law is, but I can assure my honourable friend that the actions being taken by the government are not influenced by any of the considerations he mentioned.

[*Translation*]

Senator Gigantès: Am I to understand that the Leader of the Government is saying that, when his government makes a decision on such a sensitive matter as this one, it does not take into account any possible consequences for federal-provincial relations?

The Hon. the Speaker *pro tempore:* I recognize Senator Corbin.

Senator Gigantès: I would like an answer, Mr. Speaker.

The Hon. the Speaker *pro tempore:* He does not have to answer.

[*English*]

Senator Roblin: If my honourable friend needs a reply to that question, I would be surprised. I think he knows the answer as well as I.

Hon. H. A. Olson: We want to know your answer, not his.

[*Translation*]

ESTABLISHMENT OF A FRANCOPHONE COMMONWEALTH

POSSIBLE GOVERNMENT PARTICIPATION

Hon. Eymard G. Corbin: Honourable senators, I have a question for the Leader of the Government in the Senate. I have in hand a copy of an article from this morning's issue of

Le Devoir under the title: "Concerning the summit on 'Quebec in the world'—Quebec and Ottawa to agree shortly on the establishment of a Francophone Commonwealth".

During that conference held in Quebec, the President of the Treasury Board, Mr. Robert de Cotret, along with five other ministers and parliamentary secretaries, has apparently involved the Canadian government in negotiations that would particularly favour the province of Quebec in that potential francophone commonwealth.

Upon reading the article, one finds no meat in it. This is why I have this question for the government leader. Would he be kind enough to tell us whether the Canadian cabinet has developed and defined its policy, its intended timetable and its role in the possible establishment of a Commonwealth of French-speaking nations?

Can he tell us now whether a policy has been developed in that respect, or whether the President of the Treasury Board fancied an extrapolation as to the possible entry and role of the province of Quebec in a Francophone Commonwealth?

● (1440)

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am pleased to say that the relationships between the federal government and all of the provinces seem to be improving markedly in these past few days, and I think that that must be a source of satisfaction to all of us in this chamber.

With respect to the point raised by my honourable friend, I have to tell him that I cannot give him an answer on the matter today, nor can I undertake to establish the validity of the newspaper report that he refers to. I think he would like me to ask the minister concerned whether the government can make a statement with respect to the francophone commonwealth and the government's attitude toward it, and I will do my best to get such information for him.

[*Translation*]

Senator Corbin: Honourable senators, I thank the Leader of the Government for his cooperation and his undertaking to obtain enlightening information on a matter that is pregnant with challenge for many Canadians.

When he enquires as to the possibility for a government spokesman to make a statement on this overall issue, could he make sure that we are also provided with information on the particular role intended for provinces other than Quebec that have a large French-speaking community? I am thinking for instance of my own province of New Brunswick, which has always been on an equal footing with the province of Quebec under the Cultural and Technical Cooperation Agency.

I would also greatly appreciate it if he would take heed of my representation and urge his colleague or colleagues to also enlighten us concerning the future relationship the Canadian government intends to maintain with the nine other provinces?

[Senator Corbin.]

[*English*]

Senator Roblin: I appreciate the point made by my honourable friend that the Canadian francophone community is not limited to the province of Quebec. It includes other provinces as well and the province of New Brunswick is certainly one of the most important. We have a substantial and significant French speaking population in my own province, so the point my honourable friend makes is well known to me. I will endeavour to include that in my inquiries.

[*Translation*]

SOCIAL PROGRAMS

UNIVERSALITY OF BENEFITS

Hon. Jean Le Moyne: Honourable senators, my question is directed to the Leader of the Government in the Senate. During the interview he has just given the newspaper *La Presse*, the Minister of Finance seems to have made rather disturbing comments concerning the well-to-do and social programs, particularly old age pensions.

Would the Leader of the Government tell us whether we are mistaken to interpret that as growing hostility towards the universality of social programs, or even as a premonitory symptom of the universal means test?

In other words, are the government's surgeons getting their patients ready for the stingy means test?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, since I do not have a medical degree, my opinion on this matter is worth nothing.

Hon. Royce Frith (Deputy Leader of the Opposition): You are enough of a poet to observe the metaphor.

Senator Roblin: As Senator Steuart has observed on a previous occasion, I am not allowed to have an opinion on this matter that is distinct from that of the government. I think the policy of the government is that we are very anxious to maintain the social welfare structure of this country. Its policy is that it is worth examining the possibility of ensuring that the money goes to those who need it the most. That whole topic will be the subject of public debate and discussion in this country in the next few months, and I am sure that honourable senators will want to take part in that debate.

METRIC CONVERSION

GOVERNMENT POLICY

Hon. Hazen Argue: Honourable senators, I should like to address a question to the Leader of the Government relating to the government's policies with regard to the metric system. From the campaign my impression was that the government was likely to follow a course of consumer's choice, let us say, or certainly withdrawing the thrust towards metric. I understand that there has been much consultation, and I am asking the government leader if he can bring us up to date as to whether or not these consultations have gone forward, to what

extent they are going forward, and what the result of those consultations up to this point may have been, or what the information coming to the government may be.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can go no further than the reply I gave to the Deputy Leader of the Opposition two days ago with respect to the metric system. Probably what prompts my honourable friend's curiosity today is a newspaper report that he may have read with respect to the matter, but I am sorry to say that there is no advance information that I can add to that given to the Deputy Leader of the Opposition.

Hon. Royce Frith (Deputy Leader of the Opposition): The decision has not been made, then.

Senator Argue: My interpretation is that from these consultations—and I am asking the Leader of the Government if this information is correct—generally speaking, or perhaps unanimously, the economic interests of this country have indicated their support for the continuation of the metric system. I refer to the construction industry, the dairy industry, teachers, the Retail Council of Canada, the Consumers Association and the Canadian Federation of Agriculture. My question is: Has it been brought to the attention of the Leader of the Government in the Senate that all of these organizations are in favour of a continuation of the advance towards the metric system and are opposed, as I read it, to any dual system or any wide-open consumer's choice or the withdrawing of the thrust towards the metric system?

Senator Roblin: More important than having the matter brought to my attention, I am sure the matter has been brought to the attention of the minister concerned by some, if not all, of the organizations that my honourable friend referred to, and many others as well. I have to tell my honourable friend that he will have to wait until the minister makes a statement on the matter in order to satisfy his curiosity on the further point.

Senator Argue: I should like to ask the Leader of the Government in the Senate—and he is a member of the Conservative caucus—if it is possible, since I have read that an Ottawa *Citizen* survey of 42 members of the government party found that 37 of them are opposed to the metric system, that the difficulty that the government has is not with the economic interests in the country, but within the Conservative Party and within its own caucus where, I guess, the Neanderthals and those who do not want to make progress seem to be the vast majority.

Senator Roblin: When my honourable friend is willing to exchange views with me on the opinions of his caucus, perhaps I can do the same with mine—

An Hon. Senator: You wouldn't dare.

Senator Roblin: —but I do not think that he is going to do so. If he is interested in finding out the differences of opinion of members of the caucus, I should like to refer him to an article in this morning's *Globe and Mail* called "On Different Wavelengths" which recounts in some detail the fact that the caucus of the Liberal Party is having a very hard time making up its mind on a number of policies. I have no idea whether that statement is correct or not, but it reflects a common opinion.

Senator Argue: Perhaps he could read the article.

Senator Roblin: No, I am not going to read it aloud because I do not want to get into a long discussion.

I want to say to my colleagues in the Senate that I regret to say this because Question Period is one of the highlights of my day, but I wonder if I may be excused now because I have an appointment that I cannot neglect at the moment. If honourable senators still want to question me when I return, I will make myself available, but, otherwise, I ask for permission to leave the chamber now and have you proceed with other business.

• (1450)

Senator Argue: I am certain all honourable senators will agree that when the Leader of the Government in the Senate has important business, which he believes should take him from the chamber, we are not going to insist that he stay.

However, as he leaves the chamber, I want to say that, in my judgment of the economic interests of this country, going forward with metrication is in our interests in the export market, will make us more competitive—

Hon. Jacques Flynn: A revelation.

Senator Argue: It may be a revelation to the Conservatives, but it is not a revelation to progressive people.

Senator Flynn: Blah, blah, blah.

Senator Argue: Blah, blah, blah. The honourable gentleman keeps on talking. That is about the normal contribution he makes, so he is consistent.

The grain industry has a real stake in the metric system, and does not want to go back to something that will not help us keep our competitive edge in the export market.

Senator Roblin: I think my honourable friend's expression of alarm is exaggerated, unwarranted, unfounded and unnecessary. On that note, I will leave the chamber.

Senator Argue: That is the best answer the leader has ever proffered.

Senator Flynn: It was provoked.

THE SYMBOLIC APPLE

Hon. Philippe Deane Gigantès: Honourable senators, I should like to address the Deputy Leader of the Government.

I should like to assure all senators of Irish descent that any reference to serpents in what I am about to say is not to be interpreted as having any relationship to people of Irish descent because, as everyone knows, St. Patrick chased the serpents from Ireland, so there cannot possibly be any serpent of Irish descent in this chamber or in any other place.

Honourable senators, I saw a splendid photograph of Mr. Mulroney offering an apple to Mr. Nielsen.

Hon. Hazen Argue: What was in it?

Senator Gigantès: I was wondering whether the honourable gentleman had considered the dire biblical and literary precedent for such a gift.

It does say in the Bible that, so far as the apple is concerned, "Ye shall not eat of it, neither shall ye touch it, lest ye die." Of course, we know that this dictum was not obeyed and there was a fall from Paradise, which we all suffered. We would hate to have the same thing happen now.

I would also refer, of course, to the Trojan War when Paris gave an apple to Venus. There are no comparisons here as to who is Paris and who is Venus in that photograph.

I should like the assurance of the Deputy Leader of the Government in the Senate that he will warn the honourable gentlemen who appeared in that picture to be careful about symbolism.

APPROPRIATION BILL NO. 3, 1984-85

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government): moved the third reading of Bill C-16, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1985.

Motion agreed to and bill read third time and passed.

CUSTOMS ACT
CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Hon. C. William Doody (Deputy Leader of the Government): on behalf of Senator Murray, moved third reading of Bill C-9, to amend the Customs Act and the Customs Tariff.

Motion agreed to and bill read third time and passed.

AGRICULTURE, FISHERIES AND FORESTRY

MOTION TO AUTHORIZE COMMITTEE TO STUDY IMPACT OF ITS REPORT ENTITLED: "SOIL AT RISK—CANADA'S ERODING FUTURE"—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourble Senator Riel, P.C.:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the impact of the recommendations contained in its Report on soil and water conservation in Canada, entitled: "Soil at Risk—Canada's Eroding Future", tabled in the Senate on 6th November, 1984, and to inquire into any matter related thereto; and

That the papers and evidence received on the subject and the work accomplished during the Second Session of the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Sparrow*).

Hon. Herbert O. Sparrow: Honourable senators, at the outset, I want to state clearly that I am in favour of the motion, and in favour of the report, «Soil at Risk», being referred back to the Standing Senate Committee on Agriculture, Fisheries and Forestry for further study in this session of Parliament.

In speaking to the report, I should like to begin by paying special tribute to senators who served as members of that committee during the last session of Parliament. I would make particular reference to the late Senator Dan Riley. He was a most industrious senator, a most valuable member of that committee, and, certainly, a fine gentleman. I am sure the Senate will miss him greatly.

Hon. Senators: Hear, hear.

Senator Sparrow: I should also like to make particular mention of Senator Willie Adams who served diligently on that committee by travelling across the country when required for meetings. He, too, made a most valuable contribution.

As a member of the committee, Senator Martha Bielish also travelled with us across the country, enthusiastically donating her services. When the report was released, she made a special trip to her home province of Alberta to release the report, hold press conferences and attend interviews. Honourable senators, her efforts resulted in our report receiving excellent coverage in that province.

I should also like to pay special tribute to Senator Lorne Bonnell who performed the same function in Prince Edward Island. The report also received excellent coverage there.

Undertaking the same task in Manitoba, Senator Molgat's views concerning the work being done on soil and water conservation in Canada were given wide exposure on television, on radio and in newspapers.

Although he is not present in the chamber at the moment, I would express my appreciation to Senator Phillips, who was also a worthy member of our committee. He took responsibility for the exposure of the report in the Atlantic provinces.

Senator Le Moyne, who was the French-speaking member of the committee, was invaluable to us when considering issues relevant to Quebec. He has been a student of soil degradation and soil conservation for many years and has a vast knowledge of the problem, not only as it exists in Canada but throughout the world. His knowledge in this regard was most helpful to the committee.

Honourable senators, I should also like to make special mention of Senator McGrand who has also been a student of soil conservation and degradation, not only as it relates to his own part of the country, but also as it relates to other parts of Canada and to the world. His vast knowledge of agricultural

issues as it relates to this particular question was most enlightening, and I thank him for his outstanding efforts. Since its inception, Senator McGrand has been an important member of the Standing Senate Committee on Agriculture.

Senator Sherwood, the deputy chairman of the committee, travelled throughout the country with us and he, too, made a zealous contribution. Senator Davey Steuart from Saskatchewan was, indeed, a valuable member of that committee. He released the report and held a news conference in the province of Saskatchewan. From his release of the report, the committee got excellent coverage, not only in Saskatchewan but throughout western Canada, where the problem of soil degradation is just as great as it is in any other area of the country. I extend my thanks, as well, to Senator Jack Marshall, who was deputy chairman of the committee at the time of the study on soil. He certainly gave the support that was necessary for us to have an extremely effective committee. Agricultural soils are rare, of course, in the province of Newfoundland, but, perhaps because they are so limited, they are crucial not only to Newfoundland but to this nation. Therefore, it was important that Newfoundland be represented on that committee by someone of the calibre of Senator Marshall.

● (1500)

Honourable senators, I wish to make special reference to the committee's research director, Mrs. Sally Rutherford. She worked a great many hours over days, weeks and months—many hours of overtime, as well—to provide us with information and background studies on the subject and to get that report out. I want to offer special thanks to Mrs. Rutherford. The committee also had working for it two research people from the Library of Parliament, Mr. Len Christie and Mrs. Lynne Myers, who worked almost full-time with the committee and made a very big contribution to the final report. The report is well written and is easily read by those concerned with all facets of the agriculture sector. It is to the credit of Mrs. Rutherford, Mr. Christie and Mrs. Myers that such a fine report was published.

Mrs. Aileen Collins, the secretary to the Agriculture Committee, was of great assistance to us and I wish to express my sincere appreciation to her and, of course, to Mr. Denis Bouffard, the clerk of the committee. This entire team, composed of senators and staff, brought out what I consider to be a very important report on soils throughout Canada.

Honourable senators, soil degradation is a serious national problem requiring national attention. Our soils are at risk. Our future is eroding. The issue of the day is soil degradation. Canada is facing the most serious agricultural crisis in its history. Unless action is taken quickly, this country will lose a major portion of its agricultural capability.

The Ontario Chapter of the Soil Conservation Society of America made this statement before the Senate Committee:

> Soil erosion may well be the most underrated yet most damaging natural resource problem of the '80s. Must we wait for crisis conditions before action is taken to safeguard our scarce and dwindling soil resource base?

Why did the Agriculture Committee undertake this special study? The committee heard from many agricultural and farming organizations on various issues. Whether witnesses appeared from the Canadian Federation of Agriculture, the Federal Department of Agriculture or its provincial counterparts, the problems of soil degradation, deterioration and conservation kept coming up as issues that were prevalent across the country. The Agriculture Committee began to realize that soil degradation was probably the most continuing pressing issue facing agriculture in Canada. What did we do? We decided that we would embark upon a special soil study.

In February of this year, the Agriculture Committee received special permission from the Senate to hold the hearings on soil degradation throughout Canada. We then decided, upon the advice of a number of senators, that we did not have the time nor the expertise—nor was it necessary—to try to find new information, facts or research on the problem. From our limited knowledge at the time, we believed that there was enough information out in the field, if it could just be brought together and given the basis of a national forum for purposes of discussion.

We then decided that, to get this information, we had to do two things. First, we had to bring to Ottawa people with special knowledge in order to gather the information they had from their own areas of the country. Honourable senators, these were specialists in the field. We brought them in and gleaned a great deal of knowledge from them.

We then made the decision to cross Canada, to cover most of the provinces, to learn at first hand and at the local level about the problems of those people in the agricultural associations, the institutes, and the scientific community, as well as the farmers themselves. From travelling across the country we also gleaned a great deal of knowledge. What did we find? As I mentioned, we found that there was a great deal of information in all parts of Canada about soil degradation, but that the information was being kept in a closed circle of agrologists and a very few farmers. Within the provincial departments of agriculture and in their federal counterpart, we found that the people with knowledge of the problem were terribly frustrated because they had no place to take the information. They had neither the funds nor the expertise available to take the existing technology to the farm gate, where it must be taken so that the farmers can use this technology to control and preserve the soils they have. We found that the frustration resulted because the agrologists, the scientists and the members of agricultural organizations were talking amongst themselves. There was no national forum to which their problems could be presented and brought out into the open and presented to the public at large.

The committee found that most farmers were conservationists at heart. They were not purposely destroying the soils that feed this nation and provide food to be exported throughout the world. They want to be conservationists, but at this time and place there is insufficient money coming from the production of food to allow them to be conservationists. In other words, they cannot afford to be conservationists. The

cost input into producing those crops is so high that there is insufficient money left at the end of the season for them to conserve the soil. They need every possible dollar they can squeeze out of that soil to make a living.

Why is that so? I suppose that it is because of what we could call a "cheap food policy" in Canada. I do not know what that means, nor have I found anyone who can explain to me what a cheap food policy is. But the result of it is that the consumer in Canada pays a very small amount of his total income on food—it is the second lowest amount in the world. In Canada, approximately 17 per cent of the earned dollar is spent on food. Therefore, the consumer is not paying enough money to the farmer to enable the farmer to be a conservationist, even though he would like to be. When he leaves this earth, he would like to leave the soil a little better than he found it, but he cannot afford to do so.

What else did we find? We found that soil degradation affects all of Canada. There is no province in this country that is not affected drastically by this problem.

What is soil degradation and what areas of degradation are we talking about? We are talking about erosion—erosion of our topsoils, erosion by wind and erosion by water—acidification of the soils, and salinization, or the building up of salts in the soils of western Canada. We are also talking about compaction of the soils because of farming methods. Compaction will result from farming when the soils are too wet, from the removal of fences to form greater acreages of land, and from the use of heavy machinery, which will make it impossible for the root system to break through the crust and grow a proper crop. There are many other forms of soil degradation, such as mining, gravel, sand, land fill, highways, and so on. In addition there is the problem of urban expansion. Where did we find all of these issues? We found them all across Canada, but particularly in the maritime provinces. There, water erosion is so great that millions of acres of land have already been lost, and where there was good farmland and good soil, the soil has been moved off and the bedrock is now at the surface of millions of acres of land in that part of the country. Honourable senators from that part of the country will know what I am talking about. The life span of the soil in the Atlantic provinces will not last longer than 50 years if something is not done very soon to solve this urgent problem.

● (1510)

Most of the soil in Quebec, along the St. Lawrence lowland, is organic. In western Canada we have mineral soil, but in Quebec the soil is basically organic and is being farmed continuously on a monoculture basis. When soil is farmed to that degree, the organic soil becomes very fine and powdery, and in the fall of the year, when the ground is dry, the winds lift the soil and deposit it in the lakes, streams, rivers and oceans, and in the low-lying areas, where it is totally useless. That soil can never again be recaptured and used for productive purposes. If something is not done urgently to take this message into the Province of Quebec, as Senator Le Moyne and others are doing, the organic soil that exists in Quebec all along the St. Lawrence lowland will disappear within 20 years.

[Senator Sparrow.]

Hon. Peter Bosa: How can that be stopped?

Senator Sparrow: By different farming practices; but I will speak about that later, when I shall be happy to answer any questions. In Ontario there is the great problem of soil erosion by water. Honourable senators from Ontario will recall that this spring many roads and highways were closed because of wind erosion. The wind took our valuable natural resource and distributed it in the lakes, streams and oceans—and that is happening all over Ontario. Let me refer to the crucial part of Ontario, namely, the Toronto area. If one goes to the top of the CN tower and looks outward, one can see 50 per cent of the number one and number two soils that exist in the whole of Canada. There are seven classes of soil in Canada. Those up to class four are regarded as usable for crop production. The remainder is used for pasture and as submarginal land. Standing on the top of the CN tower one can see 50 per cent of the number one and number two soils in the whole of Canada—not just 50 per cent of those classes of soil but also 50 per cent of production. It is even greater than that because if we consider the climatic conditions of the area and combine that with the best possible soils, we are talking about well over 60 per cent of the number one and number two soils in Canada. One can drive within two hours of Toronto and see the same thing as can be seen from the top of the CN tower. That is our most valuable soil. Land is being eaten up so rapidly by urban expansion—I will re-emphasize this later—that every ten years 3.5 million acres of land—about the size of Prince Edward Island—is utilized for urban expansion.

Western Canada has all of those problems, as well as others that I have mentioned. In the west there is an additional problem, namely, salinization of soil, which quite simply is a build-up of salts. In western Canada 50 per cent of the soil is affected by salt. Salinization of the soil is increasing in western Canada by 10 per cent per year, and is affecting 50 per cent of the soil. If different farming practices are not followed, 50 per cent of that soil will be lost in the next 40 years—50 per cent of our best wheat production land in western Canada. The remainder of the soil which is not affected by salt is affected by wind and water erosion, compaction, urbanization, acidification and the other factors that I have already mentioned.

Because of the topography of British Columbia and the type of rolling land that exists there, the soil in British Columbia has been devastated by water erosion. Millions of acres of land are being lost through water erosion and very little, if anything, is being done about it.

What can we do to deal with this problem? I will try to answer the question asked by the honourable senator a short time ago. I propose to read the recommendations and conclusions contained in the report word for word. That might bore honourable senators a little, but I would like that to appear in the record exactly as it appears in the report. There must be sufficient income directed into the farming community to assist farmers to become conservationists.

Some Hon. Senators: Hear, hear.

Senator Sparrow: We must educate farmers to the fact that they should not limit themselves to single crop culture. We should encourage them to diversify their production by using forage crops and légumes rather than growing just one crop such as potatoes or barley all the time. They should be encouraged to build up a cover crop on the soil that would keep the water from eroding the soil and stop the wind from blowing the soil away. Cover crops are necessary.

At one of the first committee hearings in the maritimes reference was made to doing away with the moldboard plow. It was said that the farming community had to be convinced to dispense with the moldboard plow which had been used for many years. During a break in the proceedings I spoke to someone at the meeting who had in his possession some literature on farming equipment. I inquired about the moldboard plow and he showed me a picture of one. I told him that it was something that had been used in Saskatchewan 30 or 40 years ago. But in the maritimes they are still trying to convince the agriculture community to stop using that type of plow because it does not leave any cover crop on the soil. It flips the soil over and leaves it bare. The land is bare. They are trying to convince these farmers, and I am referring to Ontario as well as the Atlantic provinces, to stop using this equipment. We cannot get this new technology to the farm gate because the general public is not aware that the problem even exists and the farming community cannot afford to make the change. I am not saying that we in the west are so smart, because we have different problems, such as salinization, but we stopped using this type of farming equipment 30 or 40 years ago.

• (1520)

I come now to the conclusions and recommendations of the report. Rather than going through all the detail, I ask that the conclusions and the recommendations be made a part of the record.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of Committees conclusions and recommendations, see Appendix, p. 345*)

Senator Sparrow: I would like to go through some of what I consider to be the more important recommendations. Recommendation No. 2 reads:

> That a comprehensive federal soil and water conservation policy for Canada be developed and adopted immediately. It must (a) clearly state the Federal Government's intention to make soil conservation a priority in the development of all of its policies, programs or projects;—

What that means is that when a federal, provincial or municipal government takes any action relating to anything, they should consider as a priority the soil. For example, if the Department of Transport intends to build an airport or highways, will it build them on the best farm land in the nation or will it seek another location? If there is going to be urban expansion, will it cover the best farm land available or is there sub-marginal land where it could go? When the departments of Fisheries and Oceans, Environment Canada, Agriculture Canada and so on decide to do something, will they first consider what it will do to the soils of this country? So far this is not a consideration.

Of course, the provincial governments have a very important responsibility. We ask in Recommendation No. 5 that they strengthen and more conscientiously enforce their land use legislation to preserve agricultural lands. In No. 6 we ask:

> That the federal government establish Soil and Water Conservation Institutes in Western, Central and Eastern Canada for the purpose of carrying out applied research.

Recommendation No. 14 asks:

> That financial incentives be provided to farmers through federal-provincial agreements, appropriate to local needs, to help defray the costs of conservation practices.

Some of the other recommendations are: That agricultural and technical colleges increase their training of agricultural technologists to work in the field, that tax concessions be made to encourage conservation, that a Council on Soil and Water Conservation be established, and so on.

Soil degradation in Canada is costing $1 billion per year of income to the farmers of this country. Erosion in southern Ontario has caused a loss of 30 to 40 per cent in corn yields. Salinization on the prairies has reduced crop yields by 10 to 75 per cent, even after the increased use of fertilizer. I told you earlier that one statement I have already made I would repeat and I shall do that now: Every ten years Canada loses 3.5 million acres of farm land, equivalent to the size of Prince Edward Island, to urban expansion. Ontario loses 26 acres every hour.

What do we hope to accomplish from this study and the release of the report? First, we need more copies of the report, but that is another issue. Of course, it is extremely important that the agronomists and the farming community know that there is a problem, but what is perhaps more important is a national forum in which this subject can be discussed. That national forum is the Senate and its Agriculture Committee. Through this forum we have given this issue national scope and we cannot fail to use this forum on behalf of the agricultural community of this country. It is extremely important that we keep this issue alive. It is also important that consumers and citizens in general should be made to realize that this problem exists. If people are not informed, they will find that in a very few years, 30 or less, Canada may not be self-sufficient in food. If that should come about, the 17 per cent of their dollar they are now spending on food will easily double in a very short time because of the cost of importing products which we presently grow here. So it is extremely important to educate the public to encourage the agriculture community to do something and to encourage politicians, be they municipal, provincial or federal, to do something about this national problem.

Fifteen thousand copies of this report were printed. We have requested the printing of a further 10,000 copies. I have here a folder which holds the requests for copies of the report and

indicates how the requests were made, whether by phone or letter, and the number of copies requested. The reason we did this was to get some indication of where the requests were coming from. I can say that they come from all over the country, from schools, universities, agricultural institutes, farm organizations, individual farmers and a multitude of people who are generally concerned about the problem that exists. We have the Club of Rome, an international organization directing its attention to soil conservation. The publisher of the *Globe and Mail*, who is the president of that organization, has written me asking that we send copies of that report to its membership which is composed of 100 countries. He thought it was such a valuable report that it ought to be sent out to these members.

Canada has gleaned a great deal of information from the soil conservation districts of the United States, and we have received many requests for copies from that country. Organizations from the United States have been very helpful to our agricultural industry, and if we can get a message across and have useful dialogue, it will help. The embassy of Israel has been in contact with us and wants to set up a liaison so that they can inform us on the problems they have faced in Israel and the problems they see in Canada with regard to soil degradation. We must keep the iron hot.

I will not get into the subject in detail, but there is much talk today about the hungry people in Ethiopia and in Africa. These people live on what was once very fertile land which has been destroyed in the past and is being destroyed now by poor farming practices, over-grazing and over-use of land. That is what is happening in Canada today.

I would end by saying that man belongs to the soil; the soil does not belong to man. If we can get this message across to the farmers and to our people, then we can help farmers to realize that as long as they are the stewards of the land, they must use the best farming practices available. Unlike the soil, man is not here for ever. If we can keep it here, the soil belongs to the people of this nation, and not just to this generation but to the generations to follow for thousands of years to come. However, it will not be there if we do not do something about the problems now. I thank honourable senators for their attention, and I hope the motion will be passed and the subject matter referred to the Senate Committee on Agriculture.

Hon. Senators: Hear, hear.

Hon. D. G. Steuart: Honourable senators, before I adjourn the debate, I would like to pay tribute to the members of the committee and particularly to the chairman, Senator Sparrow, for the tremendous work he has done in helping develop this report and the fantastic work he has done literally from one end of this country to the other. I think this is one of the most interesting and timely reports to come from the Senate in a very long time. I thank him for his very able and dramatic presentation.

On motion of Senator Steuart, debate adjourned.

The Senate adjourned until Tuesday, December 18, 1984 at 2 p.m.

APPENDIX

(*See p. 343*)

REPORT OF STANDING SENATE COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY ENTITLED: "SOIL AT RISK: CANADA'S ERODING FUTURE"

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Having heard and carefully considered the testimony of the witnesses who appeared before it, the Committee concludes that:

1. Soil degradation is a serious problem in *all* regions of Canada.
2. There is insufficient awareness of the existence and the severity of the problem within all sectors of society.
3. Because there is insufficient awareness of soil degradation, the solution of the problem has not been a priority.
4. Canada risks permanently losing a large portion of its agricultural capability if a major commitment to conserving the soil is not made immediately by all levels of government and by all Canadians.

Therefore, the Committee further concludes that:

5. Soil conservation cannot be dealt with in isolation from related issues such as water quality, land use, wildlife management, fisheries and forestry.
6. Because of the complexity of the issue and the ramifications that policies set at all levels of government have on soil conservation, a valid conservation effort demands policy and program coordination.
7. Existing policies, not necessarily directed at soils, can have the effect of discouraging good soil management.
8. There is a need for further basic research on the causes and effects of soil degradation.
9. There is also an overwhelming need for practical, on-the-ground research to determine (a) the costs of degradation to the farmer and (b) the costs and the benefits of the use of conservation practices on the farm.
10. While there is a great deal of information available about soil conservation, the transfer of this information and the accompanying technology to the farmer is the key to a successful conservation effort.
11. The practical technical information and expertise necessary to adapt conservation practices to individual farms is often unavailable to farmers because existing agricultural extension officers are overburdened, and soil management technicians are few and far between.
12. Farmers are often not able to underwrite the initial costs of some conservation practices without financial incentives or tax concessions.
13. Canadians must become aware that soil degradation has a major environmental impact, a potentially serious impact on consumers and an equally serious impact on the national economy.

RECOMMENDATIONS

Having reached the above conclusions, the Committee has determined that it is time for action. Therefore:

To establish a national commitment the Committee recommends:

1. That, because of its serious economic implications, the matter of soil degradation be added to the agenda of the next meeting of First Ministers, including Territorial government leaders, to demonstrate to the Canadian public the gravity with which all governments view the situation, to consider the recommendations of this report and to take action to implement them.
2. That a comprehensive federal soil and water conservation policy for Canada be developed and adopted immediately. It must (a) clearly state the Federal Government's intention to make soil conservation a priority in the development of all of its policies, programs or projects; and (b) require all departments to coordinate their efforts to make the most efficient use of resources and information.
3. That provincial governments also develop comprehensive soil and water conservation policies.

To begin to resolve policy conflicts, the Committee recommends:

4. That the Canadian Wheat Board modify the quota system to extend (a) full quota entitlement, at the "bonused" level of seeded acreage, to those remnant farmlands considered of marginal value for agriculture; and (b) partial quota entitlement, equivalent to current quota levels for summerfallow, to extensive tracts of unimproved pastureland which form integral parts of farm units.

5. That provincial governments strengthen and more conscientiously enforce their land use legislation to preserve agricultural lands.

To intensify conservation research the Committee recommends:

6. That the Federal Government establish Soil and Water Conservation Institutes in Western, Central and Eastern Canada for the purpose of carrying out applied research.
7. That the Federal Government provide greater funding for soil conservation research through the Natural Sciences and Engineering Research Council's Strategic Grants Program for Agriculture.
8. That the Federal Government use the Special Fund for Centres of Specialization Program in the Secretary of State as a model for a ten year program to develop regional centres of specialization in soil and water conservation at universities across the country.

To facilitate the transfer of technology the Committee recommends:

9. That the Prairie Farm Rehabilitation Administration (P.F.R.A.) extend its activity into British Columbia, particularly the Peace River District.
10. That all Federal lands, especially Agriculture Canada Experimental Farms and Research Stations, be developed and managed according to good conservation practices and become conservation showcases for the nation.
11. That agricultural and technical colleges increase their training of agricultural technologists to work in the field providing assistance to the individual farmer, thus providing an important link in the transfer of conservation technology.
12. That the Skills Growth Fund of the Department of Employment and Immigration, be modified to include agricultural land-based occupations, specifically the training of soil conservation technicians.
13. That all provincial governments adopt legislation encouraging the establishment of conservation districts or authorities such as those which exist in Manitoba and Ontario.

To provide a more favourable fiscal climate the Committee recommends:

14. That financial incentives be provided to farmers through federal-provincial agreements, appropriate to local needs, to help defray the costs of conservation practices.
15. That accelerated capital cost allowances be permitted on capital expenditures relating to soil conservation, such as conservation tillage equipment, grass waterways, terraces, etc.
16. That land tax assessment notices in all provinces clearly show the basis on which the land is being taxed so that the owner is aware of the worth of the productive capability of various portions of the land.

To increase awareness and to sustain a national conservation effort, the Committee recommends:

17. That the Federal Government declare a National Soil Conservation Week to ensure that soil conservation becomes, and remains, an important national issue.
18. That Provincial Governments commit themselves to the introduction of soil degradation and conservation studies at the primary and secondary school levels through the addition of environmental courses.
19. That the Federal Government sponsor a National Conference on Soil Conservation to promote awareness of soil degradation as a *national* issue and to foster coordination and cooperation amongst all of those involved.
20. That a Council on Soil and Water Conservation be established: (a) to provide a neutral forum within which the participants can discuss the issues and the actions necessary to conserve Canada's natural resources; (b) to encourage improved coordination and cooperation between the participants; (c) to review methods of dealing with the needs and demands of particular sectors; (d) to aid in the priorization of research and program demands; and, (e) to gather and disseminate information concerning conservation.

The Committee believes that if these recommendations are acted upon quickly the risk to our soils and to our future can be reduced—the time for action is now!

THE SENATE

Tuesday, December 18, 1984

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-8, to amend the Petroleum and Gas Revenue Tax Act.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

PUBLIC WORKS ACT
PUBLIC LANDS GRANTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-13, to amend the Public Works Act and the Public Lands Grants Act.

Bill read first time.

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill be placed on the Orders of the Day for second reading later today.

[*English*]

FOREIGN AFFAIRS

GIFT OF WAR PLANES TO TURKEY—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday, December 20, 1984, I shall call the attention of the Senate to the question of the gift of Canadian war planes to Turkey.

[*Translation*]

FINANCE

ITALIAN AND NEWFOUNDLAND VOTERS—COMMENTS OF MINISTER—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, December 20, 1984, I will call the attention of the Senate to the comments made by the Honourable Michael Wilson about Italian and Newfoundland voters.

NATIONAL FINANCE

BUDGETARY DEFICITS—COMMITTEE STUDY—NOTICE OF MOTION

Hon. Fernand-E. Leblanc: Honourable senators, I give notice that tomorrow, Wednesday, December 19, 1984, I will move that the Standing Senate Committee on National Finance be authorized to examine and report upon the magnitude and the impact of federal budgetary deficits and the associated public debt and that it consider appropriate policies relating to these deficits; that the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination; and that the Committee have power to sit during adjournments of the Senate.

QUESTION PERIOD

[*English*]

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to seek clarification from the Leader of the Government in the Senate on the policy of the government on social programs.

At present there is uncertainty and confusion, and I believe that in addition to the uncertainty and confusion there is also a great deal of fear about the future in the minds of the aged, the unemployed and middle-income Canadians.

To begin the questioning, I ask the Leader of the Government in the Senate whether he will now acknowledge that the government has betrayed its promise made to Canadians during the election campaign on the question of universality of social programs.

Hon. Duff Roblin (Leader of the Government): No, honourable senators, I will make no such admission.

Senator MacEachen: The honourable leader has not made it clear whether he is reluctant to make the admission of the reality, or whether no such betrayal has occurred.

May I attempt to elicit some answers from the Leader of the Government? Is it still the policy of the government as stated by the Prime Minister last March that:

> We are in favour of universality of social programs, and it shall not be touched.

Is that still the policy of the government—that universality "shall not be touched," as was stated by the Prime Minister on March 7?

Senator Roblin: As I suppose most honourable senators know, this topic has been the subject of some brisk exchanges in the other place, and the Prime Minister has expressed the policy of the government in that chamber. I do not think it would be realistic of me to attempt to enlarge or expand on his statement made in the other place.

Hon. H. A. Olson: What was that policy, in relation to the question asked?

Senator MacEachen: Honourable senators, I must say that I cannot accept the view of the Leader of the Government that we must go to the House of Commons in order to hear the policy of the government. I understand that the Leader of the Government has already acknowledged that he is prepared to elucidate for his colleagues in the Senate—and, thereby, acknowledge the constitutional role of the Senate—the policies of the government of which he is a member.

So, I ask him the following question: Is it the policy of the government that the principle of universality shall not be touched in any way, as was stated by the Prime Minister? Can he answer yes or no to that?

Senator Roblin: The policy of the government has been expressed by the Prime Minister in the other place. If my honourable friend wishes, I will obtain a copy of the Prime Minister's statement for him so that he can inform himself of it.

Senator MacEachen: Honourable senators, does the Leader of the Government himself know what the policy of the government is? Does he know or does he not? And if he does, will he tell us, because that will save him and the rest of us a great deal of time and will remove some of the uncertainty on this matter of universality.

Senator Roblin: The Prime Minister is the best spokesman with respect to government policy, and I will certainly be glad to get his statement for my honourable friend.

Hon. Royce Frith (Deputy Leader of the Opposition): But he is not in the Senate. You are here for the Senate.

Senator MacEachen: The Leader of the Government has not been able to tell us whether the principle of universality still stands. He has not been able to tell us whether, as stated by the Prime Minister, the principle of universality "shall not be touched." The Leader of the Government cannot tell us yes or no, so I go on to ask him another question, this time with respect to statements made by the Minister of Finance. I do not intend to truncate the minister's statement at all, or attempt to distort it in any way. The Minister of Finance is reported to have said:

> What we are saying is that there are people who don't need it—upper and middle income social programs cannot be afforded today.

Is that also the policy of the government? Is it now the decision of the Government of Canada that social programs applicable to the upper and middle-income Canadians cannot be afforded?

Senator Roblin: Honourable senators, that same matter has been discussed for two days now—probably a third day—in the other place, and the answers that were given then represent the policy of the government. I shall be glad to get those for my honourable friend.

Senator Olson: You are supposed to explain government policy in this chamber.

Senator Roblin: I don't make policy for the government; I answer questions.

Senator Frith: You are supposed to tell us what the policy is.

Senator MacEachen: Honourable senators, the Leader of the Government has now again stated that he is unable to tell us whether it is the policy of the government, of which he is a member, that social programs cannot be afforded for upper and middle income Canadians. I find it rather surprising that the Leader of the Government should remain mute and should seek refuge behind the Prime Minister and behind the House of Commons. Surely he has some responsibility to this chamber to tell us what the policy of the government is.

Some Hon. Senators: Hear, hear.

Senator MacEachen: Is it the policy of the government to protect universality, or is it the policy of the government to remove social benefits from upper and middle income Canadians, thereby distorting and eroding the principle of universality? May I have an answer from the Leader of the Government on these points?

Senator Roblin: These points have all been dealt with in statements made by other members of the government, including the Prime Minister, and I will obtain those statements for my honourable friend.

Senator Olson: Do you know what those statements are?

Senator Roblin: The statements are available in the records of the House of Commons, and I will bring them to this chamber so that honourable senators may be made aware of them.

In Question Period I am not going to enter into a debate with my honourable friend on this question of universality. I will get the information that my honourable friend requests and place it before the chamber.

Senator MacEachen: Honourable senators, if anyone on this side or on the other side of the house were a member of the House of Commons, that person would be entitled to address a question directly to the Prime Minister or any minister. That is a right. Is the honourable leader saying that members of the Senate do not have the right to ask questions of him and do not have the right to get answers? Is that his principle? If that is the case, he is taking us down the road to creating a Senate that will be meaningless. We come here and ask questions and we are referred to House of Commons *Hansard*.

I would ask the honourable leader to reconsider his position because if he takes that attitude it is one of sheer non-co-oper-

ation with his colleagues on this side of the house. He has asked for co-operation, but co-operation is a two-way street.

Some Hon. Senators: Hear, hear.

Senator Roblin: My honourable friend must not put words into my mouth. I have never at any time made the least suggestion that members of this chamber are not entitled to ask me any questions they like. I am a member of the government and, therefore—

Senator Olson: We are asking—

Senator Roblin: Perhaps Senator Olson could be quiet for a while. I remember when he was Leader of the Government, and I must confess I learned some of my tricks from him. I have never at any time objected in a serious way to the members of the opposition posing questions to me. The problem is, of course, that as I am a minister without portfolio in the government I cannot answer those questions in the same way as members sitting in the other place can who have particular responsibilities assigned to them. My job is to answer questions when I can, and when I feel that I cannot do so in an adequate way, to take note of the questions asked and to provide answers at the earliest opportunity. That I will certainly continue to do.

• (1410)

Senator MacEachen: Honourable senators, the Leader of the Government has not been able to tell us whether the principle of universality still stands. He has not been able to tell us whether, indeed, it is the intention of the government to reduce social benefits for middle-income Canadians, as has been stated by the Minister of Finance.

I would ask him now whether it is part of the current approach of the Government of Canada, through the tax system, to redirect some moneys that are now being gained by upper income Canadians into the hands of those who need the money most. Has a decision been taken by the Government of Canada by which moneys will be taken from upper and middle income Canadians and diverted to those in the lower income brackets? That is a request for information. Is that government policy?

Senator Roblin: The policy of the government, respecting the general area mentioned by my friend, is to have widespread public consultation on these points. I do not rule out from those consultations the point my honourable friend makes.

Of course, we realize that, for a long time in this country, we have had in place a series of programs which are not universal in character but which are related to income. My honourable friend knows as well as I do what they are. So one has to be careful about defining one's terms in dealing with these matters.

It is the position of the government, however, that we will be considering a number of options or alternatives which might be considered in connection with the whole question of social policy in the country. When those consultations are completed, the government will announce its policy.

Senator MacEachen: Am I to take it from the last response of the Leader of the Government that all of these subjects are open? Does he mean to say that all of those subjects are up for consultation and that the Government of Canada has not made up its mind for or against universality, for or against removal of benefits from middle-income Canadians, for or against the redirection of tax moneys from higher income brackets to lower income brackets? Is each of these policy questions still up in the air, open for consultation? Is each of them a question upon which the government has not yet reached any decisions?

Senator Roblin: One must be very careful in answering a question of that kind, because there are certain principles of universality with regard to which the government has clearly indicated it is not considering any changes or it is not offering the area for rediscussion. I am saying that in certain areas—for example, the medicare plan—no changes are presently even under discussion. In other areas, I think it is fair to say that other options will be considered. I think it is appropriate that there should be widespread discussion on these points. I hope that, when the time comes, my honourable friend and his colleagues will make their views known, which they have not done in all cases so far.

Senator MacEachen: The Honourable Leader of the Government has quite correctly stated that his colleagues have excluded medicare from consideration. The statement made by the Minister of Finance on November 8 indicated that child benefits, old age security and unemployment insurance systems will be under review. We know that the government, the Minister of Finance and the Prime Minister have already stated that no longer will benefits be available on a universal basis to recipients of child benefits and old age security. In the House of Commons, although it may not have caught up with the Leader of the Government, the principle of universality has been abandoned. It is no longer relevant—at least in the way it used to be.

I want to ask just one simple question: Does this abandonment of universality—this willingness to take away benefits based upon an income standard—now apply to unemployment insurance as well as to child benefits and old age security?

Senator Roblin: Honourable senators, my honourable friend should not leave the impression in this house that the principle of universality is now to be found in all aspects of child maintenance support. He knows perfectly well that is not the case, that in some aspects of child maintenance support it is incontestable, that it has always been incontestable, and that it will continue to be incontestable. That does not mean that the same principle applies to other aspects of child support. So one has to be clear. One of the great problems in the whole of this discussion is that we have yet to agree on a definition of the word "universality". Does it mean the same thing for everyone, regardless, or does it mean that everyone should be entitled to the same thing subject to the tax regime that follows? So the whole question of universality is one that needs a little definition before I get into a debate on the matter with my honourable friend. But I can tell him that, so far as I am

aware, the answer to his question with respect to unemployment insurance is no.

[*Translation*]

Hon. Jean Le Moyne: Honourable senators, it is hard not to believe that the government has quite a few ulterior motives.

Recently, it became apparent that the government had a secret calendar for cutting expenditures and social programs. Could the Honourable Leader of the Government in the Senate let us know why the government's intentions with respect to social programs were hidden from Canadians, especially since during the election campaign, the future Prime Minister kept promising open government?

[*English*]

Senator Roblin: Honourable senators, I do not accept my honourable friend's premise that there is a hidden agenda. I believe the agenda is on the table and that during the next few months, between now and the formulation of the next budget, we shall have plenty of opportunity to discuss that agenda in its entirety.

Senator Frith: It is now, but it wasn't during the election.

Senator Roblin: I do not think that the question, therefore, is apposite.

[*Translation*]

Senator Le Moyne: I have a supplementary. In his interview last week with the Canadian press, the Minister of Finance let the cat out of the bag when he implied that members of his party had kept quiet about their intentions because they were afraid their words would otherwise be twisted by proponents of the so-called "politics of fear".

Would the Honourable Leader of the Government not agree that the Minister of Finance himself is practising scare politics and that his government should make an effort to allay the concerns of elderly Canadians with respect to the universality of old age pensions?

[*English*]

Senator Roblin: Honourable senators, I will be glad to ask the Minister of Finance what kind of answer he can render to my honourable friend's question.

HEALTH AND WELFARE

HEALTH SERVICES—UNIVERSALITY—GOVERNMENT POLICY

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government. Like most Canadians, each day I become more puzzled and worried concerning the fate of those Canadians in need of government assistance. My leader has just pursued a line of questioning, to which he received no answers. I am concerned because during the election campaign the Prime Minister said that universality of social programs was a sacred trust. But after the election he modified that statement by saying, in effect, "Oh, yes, but health services are still a sacred trust."

[Senator Roblin.]

My question to the Leader of the Government arises from something I read in the press during the last few days concerning a so-called secret meeting between the federal and provincial ministers of health. The press report seemed to indicate that the federal minister of health had agreed that the operation of provincial medicare services was under provincial jurisdiction and that therefore he would not interfere. Do I gather from that statement that the "sacred trust" of universality regarding medicare services has now gone by the board? Will the provinces be allowed to do whatever they like, to impose deterrent fees, service charges and so on, thus depriving the poor people throughout the country of what we once thought was a sacred trust, their right to health services?

● (1420)

Hon. Duff Roblin (Leader of the Government): Honourable senators I should make a comment on the first part of my honourable friend's statement in which he seemed to suggest that those in need in Canada might be adversely affected by policies of the government. I want to tell him that quite the reverse is the case. Those in need will receive greater consideration than they received before. That is already apparent in some of the measures this government has proposed to Parliament, and there is no doubt about it. So my honourable friend can rest easy in that respect.

In reference to the press report which my honourable friend has obviously been reading from, in which the Minister of National Health and Welfare made the statement about the meeting several months ago, the minister did not say that he was going to abrogate the laws that we have now—laws which make it clear that deterrent fees and that kind of thing will not be tolerated in respect of the calculation of medicare assistance from the federal government. He made no implication of any kind that this measure was to be disturbed. In fact, he did say that none of the provinces even asked for it to be disturbed. So the question of deterrent fees remains just as clear and as well-balanced in the interests of those at the lower end of the income scale as it has ever been, and my honourable friend need not worry himself in that respect.

Senator Thériault: Honourable senators, I wish I could accept the word of the leader as being factual when it comes to services to the poor people. I shall restrict myself to my home province of New Brunswick and tell the leader that, in fact, the health services that were once provided to all people there, regardless of their ability to pay, have been done away with, and this is being condoned by the present government. It is all right for members of the government to state that we are going to do this and we are going to do that. It seems to me that in this government the Prime Minister does the public relations work while the ministers do the hatchet jobs on the poor people. I ask the Leader of the Government in the Senate: Did the minister state what is in the press report as I read it, that he would not intervene in this matter, that provincial ministers would be free to run their medical services as they saw fit? Will the Government of Canada continue to pay 50 per cent of the costs of this program, if universality is not applied to medical services?

Senator Roblin: I regret that my honourable friend does not see fit to accept my words when I speak in this chamber. Sometimes I make an honest mistake, and when I do so I am only too glad to have it pointed out and to retract it. Otherwise, what I say in this chamber is correct. I certainly intend to speak accurately in this chamber, and I think it unusual that my honourable friend should make the statement he has just made. With respect to the question he asked, I can tell him that this government will implement the Canada Health Act just as vigorously and energetically as that act requires. That means that any province wishing to introduce a special charge of the kind my honourable friend spoke of will come under the jurisdiction of that act, which he helped to pass, and will suffer the penalties that are then to be imposed.

Senator Thériault: Honourable senators, what bothers me is that we have the Leader of the Government in the Senate and the ministers in the other place making statements which do not hold water. In the province of New Brunswick today, one who needs an annual medical examination is not covered by medicare and must pay a minimum of $35. Would the Leader of the Government not agree that in some cases in my province of New Brunswick there are people who cannot afford the $35 and are thereby deprived of medical services which are supposed to be provided on a universal basis under the Canada Health Act?

Senator Roblin: Of course, before dealing with the particular case, I would have to check into it and determine the facts. I can tell my honourable friend that there are a good many health services not covered by the medicare system. He knows that very well. Some provinces include them and other provinces do not. When they decide to extend medicare, for whatever reason, to a service that is not provided as a matter of course under the Medical Care Act, then the province is free to do what it likes. However, medicare services covered by the Medical Care Act are monitored by the federal government, and if the provinces break the rules then they must suffer the consequences.

Senator Thériault: Honourable senators, the fact of the matter is that annual medical checkups were included in medicare services in New Brunswick up until last year. It is something which is provided for in the Canada Health Act. Under that legislation the federal government pays 50 per cent of the cost of the checkup. Last year the Government of New Brunswick decided to restrict this service. Does that not constitute doing away with the sacred trust of medicare as accepted and passed into legislation by both houses of Parliament?

Senator Roblin: The concept of medicare is governed by the statutes of Canada. The statutes of Canada provide how the act should be administered and who is to administer it. The governing legislation provides for penalties if people do not operate the plan in accordance with the rules. With respect to this legislature, we have to concern ourselves with the laws we pass. The issue with respect to the provinces comes under their constitutional purview. Therefore, I must say to my honourable friend that our responsibility is to make sure that the laws of Canada with respect to medicare are carried out. That is exactly what we intend to do.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question for the Leader of the Government arising out of the questions asked by Senator Thériault. In answer to one of my honourable friend's questions the Leader of the Government in the Senate, wishing to reassure Senator Thériault, said that Senator Thériault need not worry and that, in fact, what the present Minister of National Health and Welfare was saying was that those in need would be even better placed than under the present system. Can the Leader of the Government tell us how that will be determined? Will those in need be determined by being subjected to a means test?

Senator Roblin: When I made that reference I had in mind the plan of the present government to extend pensions to widows between the ages of 60 and 65.

Some Hon. Senators: Hear, hear.

Senator Roblin: Although the legislation is not before us and I cannot say how it will be administered, I would not be surprised if it were administered in exactly the same way as the GIS which involves a means test, and which was sponsored by my honourable colleague's administration.

Senator Frith: So the reassurance with respect to the matter of those in need being better placed applies to pensioners' widows, but not to all citizens as referred to by Senator Thériault?

Senator Roblin: It applies not only to widows but to certain veterans.

Senator Frith: But not to all?

Senator Roblin: Why not?

Senator Frith: I am asking if it does.

Senator Roblin: It may very well do so. This is part of the matter under consideration. The thrust of the government is to see that those in need are better taken care of than they are now. I hope we will be able to do that.

Senator Frith: So do we. However, will that be determined by a means test?

Senator Roblin: That will be determined by the policy arrived at after the consultations to which I have referred.

Senator Frith: Is the question of the means test still open?

Senator Roblin: The question of the means test has never been off the table. The administration supported by my honourable friend administered means tests on many occasions and seemed to find it quite satisfactory to do so in certain circumstances. I would not be surprised if they were to do so again.

Senator Frith: We are not talking about the Leader of the Government's honourable friends on this side; we are talking about his honourable associates in the government. That is what we are asking questions about. This is Question Period

and I take it the answer to the question concerning the means test as applied to those in need of medical services is on the table and open for consideration and consultation?

Senator Roblin: My honourable friend is a very peculiar chap. He has no objection—

Senator Frith: Why are we talking about peculiar chaps? Can you not answer the question?

Senator Roblin: I will tell you why. When my honourable friend and his colleagues ask questions, they give themselves the liberty of covering a great deal of ground. They do not follow the procedure of the House of Commons with respect to Question Period by restricting themselves in the usual way.

• (1430)

Senator Frith: Isn't it too bad that my honourable friend is not in the House of Commons?

Senator Roblin: Then when I reply and, in a very modest way, make a comment about what my honourable friend has said, he finds himself disturbed that I have done so, the implication being that I am to answer "yes" or "no" and that is it. If the answer required is "yes" or "no", I shall say "yes" or "no".

Senator Frith: In fact, that would be fine. However, the fact is that the answer seems to be that I am a peculiar fellow, which may very well be true, and if the question—

Hon. Jack Marshall: Are you ever!

Senator Frith: Senator Marshall, says am I ever! Perhaps some day I may ask the question—although I think it will be out of order: "Does the Leader of the Government think that the Deputy Leader of the Opposition is a peculiar fellow?" That question would give him a clear chance to give a "yes" or "no" answer. I assume he will say yes. However, now I would like to know the answer to the question as to whether or not the question of a means test is on the table and open for consultation. Why is it so difficult to answer that question, and why is it necessary to make *ad hominem* comments about the person who asks the question?

Senator Roblin: I must say that is a very fair way of looking at it. I shall tell my honourable friend that if I said that he was a peculiar person, I used that adjective in a peculiar sense. I did not mean that I objected to him; I did not feel that he was strange; I did not feel that he was odd;—

Senator Frith: I take no objection; let's get to the question.

Senator Roblin: —I felt that he was loquacious at times, but on the whole, I find him a pretty good chap.

Senator Frith: —and now for an answer to the question.

Senator Roblin: In future, when I am referring to him, instead of calling him a peculiar fellow, I intend to call him a pretty good chap, and I hope that that will make him feel a little better.

As to the question—

Senator Frith: Finally! This will make me feel better.

[Senator Frith.]

Senator Roblin: It may very well be that in respect of certain matters any form of financing arrangement may well be discussed. The public will, of course, be invited to attend and if there are people who wish to raise the question of a means test, no one will stop them.

Senator Frith: So it is open for question? I have a supplementary, but I believe Senator Sinclair was on his feet.

Hon. Ian Sinclair: I intended to deal with a different subject.

Senator Frith: Then, honourable senators, in earlier questioning also by the Leader of the Opposition in the Senate, the Leader of the Government did not deal with the questions asked, or felt unable to deal here with the questions asked about whether we could afford the social assistance and social programs that are given to middle-income Canadians.

May I ask him if he could determine for me whether at any time during the election campaign, any intimation was made by his party that, in fact, it was a matter of Conservative Party policy that those middle-income Canadians should understand that the country could no longer afford social programs for them?

Senator Roblin: If my honourable friend expects me to answer that question in the affirmative, he must then afford me the privilege of finding out what his party did during the election campaign.

Senator Frith: Why is that? I do not understand that.

Senator Roblin: It is simple: Since I am here to answer questions on behalf of the government, I shall—

Senator Frith: Can't you just tell me what happened first?

Senator Roblin: You are asking me what went on during the election campaign. That means reviving the whole of that debate.

Senator Frith: Fine; do that, but first deal with the question about the Tory campaign—

Senator Roblin: Perhaps we should ask what the Leader of the Opposition in the other place had to say about universality; perhaps we might ask what Don Johnston had to say on the subject. I am not going to answer my honourable friend's question. I only intend to answer questions on matters having to do with the government itself.

Senator Frith: You are not going to answer that question?

Senator Roblin: No, and there will probably be a good many more that I shall not answer.

Senator Frith: It is too embarrassing for you to do so.

Senator Roblin: I shall withstand it, I am sure.

INVESTMENT CANADA

FOREIGN INVESTMENT—TERMINOLOGY

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in the Senate. It arises out

of the desire of the government to clarify the position of investment in the country for foreigners. I might point out that the word "clarify" was used in the financial statement of the Honourable Michael Wilson on November 8 last and in the speech made by the Prime Minister at the New York Economic Club one week ago. At that time, the Prime Minister said that his aim was to make it easy for people to invest in Canada.

My question is this: Would the Leader of the Government in the Senate tell me what is the difference between "significant" benefit and "net" benefit?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am afraid I am not able to oblige my honourable friend.

Senator Sinclair: I would point out to the Leader of the Government that in the old FIRA Act and in the new Investment Canada Bill, when dealing with the factors to be taken into account, the two acts are the same, word for word, except for "significant" benefit and "net" benefit. In order to understand the statute, it is absolutely essential to understand what the difference between those two words is, and I would ask my honourable friend if he would help me in this matter.

Senator Roblin: I think my honourable friend is right in saying that there is that difference between the present statute and the proposed one. When the proposed statute is presented in the Senate, we shall have an opportunity to examine every feature of it, including this one. We shall be able to take the new statute to committee and obtain thorough explanations of the various definitions my honourable friend requests. However, I do not intend to debate that statute now.

Hon. Royce Frith (Deputy Leader of the Opposition): Provided it wasn't dealt with in the House of Commons!

Senator Sinclair: I have a supplementary question for the Leader of the Government, if I may. As far as I can see, it is just a matter of straight English and I would hope that the honourable leader could help me since he has had a great deal more experience in this area than I have. Perhaps he could tell me the difference between "significant" and "net" as applied to the noun "benefit"?

Senator Roblin: My honourable friend has completely destroyed the credibility of his question by saying that I am more experienced in these matters than he. I have to say that there is probably no one in Canada who is more experienced in these matters than he is, and I am sure that, when these matters come before the committee, he will be able to pose the questions that will satisfy his legitimate request for a definition in this respect. However, it is not a matter for Question Period.

NATIONAL REVENUE

SUGGESTED INCREASE IN CORPORATE TAXES

Hon. H. A. Olson: Honourable senators, I would like to ask the Leader of the Government whether or not the government has received a submission from Mr. Albert Cohen of Winnipeg indicating that corporate taxes should be substantially increased?

While he is looking into that matter, I wonder if the Leader of the Government could also find out whether Mr. Cohen was able to obtain an endorsement for his proposal from the Canadian Chamber of Commerce?

Hon. Duff Roblin (Leader of the Government): Both my honourable friend and I have the privilege of knowing Mr. Cohen and I think we both understand that he is a generous, public-spirited citizen who made a proposal at a meeting of his company in Winnipeg the other day, I believe, that there should be a 2 per cent increase in corporate taxes for three years in order to assist the government with its financial problems. As far as I know, that is the only reference that can be found with respect to Mr. Cohen's suggestion.

I can also confirm what my honourable friend inferred, namely that Mr. Cohen did not obtain support from the Canadian Chamber of Commerce for this idea.

Hon. Ian Sinclair: Being another Manitoban, I am wondering whether the Leader of the Government in the Senate would support Mr. Cohen in that suggestion?

Senator Roblin: When government policy with respect to taxation is announced, we can deal with that matter.

ABANDONMENT OF PETROLEUM AND GAS REVENUE TAX

Hon. Earl A. Hastings: Honourable senators, my question is directed to the Leader of the Government in the Senate. I would ask him if it is the intention of the government to honour that sacred promise made to the petroleum industry of Alberta that the present government would abandon the Petroleum and Gas Revenue Tax? I ask this question in light of the fact that, in the first six months of 1984, the net income to this industry from operations rose 40 per cent to $1.7 billion; the internal cash flow increased by 24 per cent to $4.9 billion in the same period; well-completions are up to 8,800 for 1984 and the metres drilled will total over 10,000. That will equal the record year of 1980 insofar as activity is concerned.

I simply ask the Leader of the Government in the Senate: Is it the intention of the government to abandon the PGRT, as promised to industry by the Prime Minister?

Hon. Duff Roblin (Leader of the Government): The exact position of the PGRT is at present a matter that is under consideration by the administration. I imagine they are also consulting with others. Therefore, I am not able to make an announcement about the matter at the present time.

Senator Hastings: I was merely asking if it is the intention of the government to fulfill the promise made to the industry in that regard?

Senator Roblin: When I have a decision on that matter to announce, I shall give it to my honourable friend.

• (1440)

THE SENATE

QUESTION PERIOD—GOVERNMENT APPROACH

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government in the Senate which refers to the ground rules, in a sense, for Question Period.

On Thursday last, when Senator MacEachen was addressing questions to the Leader of the Government concerning the arrangement between Canada and Newfoundland with regard to offshore resources, the Leader of the Government in the Senate referred to the Atlantic Accord, and said that that accord was in the public domain and that Senator MacEachen should take full cognizance of it.

Today we were told by the Leader of the Government in the Senate that statements made by, and deeds done by, the Prime Minister and other current ministers of the Crown prior to the election, or indeed prior to the formation of the government, are irrelevant for our understanding of what the policies of the government now are.

My question to the Leader of the Government in the Senate is: Is his approach the one that he followed last Thursday, or is his approach the one that he has adopted today?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that when I was speaking last Thursday the Leader of the Opposition in the Senate made it perfectly clear that he regarded the Atlantic Accord as irrelevant, because he certainly did not regard that as the basis for government policy.

If I had to decide on this question, I think I would have to say that material that formed part of the election campaign is not material for which I feel I have any particular responsibility here. In fact, when the Leader of the Opposition in the Senate asked me if I would table that accord, I said "No," which indicated my feelings on that matter.

Senator Stewart: Honourable senators, does this mean that in the view of the Leader of the Government in the Senate things that were said during the election campaign are really of no value in understanding the aims of government policy today?

Senator Roblin: No, I would not say that. I would say that if we were having a debate on the Newfoundland oil proposition, any statement made in respect of that would be fair game for someone to deal with.

During Question Period, when I am supposed to be giving brisk, crisp answers to brisk, crisp questions, it is not—

Hon. Royce Frith (Deputy Leader of the Opposition): Any answer will do, for starters.

Senator Roblin: My honourable friend receives the kinds of answers he deserves.

Senator Stewart: Honourable senators, the Leader of the Government in the Senate is now taking a position which is

[Senator Hastings.]

really quite out of line with the one that he took last Thursday, when he leaned very heavily on election campaign material. It would be very helpful to all honourable senators if they knew how far back relevance for questions applies. Is material mentioned prior to the election relevant or not?

Senator Roblin: Like my honourable friend, I am allowed to change my mind occasionally. I allow him to change his. I simply answer the questions as best I can. If I am guilty of some inconsistency from time to time, I confess that that is a fault of human nature.

EMPLOYMENT

NANNIES—REMUNERATION

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate. My daughter is a working mother with two children and is in the market for a nanny. As we all know, most nannies come from abroad. That is where the federal government gets into the act, and it has laid down rules as to how much one is to pay a nanny.

My daughter advises me that the present rule is that nannies are paid $589 a month, which comes to $7,068 a year, but in fact the going rate for nannies is slightly more than $600 a month.

Is it government policy that when private citizens are paying for nannies the rule is $589 a month, or $7,068 a year, but when the government pays for nannies the rule is $18,000 a year, and if that is government policy, how does that fit in with the government's austerity program?

Hon. Duff Roblin (Leader of the Government): I think what that probably indicates is that the person my honourable friend is referring to as a "government nanny" is not such but is something else.

Hon. Royce Frith (Deputy Leader of the Opposition): She is an interfacer. If you get her to interface, she is something else.

Senator Godfrey: When my daughter obtains a nanny, she will do more than nannies are expected to do.

Senator Roblin: I do not think I will follow that line of questioning any further!

THE SENATE

QUESTION PERIOD—GOVERNMENT APPROACH

Hon. Peter A. Stollery: Honourable senators, my question is supplementary to that asked by Senator Stewart. I wish to clarify the answer. Is the Leader of the Government in the Senate saying that, as the spokesman for the government in the Senate, he has no responsibility for anything that was said during the election campaign—which is one way of trying to understand what the new government is trying to accomplish—and that what was said by the members of the Conservative Party during the election campaign is not relevant

and is something that we should not address ourselves to any more?

Hon. Duff Roblin (Leader of the Government): If my honourable friend will cast his mind back a little, he will recall an election campaign which was won by his own party—

Hon. Royce Frith (Deputy Leader of the Opposition): And, boy, did we hear about it! For four years we heard about that when you were asking the questions from here.

Senator Roblin: I can tell my honourable friend that he has the wrong election. I want to put him straight; the election I am talking about is the one in which the government campaigned on the policy of no wage and price controls.

Senator Frith: We heard about that one, too.

Senator Roblin: As soon as they got into office, they reversed their policy and brought in wage and price controls.

Senator Frith: I remember that one, too.

Hon. Roméo LeBlanc: That wasn't a sacred trust.

Senator Frith: We never promised a sacred trust.

Senator Roblin: The present Leader of the Opposition in the Senate and his colleagues entered into a sacred trust with the people of Canada during an election campaign when they said that the increase in gasoline taxes would be less than 18 cents. Well, everybody knows what happened then.

Senator Frith: Did you tell us about that for four years! Wasn't that relevant during Question Period?

Senator Roblin: The Honourable Senator Hastings referred to the tax take under the gasoline regime we have now, and that certainly amounts to more than 18 cents a gallon. So, the whole question is a political one, as my honourable friend knows, and politicians will deal with those matters as best they can. My honourable friends have had their turn; now we have ours.

Senator Stollery: Are honourable senators to understand that, without at all accepting the preamble in the response of the Leader of the Government in the Senate—because those are really arguments that go back quite a few years—you are using that preamble, if it were true, as an excuse to do what you said you were going to do a few minutes ago, which is to not consider what was said during the election campaign as a relevant element of Question Period in the Senate?

Senator Roblin: I did not say it was not a relevant element of Question Period in the Senate. What I said was I would not—

Senator Frith: You definitely did.

Senator Roblin: —produce the information my honourable friend sought.

Senator Frith: No, you didn't.

Senator Roblin: If I didn't say that—

Senator Frith: You said it is relevant during debate but not during Question Period.

Senator Roblin: That is right, and I am not going to give the answer to it on that ground.

Senator Frith: Then the answer to Senator Stollery is, "Yes, he is saying that."

THE ECONOMY

FOREIGN INVESTMENT—COMPETITION

Hon. Joseph-Philippe Guay: Honourable senators, my question is slightly different because the Leader of the Government will not have to make any reference to the House of Commons, and neither will the answer be contained in *Hansard* of the other place.

Under the new policy of the government with respect to Investment Canada, a large company in the pizza-making business wants to move into Winnipeg, which is located in my home province of Manitoba, which is also the home province of the Leader of the Government in the Senate.

My question is: Has the cabinet or a committee of cabinet conducted a study of that move, because that company will bring nothing to Canada except competition for local pizza houses located in Winnipeg?

Has the cabinet or a cabinet committee—and you do not have to give me any details or let any secrets out, but just answer yes or no—conducted a study as to the economic effects that will have on other pizza houses in Winnipeg? If that is allowed to happen, that will mean many people will lose their jobs.

Hon. Duff Roblin (Leader of the Government): If my honourable friend is talking about a pizza palace operation, which has already been subjected to the FIRA examination—and which the government has decided on—and I presume he is, from his shaking his head—then I can tell him that each one of those applications at the present time, no matter how large or small, does receive a study involving the economic effects. Therefore, the answer to my honourable friend's question is that that matter was considered in the FIRA examination.

● (1450)

Senator Guay: We had a study pertaining to all of FIRA's applications in the past, but my particular question is: What effect will it have on a similar business in Winnipeg? If the answer is not available today, perhaps one could be obtained. No doubt the outcome will have an effect on those who are already in business in Winnipeg and perhaps more people will be put out of work.

Senator Roblin: My honourable friend probably knows that the investigations made under FIRA are confidential. The people who apply do so under terms and conditions that they are confidential. Therefore, I cannot obtain the information that he requests.

REQUEST FOR ANSWERS

Hon. Henry D. Hicks: Honourable senators, I point out to the Leader of the Government, who has said that he has no delayed answers to questions, that I have a question on the order paper going back to November 29. It has to do with the elections in Nicaragua, and it has not been answered. I asked another question on December 5 having to do with the green and white papers on defence policy. I understand that since I asked that question the Minister of National Defence has made some statements to his colleagues at a NATO meeting in Brussels. I have not seen the text of his remarks, but I understand that even they are somewhat imprecise as to the exact time schedule for the publication of these papers. In any event, I think that the answer to this question about the papers on defence policy ought to be part of the record of this chamber regardless of wherever else the matter may have been referred to. I would invite the Leader of the Government to provide answers to both these questions when he can do so.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can tell my honourable friend that I hope to be able to give him the answer to the first question about the elections in Nicaragua, before we rise for the Christmas recess. The other question is bound up with some other activities of the government, so I cannot give him a proper answer. I have not lost track of it, but I am simply unable to provide the information at present.

Senator Hicks: That is fair enough.

FRESHWATER FISH MARKETING ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Martha P. Bielish moved the second reading of Bill C-5, to amend the Freshwater Fish Marketing Act.

She said: Honourable senators, it is my pleasure and privilege to move second reading of Bill C-5 which proposes an amendment to the Freshwater Fish Marketing Act to increase the permitted borrowing limit of the Freshwater Fish Marketing Corporation to $30 million from the present level of $20 million.

As I am sure honourable senators will recall, a bill similar to this one came before our chamber on Tuesday of last week, the intent of which was to raise the borrowing limit of the Canadian Saltfish Corporation. The situation that gave rise to the necessity to increase the borrowing limit of the Canadian Saltfish Corporation parallels in many ways the situation giving rise to the problem that is facing the Freshwater Fish Marketing Corporation, although the head offices of these two corporations are approximately 5,000 kilometres apart and, of course, different types of products are involved.

If I might briefly review the situation, the Freshwater Fish Marketing Corporation was created in 1969, mainly at the request of the prairie provinces, at a time when there was general concern over the recurrent price weaknesses for freshwater fish.

At that time, with the exception of the Great Lakes, the marketing, processing and exporting of freshwater fish was traditionally carried out by many small firms across central Canada. As most of the freshwater fish production was exported to the United States, this fragmented group of Canadian exporters was usually at a disadvantage when attempting to deal with the large and powerful American importers. This resulted in wide fluctuations in prices during the season which, in turn, created instability and uncertainty among operating firms and the fishermen. It is no exaggeration to say that the fishermen, the majority of whom are native people with no alternative source of income, felt abandoned and exploited.

Establishment of the Freshwater Fish Marketing Corporation was based on the philosophy that returns to freshwater fishermen could best be increased through the establishment of a single selling body with the exclusive right to market and trade in fish in the interprovincial and export trade.

Through the corporation, which has its headquarters at Winnipeg, freshwater fish is now being marketed in an orderly manner with none of the fluctuations in earnings experienced by fishermen in earlier years. The corporation is also promoting and expanding in international markets, not only in the United States, which has been the traditional market, but also in European countries.

The corporation handles virtually all freshwater fish produced in Canada outside the Great Lakes, which amounts to about 50 per cent of Canada's total annual production. The area of operations, covering more than 5 million square kilometres, includes northwestern Ontario, Manitoba, Saskatchewan, Alberta and the Northwest Territories. In those regions, the corporation buys fish either directly from fishermen or through agents, establishes initial prices for fishermen, packages and processes fish and markets them at home and abroad. About 90 per cent of all this fish is exported, and most of that goes to the United States.

I would like to emphasize that the corporation is obliged to operate on a self-sustaining basis. At the beginning of the season it establishes an initial price which, in practice, is a floor price for the operating season. Any additional returns from the market are passed on to the fishermen at the end of this season or when the product is sold from inventory.

● (1500)

When the Freshwater Fish Marketing Corporation was first set up in 1969 the borrowing limit was set at $5 million. This ceiling was raised to $10 million in 1970 and to the current level of $20 million in 1974. Needless to say, since 1974 market prices along with operating costs, cost of fuel, wages, et cetera, have risen steadily. There is now a demonstrated need to adjust the borrowing limit upwards.

In its most recent five-year plan the corporation predicts that its working capital and fixed assets requirement will exceed $20 million in fiscal year 1985-86 and that within a year the requirement will be in the region of $24 million. I feel it significant to point out that the initial payment made by the corporation—that is, the amount of money paid out to the

3,500 fishermen in the Freshwater Fish Marketing Corporation area at the start of this season based on predicted market prices—has jumped from a total of $9 million in 1974 to more than $20 million in 1983.

In this regard, honourable senators may have noticed from a recent press release issued by the Minister of Fisheries and Oceans that the total sales of the corporation in 1983-84 were in excess of $44 million, which I am pleased to say is a record high in sales.

I would like to stress that the corporation draws its working capital through loans from the Minister of Finance. That is the only source of its loans and it cannot exceed the established ceiling.

Another point I would like to stress is that the corporation, under its mandate, is obliged to purchase all of the fish offered to it by the fishermen who operate in the territory for which it has responsibility. It would, indeed, be unfortunate if these hard-working fishermen, operating in many remote areas of Canada, should be forced to suffer as a result of the Freshwater Fish Marketing Corporation's being saddled with insufficient working capital. That situation will not arise if the amendment to the Freshwater Fish Marketing Act, now before honourable senators, receives the approval of this chamber. I trust that honourable senators will take that action with a minimum of delay.

On motion of Senator Molgat, debate adjourned.

PUBLIC WORKS ACT
PUBLIC LANDS GRANTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. David Walker moved the second reading of Bill C-13, to amend the Public Works Act and the Public Lands Grants Act.

He said: Honourable senators, in dealing with this bill I trust that I will be as short as they were in the House of Commons. Bill C-13 was passed through the House of Commons yesterday, in all stages, with no amendment. It was referred to the Committee of the Whole, was still approved of in its present form, and was sent to this chamber.

Honourable senators, Bill C-13 is basically a housekeeping bill which will give the minister authority to do what he has been doing in the past. I do not know how he has done what he has, but now, if this bill is passed, he will have legislation to support his actions. At any rate, the bill covers a minor point. This bill's predecessor, Bill C-91, was pushed aside for matters which were considered to be more important, and I believe that both parties in the House of Commons were responsible for that.

I will describe to honourable senators how small—how almost unimportant these changes are. Clause 1 of the bill seeks to amend section 9 of the Public Works Act by adding the following subsections:

> (3) The Minister may, with the approval of the Governor in Council, incur expenditures or perform, or have performed, services or work in relation to
>
> (a) properties belonging to Canada of which he does not have the management, charge or direction; or
>
> (b) properties not belonging to Canada.
>
> (4) No services or work may be performed under subsection (3) in relation to properties not belonging to Canada without the consent of the owner thereof.

One would have expected those provisions to have been in place long ago, but in reality they are being put in place now. This amendment is just as simple as it appears—there is nothing behind it. It is perfectly proper that the owner be consulted and that his consent be obtained.

Clause 2 of the bill adds a new section to the Public Works Act, which reads as follows:

> 39.1 Notwithstanding anything in this Act or in any other Act, any public work may be leased or otherwise disposed of for a term, under the authority of the Governor in Council, if Her Majesty obtains the right to occupy the whole or part of the public work for the term or a part thereof; and the proceeds of such lease or other disposition shall be accounted for as public moneys.

One would also have expected this amendment to be contained in the original bill, and it is a wonder that it was not.

The third amendment outlined in Bill C-13 has the same effect on the Public Lands Grants Act as the second amendment has on the Public Works Act. It is identical in purport to the clause I have just read.

Honourable senators, those are the amendments contained in this bill. They have been overlooked for a long time. It had often been proposed that such a bill be enacted, but action was not taken until recently. In short, Bill C-13 has been drafted to improve on the current Public Works Act and Public Lands Grants Act.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, one former Minister of Public Works having spoken on this bill, I move the adjournment of the debate in the name of another former Minister of Public Works, Senator LeBlanc.

Senator Walker: Is it possible that he speak today in order to get this matter cleared up?

Senator Frith: No, it is not possible to do that today, honourable senators.

On motion of Senator Frith, for Senator LeBlanc, debate adjourned.

INCOME TAX CONVENTIONS INTERPRETATION BILL

SECOND READING

Hon. Lowell Murray moved second reading of Bill C-10, respecting the interpretation of Canada's international conven-

tions relating to income tax and the acts implementing such conventions.

● (1510)

He said: Honourable senators, while this is the first time that the subject matter of this bill has come to us in the form of legislation, it has been the subject of three Ways and Means motions, the first in June, 1983, the second in April, 1984, and the third last month. Therefore, I believe it fair to say that the provisions of the bill and the need for this legislation are reasonably well known to parliamentarians.

The need for the bill arises from a Supreme Court of Canada decision in the case of the *The Queen v. Melford Developments Ltd.*. I do not believe it is necessary for me to detain honourable senators at this point with a recitation of the facts of that case. Suffice it to say that the court ruled against the Department of National Revenue in such a way as to upset many of the assumptions under which the department had been operating for some time, and in a way that threatened to introduce some chaos into the administration.

The effect of the Supreme Court ruling is that words and expressions in Canada's international tax conventions, that were not otherwise defined, were to be interpreted according to their meaning under domestic law at the time the particular convention was adopted, and not their meaning at the time the transaction, which gave rise to the tax, took place.

I repeat that the effect of the interpretation would have been somewhat chaotic in the administration of our tax laws, and it certainly upset the previous interpretations of the Department of National Revenue to the effect that the meaning of terms in the tax treaties would evolve with amendments to Canadian legislation. It meant that the same word used in different treaties, signed at different times, could have a different meaning depending upon when the treaty was adopted. It would also mean that tax treaties would be interpreted in accordance with old Canadian tax laws, even though the taxes were being levied under current domestic tax laws.

Let us take, for example, the term "dividend". If one were calculating the tax payable on a dividend paid by a Canadian company to a resident of a country with whom Canada had a tax treaty, one would have to look back to the meaning of the word "dividend" in Canadian law at the time the convention was adopted. In the case of some of the older treaties, it would mean that one would have to look back to the meaning of the term "dividend" in Canadian law some time in the 1940s or the 1950s.

The bill seeks to correct those anomalies, and provides basically that for the purpose of Canadian taxation the terms of a convention are to be given the meaning that they have under the Income Tax Act as amended from time to time. I may say that these provisions apply to words or expressions that are not fully defined in the conventions themselves, or where the convention provides that the meaning of that term is to be determined by reference to Canadian legislation.

The bill also provides that non-residents who carry on business in Canada through a permanent establishment are to determine their business profits in accordance with the rules governing resident taxpayers under the Income Tax Act. This provision addresses a concern arising out of an interpretation of a provision in a number of Canadian tax treaties relating to the deductibility of business expenses.

The concern was and is that the present wording would allow a deduction for expenses, including those that by their nature are not allowed under domestic legislation.

The bill also contains a definition of certain terms that are found in most of Canada's tax conventions. The term "Canada" is defined in a manner consistent with the definition found in the Income Tax Act. It will clarify that "Canada" includes not only the territory of Canada but also the sea bed and subsoil adjacent to the coast of Canada over which Canada has jurisdiction.

The bill also contains definitions of the terms "immovable property" and "real property". Most of Canada's conventions have specific provisions dealing with immovable or real property. This will clarify that the expressions "immovable property" and "real property", when used in such conventions, will include any royalty or profits interest in property that is treated for Canadian tax purposes as a Canadian resource property. These definitions are consistent with those found in the new Canada-United States tax convention.

Finally, the bill provides that its measures will come into force with respect to either payments made after June 23, 1983, or taxation years ending after June 23, 1983. That was the date on which the contents of the bill were first made public in the notice of Ways and Means resolution to which I referred earlier.

The rules of interpretation contained in this bill are consistent with the interpretation given to Canada's double taxation conventions by both Canada and its major treaty partners prior to the Supreme Court decision to which I referred earlier. The measures contained in the bill will result in a consistent interpretation of terms and expressions found in many of Canada's tax conventions—that is, an interpretation that will not vary depending upon the date the convention was entered into. The bill will also obviate the necessity to renegotiate such conventions whenever a change occurs in the meaning to be ascribed to a term under domestic tax law.

Honourable senators, prompt passage of the bill will eliminate the uncertainty which currently exists as the result of the Supreme Court decision with respect to the manner in which tax conventions are to be interpreted. I therefore have no hesitation in urging honourable senators to support the bill and its speedy passage.

Some Hon. Senators: Hear, hear.

Hon. John M. Godfrey: Honourable senators, I must confess that when I first read the bill, I found it extraordinary that a tax treaty could be amended unilaterally, without the consent of the other party, by amending our Income Tax Act—because that really is what this bill says. However, there are practical difficulties, as was pointed out by Senator Murray, and the major countries do interpret it in this manner. That is, they

understand, when entering into a tax treaty, that the definitions can be changed unilaterally. So although it seems rather strange to me that it should be so, that, in effect, is what has been happening all these years. Therefore I can well understand why the Supreme Court of Canada reached such a decision, namely, because it too probably thought it very extraordinary.

One thing that I found rather interesting in the bill—and this is something to which Senator Murray referred—is the definition of "immovable property". Under clause 5 it says:

> (b) the terms "immovable property" and "real property" with respect to such property in Canada are hereby declared to include
>
> (i) any right to explore for or exploit mineral deposits and sources in Canada and other natural resources in Canada, and
>
> (ii) any right to an amount computed by reference to the production (including profit) from, or to the value of production from, mineral deposits and sources in Canada and other natural resources in Canada.

That simply means royalties. I found it interesting because when the Standing Senate Committee on Banking, Trade and Commerce was studying the national energy policy, the question of the 25 per cent back-in was a major factor that was discussed. I can recall my indignation at the time. I was very much opposed to the 25 per cent back-in. I considered it to be retroactive confiscation. The representatives of some of the oil companies who had appeared before the committee had convinced me of that. However, as a result of evidence given by the Honourable Marc Lalonde and Mr. Joel Bell, I changed my mind. I thought that I had been conned by the oil companies. The position they took was that it had always been completely acceptable to increase the royalties on a property. That was done in connection with the North Sea and other areas. There was no difference between increasing royalties and getting an interest in the property because both, in fact, were an interest in the property.

● (1520)

At that time, I felt the government would probably be politically unwise to use the 25 per cent back-in route when it could use the accepted term, since, in fact, there was no difference in principle.

I am concerned by the announcement by the Prime Minister in New York that we are definitely going to eliminate the 25 per cent back-in, because we do require that revenue. We cannot afford to give a present to the oil companies. I specifically remember the oil companies being asked what they would be prepared to accept in lieu of the 25 per cent back-in, and they would not say. However, I think everyone recognized that it would be acceptable and in accord with general practice to increase royalties.

This bill supports the evidence given before the Standing Senate Committee on Banking, Trade and Commerce and the contention made by the Honourable Marc Lalonde and Mr. Joel Bell that there is no difference in principle.

Honourable senators, I support this bill and see no necessity for referring it to committee at this time.

Motion agreed to and bill read second time.

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

On the motion of Senator Murray, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

FOREIGN EXTRATERRITORIAL MEASURES BILL

SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill C-14, to authorize the making of orders relating to the production of records and the giving of information for the purposes of proceedings in foreign tribunals, relating to measures of foreign states or foreign tribunals affecting international trade or commerce and in respect of the recognition and enforcement in Canada of certain foreign judgments obtained in antitrust proceedings.

He said: Honourable senators, Bill C-14 is intended to stop foreign powers or groups of foreign countries from passing bills or having their courts issue orders which would adversely affect Canadians, Canadian corporations or the Government of Canada contrary to the laws of our country.

The term given to this kind of legislation is "blocking" legislation and is similar to the legislation passed in the last session of the last parliament. I am sure the Deputy Leader of the Opposition will correct me if I am wrong, but I believe that legislation came in the form of Bills C-38 and C-41. Although the bill before us is similar, there is a minor change to include in foreign governments groups of states, the OECD and the like, in the event that there are further organizations or states which would deal as groups.

Honourable senators, Canadians have been faced with the problem of extraterritoriality for some time. In 1947, in the course of an investigation into possible violations of United States antitrust laws, an American grand jury found it needed records relating to the Canadian paper industry. At the grand jury's request, the United States court issued orders—I believe they were subpoenas—in order to obtain documents in the custody of Canadians, the documents being in situ in Canada.

The federal government of the day protested, which resulted in the first piece of blocking legislation by the Government of Ontario in an act referred to as the Business Records Protection Act. That was the first modern defensive mechanism against extraterritoriality and the first piece of legislation of this kind.

The issue of extraterritoriality is by no means peculiar to the bilateral relations of Canada and the United States. In the mid-1970s, we witnessed a U.S. investigation into an alleged international uranium cartel, accompanied by private, that is, non-governmental, damage actions against some of the alleged participants. That drew our attention to the problem of others seeking to obtain documentation and information from this country. In 1981, in the wake of the imposition of martial law

in Poland, there was another incident involving the Siberian pipeline sanctions which the United States was attempting to impose upon companies which were nationals of the U.S. with subsidiaries in Canada, with contracts for the supply of goods and services. They were, by their law, imposing sanctions, with which we might not agree, on not only Canadian companies, but on many of our NATO allies.

More and more countries are sensitive to the negative impact extraterritorial measures may have on international trade and investment and particularly on shared western security interests. Blocking statutes, some with provisions similar to those of Bill C-14, have been enacted by Belgium, Denmark, the United Kingdom, France, the Federal Republic of Germany, Finland, Norway, Sweden, Australia, New Zealand, the Netherlands, Switzerland and the Philippines.

The motive behind this foreign extraterritorial measures bill before us is not merely to allow Canada to join the several other countries that have enacted similar legislation. Canada's relations with the United States are unique, and the question of extraterritoriality takes on a special character in these relations.

Canadian and U.S. economies are uniquely intertwined. Canada's international competitiveness and economic well-being depend, in large part, on our maintaining and improving our access to U.S. markets. This government is committed to refurbishing our relationship with our closest friend, ally and trading partner. We have embarked on what has been described as "the opening of a new chapter in Canada-United States relations." At the same time as we are attempting to improve relations, we believe that this government is committed to ensure that this relationship is one of equals.

Canada does not take a doctrinaire view of extraterritoriality; nor do we consider that it is necessarily contrary to international law in all cases. As a legal term, "extraterritoriality" may be simply defined: It refers to the exercise of jurisdiction by one country over persons or conduct within the territory of another country. Extraterritoriality is not, of itself, a pejorative term. Although national authority is, indeed, primarily territorial in reach in a world of nation-states, jurisdiction may be exercised on other grounds, such as nationality. Extraterritoriality does become a problem for Canada when another country seeks to apply its laws or policies in a manner that displaces our laws or policies within our own territory. It becomes a problem when another country's laws or courts force Canadian corporations to choose between conflicting national-legal requirements and pay a penalty for whatever choice they may decide to take. For example, this might affect Canadian banks that operate outside the country. They may be subjected to a subpoena to produce bank records when, in fact, the law of the place in which they are operating forbids the disclosure of those records.

● (1530)

Hon. Royce Frith (Deputy Leader of the Opposition): It has happened with the Bank of Nova Scotia.

[Senator Nurgitz]

Senator Nurgitz: I believe there are two cases involving the Bank of Nova Scotia. I am not sure whether it is in their banking operations in the Cayman Islands or the Bahamas, but the U.S. Drug Enforcement Agency is attempting to seek bank records. As I will indicate later, this does not take away from diplomatic negotiations in which the Government of Canada can, on behalf of a Canadian corporation, attempt to strike a balance or negotiate a bargain with the inquiring country, jurisdiction or court to obtain information to be helpful to friends and allies.

In any event, in these cases extraterritoriality goes to the heart of Canada's sovereignty and its political, economic independence. It goes beyond the lawyer's question of conflict of laws and beyond a debate centred upon defining internationally accepted rules on the proper limits of a state's authority and jurisdiction. It involves the imposition of one country's political and economic objectives upon Canada and Canadian nationals. In involves the use of economic power and pursuit of domestic and foreign policy imperatives of the country asserting extraterritorial authority. Unilateral legal instruments and doctrines are the chosen tools and legal tools demand a legal response.

I would like briefly to put on record the ways in which extraterritorial initiatives have manifested themselves of late and the efforts being pursued by this government to resolve potential conflicts that may arise. First, judicial doctrine in some countries has evolved in a manner that allows their courts or tribunals to compel the production of evidence or information from Canada or another country, whether for the purpose of enforcing their antitrust legislation or criminal laws or the requirements imposed by regulatory agencies in such fields as banking and securities matters. With regard to U.S. antitrust laws, Canada and the United States, given our intertwined economies, are effectively co-operating under the terms of a memorandum of understanding dealing with notification, consultation and co-operation in antitrust matters. This arrangement, which elaborates the spirit of the 1959 understanding, is referred to as the Fulton-Rogers understanding, and other agreements since. I believe there is one as recent as 1969. They provide a mechanism to ensure bilateral consultation at the earliest stage of any antitrust proceedings so that Canadian interests may be taken into account to the greatest extent possible and so that any problems that may arise can be managed and contained.

With regard to the production of evidence in investigations or enforcement proceedings outside the antitrust field, I am pleased to confirm that Canadian and United States officials are well advanced in discussions on a bilateral treaty on mutual assistance in criminal matters. With a commitment by both countries to use the mechanisms thus made available, the proposed treaty ought to provide a long-term solution to the problems encountered by, for example, Canadian banks as a result of U.S. narcotics enforcement activities to the extent that they relate to the production of evidence located in Canada. The treaty should serve as a model for discussions by both Canada and the United States in our separate dealings

with our friends in the Commonwealth Caribbean and with other countries. In the short-term, Canadian and American officials are closely monitoring subpoenas outstanding against Canadian banks, with a view to making use of the limited mutual assistance mechanisms already available. Despite this ever-increasing co-operation, however, conflicts may still arise from time to time as a result of the enforcement of a subpoena with extraterritorial scope in any given case.

The second manifestation of extraterritoriality is the attempt to control Canadian exports to other countries. This attempt may come on the grounds either that the the exporting company, although incorporated in Canada, allegedly has U.S. corporate nationality or that the goods being exported or the technology used to produce those goods have a kind of U.S. nationality. As was shown by the Siberian pipeline episode and our earlier experience in trading with China and Cuba, particularly difficult problems arise in the area of export controls for foreign policy objectives.

In the field of strategic exports, such problems are avoided because controls are based on national security considerations and are co-ordinated on an international basis. Canada, along with most of its NATO partners as well as Japan, participates in the international arrangement known as the Co-ordinating Committee, or COCOM. Accordingly, through our Export and Import Permits Act, multilaterally-agreed controls are maintained on the shipment of military and strategic goods and technologies to prescribed destinations. Our bilateral arrangements with the United States for defence development and defence production sharing, in fact, predate the COCOM system, and enable the vast majority of goods of United States origin to be exported to Canada without any necessity for an export licence. In exchange for this general exempting, Canada ensures that our laws control the re-export from Canada goods of United States origin.

Canada is an equal partner in North American defence. The generally unrestricted flow of goods and technology between Canada and the United States has served to ensure that Canada has been in a position to make a more effective contribution to the North American defence industrial base. It has also ensured the inflow of goods and technology to Canadian companies so important to their being able to compete in international markets. Both through COCOM and through our bilateral arrangements, Canada has shown itself committed to protecting fully North American and NATO security interests. Nonetheless, the imposition of extraterritorial controls by other countries, for foreign policy motives that we may not share, may cause problems from time to time.

Such are the current issues and the solutions being sought in the field of extraterritoriality. They emphasize our commitment to work closely with the United States and other countries to avoid or minimize conflict whenever possible. This government has made no secret of its determination to restore a spirit of goodwill and true partnership in our dealings with the United States. I am pleased that we have been reasonably successful of late in managing the issue of extraterritoriality through ongoing consultations and working arrangements on antitrust matters, on criminal investigations and on export control administration and enforcement.

Honourable senators, you may ask, "Why this kind of legislation?" Co-operation and consultation remain our preferred routes. There will be occasions, however, when such co-operation and consultation will be best assured only if Canada has the statutory authority to block unilateral measures of extraterritoriality. The United States, while wishing to minimize conflicts with Canada and other friendly countries, reserves the right to continue the extraterritorial enforcement of its laws and policies as it deems necessary. This means that there is a risk that Canadian corporations may be compelled to make decisions on the basis of United States law rather than Canadian law in certain situations. This particular act will enable the Canadian government to deal effectively with such situations defensively and as a last resort, when co-operation and consultation fail to resolve the policy differences involved.

Both the United Kingdom and Australia have legislation which contains provisions similar to those found in Bill C-14. In fact, Australia passed legislation in 1976 and 1979 dealing with the prohibition of the production of evidence to foreign courts and the prevention of enforcement of foreign antitrust judgments. Only recently, in March 1984, the Australian Parliament, with all-party agreement, enacted the Foreign Proceedings (Excess of Jurisdiction) Act. The 1984 Australian legislation consolidated and refined previously existing provisions contained in their Foreign Proceedings (Prohibition of Certain Evidence) Act of 1976 and a previous act of 1979. A new element in this new Australian act is the possibility of "recovery back," the equivalent of clause 9 in Bill C-14. The Australian Parliament also added new provisions enabling the attorney general of that country to make orders in appropriate cases to prohibit compliance in Australia with actions or decisions of foreign governments or judgments of foreign courts. In substance, this provision is similar to clause 5 of Bill C-14.

• (1540)

The United Kingdom has had its Protection of Trading Interests Act in place since 1980. It has made only sporadic use of this legislation but has found it useful in extreme situations such as the Siberian pipeline episode. It may perhaps even be said that the type of legislation embodied in Bill C-14 has a preventive effect, in that it signals to the outside world the concern of the Government of Canada with problems arising from extraterritorial application of foreign law. Other countries, such as New Zealand and France, have enacted more limited legislation of this type, primarily relating to the prevention of production of evidence from their territories to foreign courts. With the enactment of this legislation, Canada would therefore join a growing number of countries that have considered it necessary to equip themselves with a legislative basis to take countermeasures against instances of the extraterritorial application of foreign law.

As a last resort, the legislation would be of assistance to Canadian citizens or companies in situations where there is an unresolved conflict between Canadian law or policy and the

law of a foreign state. For instance, the approach of the United States judiciary to conflicting legal requirements involves a balancing by United States courts of the interests of the United States government and the interests of the foreign jurisdiction in which the conduct at issue takes place. Where the foreign jurisdiction has a legal apparatus enabling it to issue an order preventing compliance with United States law, the current American jurisprudence is that it will, in general, recognize this as a legitimate defence, which is known as "foreign government compulsion". Where, however, the government of the foreign jurisdiction merely states that as a matter of policy it wishes its citizens to disregard extraterritorial orders, then courts in the United States generally consider that the element of compulsion in United States law overrides such policy directive issued by the foreign government concerned. Unlike countries such as Australia and the United Kingdom, Canada does not have at present an effective legal apparatus to meet the challenge which United States court decisions have posed.

On the basis of the experience with problems which have arisen from time to time, the bill sets out a framework for Canadian governmental responses to foreign governmental measures, or decisions by foreign courts with unacceptable extraterritorial scope. Domestic laws would not be affected until such time as the Attorney General of Canada issued specific orders triggering the use of the legislation. The threshold determination for the exercise of powers under the bill would be the opinion of the government that the foreign measures or the foreign court decisions are likely to affect adversely Canada's international trade or otherwise adversely affect Canadian sovereignty. Thus, the bill is clearly designed to protect national sovereignty in exceptional cases, after diplomatic efforts have been exhausted and irreconcilable policy differences remain. It is in some respects like a last resort situation.

As I have said, the bill corresponds in substance to provisions contained in the Australian and United Kingdom legislation and provides for mechanisms in three different areas. These provisions were drafted on the basis of experience with past problems.

Clause 3, which would permit the Attorney General to block the production of documents and related evidence to a foreign court, relates to problems that have arisen in the past from foreign subpoenas with extraterritorial scope in the area of foreign antitrust litigation and also in foreign criminal proceedings. In future, there may be a need to have this provision available against extraterritorial subpoenas in other areas of law. That is why this provision has been written in broad, general terms and may be invoked whenever documents are sought by a foreign tribunal.

Clause 5 would permit the Attorney General of Canada to issue orders to companies in Canada not to comply with foreign extraterritorial measures. It would authorize the government to respond in situations where a foreign government attempted to regulate the conduct of Canadian companies in Canada, for instance, by imposing export requirements on Canadian companies which are foreign owned or foreign controlled.

Clause 8 deals specifically with foreign antitrust judgments. The possibility to issue non-enforcement orders is limited to antitrust judgments because, in the view of the government, any interference with the enforcement of foreign judgments in Canada by the government should be as limited as possible. However, because of the extraterritorial scope, or potential extraterritorial scope, of foreign competition law, it was considered necesssary to have a provision such as this included in the bill. Clause 8 would permit the Attorney General to issue orders preventing the enforcement or recognition of foreign antitrust judgments in Canadian courts, where the foreign court has exercised unacceptable extraterritorial jurisdiction. The order could relate to either the full amount of the foreign antitrust judgment, or to part of it.

If the Attorney General has issued a blocking order with respect to the full amount of the foreign antitrust judgment and the Canadian party in question has satisfied the foreign judgment, then the Canadian party, pursuant to clause 9, can recover from the foreign party in a Canadian court the amount paid abroad. Where the Attorney General has blocked the enforcement of only part of the foreign judgment, then only that blocked portion can be recovered in Canadian courts.

The legislation, when invoked, is designed to ensure the preservation of Canadian authority in Canadian territory. It is intended to be a shield, not a sword. In response to measures that purport to extend foreign law to Canadian nationals in Canada, orders under the legislation would make clear the Canadian national interest challenged by such overreaching measures and would provide a basis for protecting that national interest. By blocking the production of documents to foreign tribunals, or preventing compliance with foreign measures, or refusing the recognition and enforcement of foreign antitrust judgments, the legislation should allow the conflicts of sovereign interests to be resolved intergovernmentally, through cooperation and consultation, rather than in a unilateral fashion by foreign courts or governments. I believe that enactment of this legislation would give the government the mechanisms to react swiftly and effectively against foreign measures with unacceptable extraterritorial scope. The legislation would give the government maximum flexibility so that an appropriate response can be decided upon by the government, depending upon the circumstances of each case.

By responding to legal instruments with legal tools, the proposed Foreign Extraterritorial Measures Act will give Canada a legislative basis for dealing with unacceptable claims of extraterritorial jurisdiction by other countries. It will enable Canada to respond on the basis of parity to assertions by other countries that their legislation can dictate conduct by a Canadian company in Canada.

Honourable senators, on Thursday last in the other place the bill before us passed the second and third reading stages with unanimous consent of the members of that place, as I have indicated, with one minor exception relating to the definition of a foreign state. That provision will now include organiza-

tions of states. The bill before us is identical to its forerunners, Bills C-38 and C-41.

Finally, I would like to comment on what the Honourable Robert Kaplan said last Thursday in speaking for the Liberal opposition. I am sure all honourable senators have had the opportunity to read his comments in *Hansard*. He indicated he thought it was an appropriate time for this legislation to be brought forward because there appears to be a lull in the antitrust litigation which is very often at a higher level of activity. Because of that lull in that kind of activity, it is believed that this is a more appropriate time to proceed with this bill.

● (1550)

Honourable senators, I recommend passage of Bill C-14.

Senator Frith: Honourable senators, I wonder whether Senator Nurgitz would attempt to obtain an answer to a question on my behalf. On the other hand, after listening to his exposé, perhaps he has the answer at hand.

The United States Supreme Court rule, as he has explained it, distinguishes between a, to them, foreign state that has a policy against compulsion as opposed to a foreign state that has a law. If I understand this bill correctly, it provides for the issue of an order by the Attorney General, which the United States Supreme Court might very well interpret as a matter of policy. In other words, it is not an automatic provision of a, to them, foreign state that such records shall not be produced, but rather it is a decision of the Attorney General, which could be considered a policy decision. That, in turn, might drop the matter into the other basket.

Perhaps Senator Nurgitz could obtain an answer to that question for me by tomorrow, since the answer could easily be that it is precisely where the Attorney General can make an order that it falls into the compulsory basket.

Senator Nurgitz: I shall be delighted to attempt to obtain an answer to Senator Frith's question.

Senator Frith: Do you understand my question?

Senator Nurgitz: Yes, I do understand your question. Having said that, I feel badly if I have misled my "peculiar friend".

Hon. Duff Roblin (Leader of the Government): Oh no, you can't say that.

Senator Nurgitz: He is not peculiar any more?

Senator Roblin: Perhaps, after a fashion.

Senator Nurgitz: My curious friend, then. I may have indicated that it was the United States Supreme Court. I am not entirely satisfied that it is. Having been briefed in the matter, my understanding is that United States Federal Courts—and not necessarily the Supreme Court—have indicated that, where there is no blocking legislation in what is, to them, a foreign jurisdiction, they will then perform the balancing act. They will put it on their scale and tell you where it tips. However, there is a legal "out". For example, where a subpoena is issued to what is, to them, a foreign corporation and blocking legislation exists and is enforced, it is my understanding that that is a legal "out" to the foreign corporation.

Having said that, I shall attempt to obtain a clear answer for my honourable friend.

Senator Frith: The problem is that blocking legislation can be of two kinds. It might be an automatic block that simply says "Under no circumstances shall you do it," or it might be blocking legislation that provides for a discretion in the Attorney General to make the order. What we need to know is exactly how the United States rule reads. Does it read that, where there is a discretion, it is still considered blocking legislation?

Senator Nurgitz: I shall undertake to try and obtain an answer to that question.

Hon. Joan Neiman: I wonder whether Senator Nurgitz would permit another question? I have listened carefully to the analysis and explanation he has given of the bill, and there is a point on which I wish to ask a question. It seems to me that subclause (c) of clause 3(1) covers a situation that is somewhat different from situations covered in other clauses of the bill. Almost all of the other clauses seem to deal with situations where the information or data, or the person against whom an order may be directed, or the tribunal, is in Canada.

Subclause (c) of clause 3 does, in fact, deal with a person who is a Canadian citizen or a resident of Canada, but then it talks about a foreign tribunal. I can visualize a situation where, for example, a Canadian citizen resident in Washington has been summoned or ordered to produce certain documents before a tribunal in Washington which would be, as is stated in this subclause, a foreign tribunal. In those circumstances, two situations could arise. The Canadian Attorney General could issue an order prohibiting this person from producing such documents, and possibly the United States government or the judiciary in some order would require him to do so. Is he then in contempt of the order of that foreign tribunal, and is that order enforceable?

On the other hand, in the same set of circumstances, if the person who is a citizen of Canada, resident in the United States, refuses to comply with an order of the Canadian Attorney General, is he in contempt of our court here and secondly, what enforceability provisions might there be in that event?

I have been unable to find the enforcement mechanism in this particular section, although it may be there, Senator Nurgitz.

Senator Nurgitz: In response to Senator Neiman's question, as I understand it, it is a negative type of enforcement. In other words, it permits a person to disobey an order. Therefore, where the Canadian citizen or resident in Washington who was subpoened, for example, to give evidence, on a matter that involved, in the opinion of the Canadian government, national security, a blocking order could be given. In that event, this person could then refuse to give the evidence required under that subpoena.

For example, using the facts in the Bank of Nova Scotia case, there was the worry of the United States saying: "We demand, under the subpoena, to know the information that is in your bank records.", and the Bank of Nova Scotia saying in reply, "Indeed, we would love to show you our bank records but we are under enforcement of, for instance, Bahamian law under which we hold out to all the people who come to bank here that we shall not tell anyone what our bank records contain." As I attempted to explain to Senator Frith, instead of having the United States courts balancing which of those two interests was the most important, my understanding of the jurisprudence is that, if it comes from a country that has blocking legislation provisions—as we hope soon to have—then the American subpoena would not be enforced.

I have undertaken to try to obtain a better answer to Senator Frith's question. At the same time, I shall also attempt to obtain a better answer to Senator Neiman's question.

On motion of Senator MacEachen, debate adjourned.

PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 44(1)(f), moved second reading of the bill.

He said: Honourable senators, in moving second reading of Bill C-8, to amend the statute law relating to petroleum and gas revenue tax, I would like to outline the measures involved in this legislation and comment briefly on its clauses in the order in which they appear.

Honourable senators, the bill before us amends the Petroleum and Gas Revenue Tax Act to implement a new measure announced by the Minister of Finance in his recent economic statement, as well as measures introduced in May 1982 as an up-date to the former government's National Energy Program and the April 1983 budget. The new measure I am referring to is the doubling of the annual tax credit against the PGRT liability on production revenues of corporations to $500,000 effective January 1, 1985. This increase in the credit ensures that the small producers which have been exploring intensively in the Western Basin will, for the most part, be exempt from the PGRT.

● (1600)

The annual tax credit, initially limited to $250,000, and effective on June 1, 1982, is available to a corporation to offset its PGRT in respect of production revenues. Only one such credit is available for each group of associated corporations. This bill includes special rules to define "associated corporations" in order to prevent an unwarranted multiplication of the credit.

The bill also implements several relieving measures introduced in the National Energy Program update of May, 1982, aimed at reducing the burden of the National Energy Program during a time when the oil and gas industry was suffering from the weakening of gas export markets in the United States, the reduction in world oil prices, and high interest rates. Many corporations made investments and acquisitions before those economic setbacks occurred, and had to curtail their activities as a result. The PGRT initiatives included in the update as a response to this, and which are effected by this bill, were a one-year reduction in the basic PGRT rate, and a $250,000 annual corporate tax credit.

The April 1983 budget included further measures to reduce the tax burden on the petroleum industry. Special PGRT relief was granted to enhanced oil recovery projects to enable those projects to proceed despite the bleak economic environment. Specifically, a new deduction under the Petroleum and Gas Revenue Tax Act was introduced for eligible capital expenditures incurred on or after January 1, 1983, to be applied against petroleum and gas revenue from eligible enhanced oil recovery projects. The effect of the deduction is that participants in enhanced oil recovery projects are allowed to earn back their capital investments before becoming subject to PGRT on the project's revenue.

The major measures contained in this bill will appear in the act as follows: The new subsection 82(8) of the act provides for a deduction of enhanced oil recovery capital expenditures from production revenue earned from the project pool on or after January 1, 1983; section 84 of the act is amended to reduce the basic Petroleum and Gas Revenue Tax rate on production and royalty income of Division I and Division II taxpayers from 16 per cent to 14.67 per cent for the period June 1, 1982 to May 31, 1983; section 84.1 is added to implement the annual corporate tax credit of up to $250,000 for the period from June 1, 1982 to December 31, 1984 and of up to $500,000 for the period commencing on January 1, 1985.

This bill also contains technical amendments which substantially simplify compliance for those persons with production royalties. The amendments to section 99 of the act transfer these royalties to Division II of the act, which is based on a withholding tax system. The effect of the amendment is that taxpayers who receive only royalty income are not required to file annual tax returns. After December 31, 1983, the tax on production royalties is withheld at a rate of 12 per cent, which recognizes the 25 per cent resource allowance that these taxpayers would otherwise be entitled to if the royalties were still being taxed under Division I.

Honourable senators, having reviewed the basic measures included in the bill, I will briefly outline the clauses of this bill.

Clause 1 provides technical amendments to clarify several definitions in the act and introduces consequential amendments proposed by clause 6.

Clause 2 provides rules for determining the deduction relating to expenditures of unprescribed enhanced oil recovery projects. This clause also removes production royalties from Division I of the act after December 31, 1983.

Clause 3 contains amendments consequential to those implemented in clause 2 concerning the eligible capital deduction for prescribed enhanced oil recovery projects.

Clause 4 amendments are consequential to those in clause 2 which remove production royalties from Division I of the act.

Clause 5 implements for Division I taxpayers a reduced PGRT rate of 14.67 per cent from June 1, 1982 to May 31, 1983.

Clause 5 also provides for a carry-forward of a corporation's exploration and development expense tax credit on an amalgamation or winding-up.

Clause 6 implements an annual $250,000 tax credit for corporations with Division I production revenue and provides for an increase in the annual tax credit to $500,000 in respect of revenues earned on or after January 1, 1985.

Clauses 7 and 8 contain consequential amendments to those proposed in clause 6, and other technical amendments.

Clauses 9 and 10 deal with certain administrative measures under the act.

Clause 11 implements, under Division II, a withholding tax rate of 12 per cent for production royalties effective January 1, 1984, and a reduced basic rate of PGRT of 14.67 per cent for one year beginning June 1, 1982.

The remaining clauses contain consequential amendments.

I am certain honourable senators are already familiar with most of these measures, as they have been public for some time, and I commend this bill to honourable senators on second reading.

On motion of Senator Frith, for Senator Olson, debate adjourned.

[*Translation*]

ONTARIO AND MANITOBA COURTS AMENDMENT BILL

SECOND READING

Hon. Jacques Flynn moved that Bill C-3, to amend various Acts as a consequence of the reconstitution of the courts in Ontario and Manitoba, be read a second time.

He said: Honourable senators, the title of Bill C-3, an Act to amend various Acts as a consequence of the reconstitution of the courts in Ontario and Manitoba, clearly indicates the government's purpose in bringing this legislation before Parliament.

Upon reading the bill you will find that it contains only three clauses, and these refer to a series of amendments to federal acts. Fifteen acts will be amended by the operative provisions of this bill. To understand the legislation and what it purports to do, we should recall the provisions of the British North America Act, which in section 91, sub-section 27, empowers Parliament to legislate in the matter of criminal law, except the constitution of courts of criminal jurisdiction, but including the procedure in criminal matters. Furthermore, we have section 96, which gives the Governor General the power to appoint judges of superior, district and county courts in each province, and considering this federal authority, we must also consider section 92, sub-section 14, which empowers provincial legislatures to legislate in matters concerning the administration of justice in each province, including the Constitution, maintenance and organization of provincial courts, both of civil and of criminal jurisdiction, and including procedure in civil matters in those courts.

As the title indicates, we are acting pursuant to amendments adopted by the legislatures of Ontario and Manitoba to modify certain aspects of the courts in those provinces. As a result of these amendments, it will be necessary to amend several federal acts which contain references, for instance, to judges of the County Court of Manitoba, which was abolished as a result of the consolidation of certain courts with superior courts, or to provisions of Ontario legislation that have been repealed and, with them, the titles of certain officials.

This bill is a purely technical one. It does not involve any principle or problems of a political nature. It is simply a way to adjust federal acts so that they take into account amendments made by the provinces. We could of course refer this bill to the Committee on Legal and Constitutional Affairs, if any of the senators so desire. However, this would be a rather futile and perhaps boring exercise. I think we could adopt this bill on second reading, without prolonging debate, and proceed with third reading at the first opportunity.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, there is no reason to delay the passage of this bill.

As Senator Flynn explained, the bill simply concerns legislation originated by the legislators of Manitoba and Ontario, acting in accordance with their authority over matters concerning the organization of their courts. County court judges have now become district court judges, and so forth. There are several other changes, which were explained in detail by Senator Flynn.

In other words, the aim of this bill is to achieve a concordance of this legislation with the pertinent federal legislation.

As far as referring the bill to committee is concerned, the only reason for doing so would be to make a more thorough and very detailed study of the legislation to ensure that every single technical change is there. However, that is not, I feel, the work of our committee, since if there are any discrepancies, these can always be corrected by legislation containing the requisite amendments and changes.

Honourable senators, I forgot to mention that one of the other reasons for encouraging swift passage of this bill is the fact that if we adopt this legislation, we can start the new year with all the provincial changes incorporated in the pertinent federal legislation.

That is why I intend to recommend to my colleagues on this side of the house that they support this bill on second and third reading.

Bill read the second time.

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

On motion of Senator Flynn, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1610)

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF STANDING JOINT COMMITTEE—ADOPTED

The Senate proceeded to consideration of the first report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented on December 13, 1984.

On motion of Senator Nurgitz, report adopted.

FOREIGN AFFAIRS

STANDING SENATE COMMITTEE AUTHORIZED TO STUDY CANADIAN RELATIONS WITH COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Hicks:
>
> That the Standing Senate Committee on Foreign Affairs be authorized to continue its examination and report on Canadian relations with countries of the Middle East and North Africa;
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine;
>
> That the Committee have power to sit during adjournments of the Senate; and
>
> That the papers and evidence received and taken on the subject during the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Grafstein*).

Hon. Jerahmiel S. Grafstein: Honourable senators, this is the first inquiry on foreign policy by the Senate since the passage of our Canadian Charter of Rights and Freedoms. In the post-charter era, as the new government moves towards its own comprehensive foreign policy review, the Standing Senate Committee on Foreign Affairs in its examination of foreign policy respecting North Africa and Middle East countries has a unique opportunity to illuminate Canada's foreign policy in this turbulent, ever-changing and troubled part of the globe—this region that is known to some as the birthplace and to others as the cauldron of our western civilization.

What are the ends of Canadian foreign policy and what are our means, limited and imperfect as they may be, and what should be our coherent strategy, our tactics and our diplomacy in this electronic age? At times in the past, executive action in the foreign policy area has seemed to me, at least, rather quixotic, where our reason did not match either our means or the limits of our natural interests. Our reach may have outstripped our means.

• (1620)

The Greek philosopher Platon urged man to grasp and never let go of, as he said, "the sacred golden cord of reason".

> When desire disagrees with the judgment of reason, there is a disease of the soul. When the soul is opposed to knowledge or opinion or reason—which are her natural laws—that I call folly.

These are the words from a book entitled *The March of Folly,* written by Barbara Tuchman. In that book, Barbara Tuchman, in what is a quite brilliant analysis of history, pointed out the recurring pursuit of government policies that were contrary to the nation's interests. She went on to quote the poet Samuel Coleridge, who said, "If men could learn from history, what lessons it might teach us." But, Samuel Coleridge lamented:

> But passion and party blind our eyes and the light which experience gives us is a lantern on the stern which shines only on the waves behind us.

Barbara Tuchman wrote that, while this poetic image is beautiful, the passage is misleading, for the light on the waves we have passed through should enable us to gauge the nature of the waves ahead.

It is my hope, honourable senators, that we in the Senate can establish a bipartisan foreign policy that floodlights the future, reflects our Constitution and its values, reflects the turbulent economic conditions swirling in the international market-place with which we as a nation must now compete, and understands that these conditions have wrought a new reality for Canada.

What is this reality? Canada has fostered a unique international government model. We have achieved, through our federal system, unity in diversity by democratic discussion. Our federal system and our Charter have propelled us now to reach farther beyond narrow provincialism and narrow regionalism, into a compelling search for a wider sense of Canadian loyalty. Just as we search for a dynamic Canadian foreign policy, so must we reach beyond narrow, nationalistic ideology towards a larger sense of internationalism. Indeed, we must be cautious not to ignite narrow, nationalistic, collective organizing instruments at the expense of international standards that diminish and erode individual human rights.

Our experience in Canada is instructive. In Canada, we have a tradition—a careful, thorough, thoughtful tradition—whereby we seek by broad domestic consensus through democratic institutions in a federal system, to build careful steps towards self-government for ourselves as a majority and for the minorities that live within our geographic regions. What we ask for ourselves and what we have done for ourselves should be a guide to others in the world. We may not meet our goals of fostering peace and prosperity for people in other areas by legitimizing the use of violence that clothes itself in human rights and then disrobes these rights in the washrooms of an

ideology that says: "What is good for us is not good for others," or if what we demand for ourselves we deny to others.

We must be "fair," some people say. We must be "even-handed." We look at these ideas and say that there must be a symmetry in foreign policy. This, honourable senators, is to my mind a "fearful" symmetry which, in the name of "fairness" and "even-handedness," treats democracies as being equal to authoritarian régimes. By these arguments we debase the coinage of democracy.

Henry Kissinger has said, at the other extreme of this idea about the nature of foreign policy, that we should develop foreign policy in the same way that we develop treatment for lunatics in an asylum. Whether or not we adopt his measure is another matter, but sometimes, when lunatics act like lunatics, we must act accordingly.

How can we then ignite wider loyalties to universal standards that assert the welfare of individuals that transcends geographic boundaries? How can we legitimate narrow, ideological, organizing, determinative theories that sacrifice individual human rights on the altar of intolerance for others?

Foreign policy, in my view, must reflect our commercial interests while, at the same time, reflect the broader principles of internationalism that have been personified by the works of Lester Pearson and emulated by Pierre Elliott Trudeau.

The act of creativity on our part is how to enhance our nation's commercial interests while moving towards international standards of human conduct.

Four key elements have personified our foreign policy: the first three are peace, prosperity and people. Equally, the fourth element is how to limit raw power and transplant it for the rule of law.

How do we overrule the historian Thucydides' theory that declared that "the strong do what they can and the weak suffer what they must?" Canada has promoted the rule of law and universal standards in international conduct—a rule of law, however, not distorted by the tyranny of authoritarian majorities. We have tried to enhance our minorities in Canada without a double standard of our own.

In my own recent meetings in England and Europe with bureaucrats and politicians, I can report that there was a deep and abiding respect for Canada in world affairs. We are respected because our former Prime Minister, Pierre Trudeau, has left an indelible impression in his promotion of peace, prosperity and people without resort to force or the use of naked power. And Lester Pearson is still fondly remembered as a driving force in establishing these universal standards.

As we examine our foreign policy in this troubled region, we must ask ourselves many questions. How can our commercial or trade policy be congruent with adherence to universal standards of respect for individual rights in all countries of the region? Should we match incentives for expansion of our commercial interests with parallel incentives for progress with respect to human rights by all the nations of this region? Does our foreign aid hinder or help the growth of democratic institutions? Does our foreign aid hinder or help the expansion of democratic institutions within the countries that exist in this region? What is our proper role in examining political structures that fail to recognize democratic human rights? Have our policies contributed to the vicious cycle that restricts human rights to an ever-downward spiral, or have our policies helped to construct a virtuous cycle that rises, where the ends and means of our foreign policy can meet? What responsibility do we have to evaluate Canadian corporate conduct in these foreign countries? To what extent can we foster international scholarship in Canada through foreign aid to enhance our commercial policies so that we can succeed in these countries? What proper steps can be taken by democratic societies through our foreign policy to quarantine and suffocate the state-supported terrorism that has originated and so recently proliferated in this region? To what extent should we aid or deprive public and governmental organizations to which Canada or Canadians belong that diminish respect for the democratic ideal?

The central question, for me, is this: What tests of tolerance for minorities can we demand as a price for our respect and reciprocal trade arrangements and aid?

The late President Kennedy put it well when speaking to the United Nations on September 25, 1961. He said that authoritarian countries should be measured very carefully—very carefully—where governments are supported by troops instead of by free institutions, where systems know only one party and one belief which suppresses free debate, free elections, free newspapers, free books and free trade unions and which builds a wall to keep truth a stranger and its own citizens prisoners. He was arguing that one should apply the principle of free choice to those who advocate free choice for others. I might add that he would have argued, as well, that there should be suffrage not only for men but for women in these depressed countries.

Honourable senators, as we embark upon this very important inquiry, we should not make assertions of interests and rights for others without the assumption of responsibilities for ourselves. Assertions are cheap. None in this chamber is anxious to adopt double standards for ourselves or for others. We should lose our moral edge if we were to engage in hyperbole or criticize others for conduct in which we, ourselves, engage or which we support, directly or indirectly, through our trade arrangements. Let us not be the authors of a tale of two standards. Let us seek to expand our commercial interests while enhancing our human rights. We must ask ourselves whether or not we have an interest in "trade" but "no truck" with countries with which we deal. Can we separate ourselves, with considerations of trade policy on the one hand and human rights policy on the other? We must satisfy ourselves, as we approach this inquiry, that we do not freeze the status quo with countries with which we deal, if that status quo diminishes human rights and respect for individual codes of conduct. Particularly, we must be wary that we do not lend currency to synthetic international ideas, where new definitions are drowned in ideology which suppresses human rights in the name of national prosperity or security. Real tolerance

for minorities and enhancement of self-government by thoughtful and careful steps is in the great Canadian tradition. These are traditions which we should seek to export with patience and care, in this post-Charter foreign policy era, to all countries in this troubled region. Honourable senators, as we approach the season of peace, we should surely pledge ourselves to redouble our efforts towards peace for all.

• (1630)

Hon. Heath Macquarrie: Honourable senators—

The Hon. the Speaker: I wish to advise honourable senators that if the Honourable Senator Macquarrie speaks now, his speech will have the effect of closing the debate.

Hon. Henry D. Hicks: Your Honour, that is not quite true, because Senator Macquarrie did not speak when he moved the motion.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, for the purpose of this ruling, I believe it was agreed that if an honourable senator simply moves a motion, he will be regarded as having made a speech.

Senator Hicks: In that case, may I be permitted a few remarks before Senator Macquarrie closes the debate?

Hon. Senators: Agreed.

Hon. Allan J. MacEachen (Leader of the Opposition): You will have to ask for consent.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hicks: Honourable senators, I have listened with great interest to Senator Grafstein's interesting philosophical discourse on Canada's foreign policy and relations with various other countries, both democratic and totalitarian. I am sure that his views will be acceptable to every member of this chamber. But I am sure he would agree with me that his observations are substantially more far-ranging than the subject on which the Standing Senate Committee on Foreign Affairs is now being asked to continue its study, namely, Canada's relations with countries of the Middle East and North Africa. The motion now before us will have the effect of enabling the committee to be reconstituted to look at the work that the committee did during the previous Parliament and, if thought proper, to add to that work, or to conclude the committee's report, either before or after hearing further witnesses or receiving additional evidence.

I have spoken with the chairman of the committee by long distance telephone. Senator van Roggen unfortunately is ill and will not be with us until after we resume in January. He agrees with my views and was most anxious that this motion should be passed, in order that an organization meeting might be held before the Christmas recess so that we can make arrangements with the Parliamentary Secretariat for the continuation of the work of the committee and the preparation of certain documents for consideration by the committee when we resume in January.

Some Hon. Senators: Hear, hear.

[Senator Grafstein.]

Senator Macquarrie: Honourable senators, it is an anomalous responsibility to be told that my injection has the effect of closing the mouths of all of my colleagues. As I recall, I entered this debate under section 31, and I see that I have now been pushed over to section 29. However, I wish to say how much I enjoyed listening to Senator Grafstein and how much I appreciate the fact that he has joined the Standing Senate Committee on Foreign Affairs. Of all of the committees, that is the committee in which I have had the greatest interest since I came to the Senate five years ago. I am in the position of being the acting chairman. It is a job that I very much dislike because it implies that when I am presiding as acting chairman, our efficient and highly regarded chairman, Senator van Roggen, is not with us. However, like Senator Hicks, I am delighted with the chairman's progress. I note that despite his illness he has taken a tremendous interest in the work of the committee. He telephones perhaps more often that his doctor would wish. He gets a grade A for being a good parliamentarian, but I am not sure what that does to his rating as a good patient. Reports on his health are excellent, and it is hoped that when the committee again looks at its report, Senator van Roggen, who has made such a contribution to it, will be in the presiding chair.

I enjoyed very much the remarks of Senator Grafstein. He referred to the great poet Coleridge and almost tempted me to quote an even greater poet, Robert Burns, who, of course, is the great exemplar not only of world peace but also of world brotherhood, which is even greater, stronger and more meaningful than a state of peace. We have had so much excellent legislation and heard so many great speeches that I am even going to forgo quoting Burns.

Some Hon. Senators: Oh, oh.

Senator Macquarrie: There is one other item which I would like honourable senators to take note of, particularly the members of the committee, lest they think, God forbid, that in some way I have been remiss. On Thursday we shall be honoured to have with us Nobel Laureate Bishop Tutu who will be meeting with honourable senators and members of Parliament at 11.30 a.m., in Room 574. There was a precedent during the last Parliament, and also the preceding Parliament, that such distinguished visitors were, in a sense, sponsored by the two committees, namely, our own committee and the Commons Committee on External Affairs and National Defence. The chairman of the Commons committee, a most excellent man, has informed all members of both houses of the forthcoming meeting and I believe it will be a wonderful opportunity for us to hear this distinguished man of peace and champion of human rights. I repeat that the meeting will be held in Room 574 of the building on Wellington Street.

Motion agreed to.

THE CABINET

ACCESS TO INFORMATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I ask that this Order stand in the name of Senator Stollery.

Hon. Senators: Agreed.

Order stands.

ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO REVIEW ALL ASPECTS OF NATIONAL ENERGY PROGRAM

Hon. Earl A. Hastings, pursuant to notice of Thursday, December 13, 1984, moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review all aspects of the National Energy Program, including its effects on energy development in Canada;

That the papers and evidence received and taken on the subject and the work accomplished during the Second Session of the Thirty-second Parliament be referred to the Committee;

That the Committee be authorized to meet during an adjournment of the Senate;

That the Committee have power to adjourn from place to place within Canada for the purposes of this review; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the above-mentioned purpose.

He said: Honourable senators, I shall be brief in my explanation of this motion. In essence, it is exactly the same motion that granted the committee authority during the last Parliament to inquire into the National Energy Program. During the course of its proceedings, the committee heard from approximately 17 witnesses, representing government, industry and other organizations. As a result, I believe the committee elicited a good deal of valuable information that has no doubt contributed greatly to the consideration that is now being given to an energy policy in this country.

• (1640)

We concluded our work after having examined government officials, both industry organizations and other private organizations. We had intended to continue seeking further information from the private sector and from the provincial governments. Honourable senators, if this motion is agreed to, we propose to hear from about 18 suppliers, other witnesses and any provincial government which may wish to appear before us.

We realize full well that we may be overtaken by events as the universe unfolds, but, nevertheless, we think it important to finish our work and conclude it as quickly as possible, thereby, we hope, making a contribution to the deliberations of those concerned.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 19, 1984

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

AGING

JUSTICE FOR THE ELDERLY—NOTICE OF INQUIRY

Hon. David A. Croll: Honourable senators, I give notice that on Friday next, December 21, 1984, I will call the attention of the Senate to justice for the elderly.

ECONOMIC AND SOCIAL POLICIES

GOVERNMENT STATEMENTS

Hon. Ian Sinclair: Honourable senators, with leave, later this day I will call the attention of the Senate to the following matter:

> Across this great land there is a growing concern and, in certain places, fear arising from the contradictory statements of the government with regard to economic and social policies.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Duff Roblin (Leader of the Government): No.

Hon. Royce Frith (Deputy Leader of the Opposition): You do not want to have a debate on this matter? You do not want to have an emergency debate on this? You are refusing our request to have an emergency debate on this matter?

Hon. Jacques Flynn: Tomorrow afternoon.

Senator Frith: Leave is not given today?

Hon. C. William Doody (Deputy Leader of the Government): Friday.

Senator Frith: We do not need leave to have this matter called on Friday.

Senator Roblin: I suggest that the matter be dealt with in the usual way in this chamber—that is, by giving notice, and the debate will follow in due course.

Senator Frith: Notice is, then, for tomorrow.

The Hon. the Speaker *pro tempore:* Notices of Inquiries have to be in writing, senator.

Senator Frith: He has it in writing.

Senator Sinclair: I do not, but may I give it in writing to my honourable friend later?

Senator Frith: We can revert to Notices of Inquiries.

Senator Doody: You will have to request that we revert to Notices of Inquiries, but you will have to seek leave, and then we will see what happens.

OFFICIAL REPORT

SENATOR FRITH—CORRECTION OF STATEMENT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before Question Period is called I wish to correct a mistake I made yesterday. I was wrong on a matter of order.

Some Hon. Senators: Oh, oh.

Senator Frith: Yesterday, when Senator Macquarrie wanted to speak on his motion, the question was whether, by moving the motion, he had in fact spoken on the motion and, therefore, would only have his normal right of reply.

We made the point that there is precedent for the principle that if one moves a motion that is considered the speech and one cannot speak later, except on one's right of reply. That principle is found in *Beauchesne*, Fifth Edition, citation 305(4). However, it seems to me, as Senator Macquarrie pointed out, that we have changed that general principle because in our rules we specifically provide that:

> A senator who moves an order of the day or seconds a motion, but does not speak to it at that time, may address the Senate on the subject at any subsequent period of the debate.

And he still has his right of reply under rule 29, so I was wrong about that. If I interpret *Beauchesne* and our rules correctly, then there is no inconsistency between rule 29, which gives the right of final reply, and rule 31, which gives a senator who does not want to speak on a motion when he moves it, the opportunity to do so later, in addition to his right of reply.

QUESTION PERIOD

[*English*]

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. Honourable senators on this side have been very distressed as we have tried to piece together the comments made by ministers of the government as reported in the newspapers and in the other

place. It appears to us that the government is abandoning the principle of universality upon which Canadians, especially those who live in need, have come to depend. As the Leader of the Government knows, we do not like this at all, and we especially do not like it at Christmas time. If the government is going to persist in what appears to be coming, I should like to know whether you intend to redistribute from those who are so wealthy to those who are in need through increasing the guaranteed income supplement. Will that be the message that you will use for people who are of advanced years?

Hon. Duff Roblin (Leader of the Government): Honourable senators, first, I should probably deal with the preamble to the question about universality and let my honourable friend know that it will not be touched. There will be no change in the principle of universality. Those people who are now eligible for cheques will continue to receive them under the same terms and conditions as they receive them now. On that part of the question I think my honourable friend can accept that as a statement of the policy of the government.

With respect to what happens to the GIS, I believe that that is a matter which will have to be dealt with when we examine the other aspects of the social assistance policy within the country because there are a number of programs which probably could benefit by receiving more support, and this may indeed be one of them. But I cannot make an announcement on that at the present time.

Senator Marsden: I should like to ask a supplementary question. There has to be some mechanism by which it is taxed back. What method are you going to use to redistribute wealth? I should like to know whether the government intends to use the existing programs—the GIS and old age pension—or whether you are planning to introduce new programs for retired Canadians.

Senator Roblin: The programs that we have at the present time will be maintained. It is quite possible that new programs will be developed, but that will be the outcome of the discussions which are now taking place.

Senator Marsden: I have a further supplementary question. Will the government have one of its programs implemented, as promised, that of equal pay for men and women—which, of course, would be the greatest redistribution that this country has ever seen?

Senator Roblin: Probably the government's position goes beyond equal pay to men and women for equal work—which is one of the ways of describing it—to work of equal value. That is a matter that is receiving the attention of the government right now.

Hon. Joyce Fairbairn: Honourable senators, I should like to follow up on my colleague's question relating to universality. Yesterday, in the other place the Prime Minister said:

> We plan to examine the possibility of using the tax system to introduce a greater notion of fairness for those in our society who need help without doing violence to the principle of universality.

I think that those on this side would say that that is a contradiction of terms. If you are manipulating the tax system, you are violating the principle of universality.

I should like to ask the Leader of the Government in the Senate if he could tell us who the needy are who are going to benefit from this new notion of fairness. Are they just below the average family income level of $35,000 a year, as suggested by the Minister of Finance, or are they just below the $26,000 level that was suggested by the Minister of National Health and Welfare?

• (1410)

Senator Roblin: Honourable senators, I think my honourable friend's question requires some elaboration because it is not accurate to leave the impression, which she left with me, that we do not at the present time use the tax system when dealing with social welfare problems. Let me illustrate what I have to say by reference to the support we give children.

The Family Allowance, which is a universal plan—the universality of which is not in any way in doubt or threatened—provides, for people whose income is less than $10,000 a year, in the case of a family with two children, $359. For a family in the same circumstances whose income is $30,000 a year, the amount is $235. For a family with an income in the range of $45,000, the figure is $197. The allowance is progressive with respect to need, and the determination of the amount is arrived at through the taxation system. There is nothing new in that concept. It is a question of examining it.

Let me illustrate the reverse situation as it applies to the child tax exemption. A family with an income of $10,000 and two children receives nothing. If the income is $30,000, the exemption is $246; and for those in the $45,000 bracket, the amount is $320. Therefore, because the amount of the child tax exemption is assessed through the tax system, it is highly regressive—the value of the exemption rises with the income of the family concerned. The family with the low income receives no concession; whereas, as the income rises, the value of the concession increases.

One has to ask oneself whether that is the proper way of proceeding or whether it should be reorganized so that the family in the $10,000 range does receive something. That is the kind of question the government is considering.

Honourable senators, I should also like to illustrate the child tax credit, which is another vehicle the government utilizes in supporting children. In the $10,000 bracket or less, the value of the credit is $343; in the $30,000 bracket it is $303; and in the $45,000 bracket it is zero. I give that example because I want to be fair by covering the three classes of support for children.

The significant point about the last category I mentioned is the fact that it is means-tested. There is a ceiling, and if you go over the ceiling, you receive nothing. The break-even point is $26,300 at which figure you receive the full amount of the concession, but, as your income rises to $41,000, it is eliminated so that at that level you receive nothing. Honourable

senators can see the type of problem with which the government is faced.

I think it would be helpful if honourable senators were to consider the nature of the problem—I hesitate to say—rather than trying to score political points, because I know, if I were to suggest such a concept, it would produce a furor of anxiety and objection on the other side. Perhaps I had better not make that suggestion. In dealing with the questions of equity and universality, these are some factors that must be taken into consideration.

When the whole field has been examined, particularly with respect to family allowances, the child tax exemption and the child tax credit, I am most confident that, when conclusions are reached, those in the $10,000 bracket will find themselves substantially better off than they are today. I believe that will meet with the will and the pleasure of the people of this country.

Some Hon. Senators: Hear, hear.

Senator Fairbairn: Honourable senators, I thank the Leader of the Government in the Senate for reviewing the programs now in place. However, I would point out that we are familiar with those figures.

The problem arises from the confusion and the contradictions in public forums concerning programs yet to come. We are concerned as to how the Prime Minister and the Minister of Finance could expose this volatile issue in public debate without, at the same time, bringing forward a clear definition of what they consider to be the border line in cases of need.

My question is: Could the Leader of the Government in the Senate tell us whether the discussion paper on the family benefits and old age security—which was initially expected to be available prior to the end of the year—will be available before we adjourn, or is the new date somewhere near the end of January, as has been suggested?

Senator Roblin: I understand my honourable friend's dilemma, but I am doing my best to provide her with the information she needs in order to come to a balanced judgment on the matter.

With respect to the discussion paper that will emerge, that will be made available in due course. I am not able to give an exact date as to when it will be presented. It will not be long, I can assure my honourable friend of that. I should not be surprised—although I am not stating it as a fact—if the essence of the question she raises as to what is an appropriate system of deciding need were to occupy a good deal of the public interest and attention when those papers are discussed.

Hon. Ian Sinclair: Honourable senators, I was interested in the government leader's remarks with respect to the Income Tax Act and this matter of social programs. The Minister of Finance has stated—and that statement has been repeated here, if I have followed the discussion correctly—that the Income Tax Act will be used. My question is: How will it be used?

[Senator Roblin.]

Senator Roblin: I must tell my honourable friend that the Income Tax Act is now being used. He can take it for granted that its use will be continued, for the time being. It is quite probable that, at a later date, some new arrangements will be made, but my honourable friend will be informed of those when the decisions have been made. They certainly have not been made now.

Senator Sinclair: Do I take it from the reply of the government leader that the same method will be used for any changes that are made to recover payments under the social programs?

Senator Roblin: My answer is: not necessarily.

Senator Sinclair: In view of the fact that the Minister of Finance has stated that the tax system will be used, surely the government leader can tell us what the minister meant when he made that statement?

Senator Roblin: In due course the Minister of Finance will be answering the question posed by my honourable friend.

Senator Sinclair: Am I to take it that the government has made these announcements to the public of Canada without knowing how the income tax system will be used?

Senator Roblin: I think that my honourable friend can take it for granted that the principle of using the income tax in dealing with these matters of social allowances will indeed continue to be used. But to say that the government does not know what mode it intends to follow is not, I think, a consequence of the question, for the simple reason that the government has made it clear that it intends to hold widespread discussions with all players in the game—the provincial governments, those who represent the unemployed or the poverty associations in the country and a good many others who have a right to be heard. Any decision that is to be made will be made after those matters have received a thorough public airing. On the basis of what it hears, the government will decide the policy that it intends to recommend.

Senator Sinclair: I have another supplementary question if I may, honourable senators. The difficulty I have is this: if the government is going to tax back something that is given, that can be done progressively or it can be done absolutely. I will put the question: Is it going to be done progressively or is it going to be done absolutely?

Senator Roblin: I think that the tendency of the government would be to stick to the progressive system as being one well designed for Canadian circumstances, but I give no flat undertaking because the matter is yet to be resolved.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, not having the same inhibitions with respect to political questions that my friend has shown for the first time today, I ask whether he can explain to us why all of these plans—which, admittedly, were plans in the mind of the Prime Minister and the Minister of Finance during the last election—were not made known to the people? The Minister of Finance has said, "We had the plans but we did not want to say all this because we were afraid of what the people might think of it." Why did his party not tell the people what it

planned to do? Or was it—to quote from the same article from which my honourable friend was quoting—"Sentence first—Verdict Afterwards"?

• (1420)

Senator Roblin: Honourable senators, if I am to get into a political discussion about the last election, I am surely going to ask my honourable friend to explain what his own leader was saying and thinking. His leader was saying that he was going to reduce expenditures by billions of dollars—billions—and when asked how he was going to do that, he was extraordinarily vague. So I believe this is a condition that my honourable friend must accept as applying to both parties in the election.

Hon. Orville H. Phillips: This is a different Liberal Party.

Hon. Joseph-Philippe Guay: You will have to ask Crosbie.

Senator Roblin: Ask whom?

Hon. C. William Doody (Deputy Leader of the Government): The Honourable John.

Senator Roblin: I don't quite get that comment. Why would we ask Crosbie?

Senator Doody: It is too obtuse for me.

Senator Roblin: The plain fact is that I believe the statements made by the Progressive Conservative Party during the election were just as valid as those made by the Liberal Party.

Senator Frith: Honourable senators, for once, and I suspect unwittingly, the Leader of the Government has come right to the point. As he has pointed out, the difference was that the leader of the Liberal Party came clean with the people of Canada and said "Yes, we have to consider some of these things". But we now know, by the admission of the Minister of Finance, that the Progressive Conservative Party had all of these plans but did not come clean, but, as I say, treacherously suppressed its plans until it came to power. That is the difference.

Senator Roblin: I could say that the leader of the Liberal Party in the last election treacherously did suppress the plans of his party—

Senator Frith: We did not.

Senator Roblin: —to reduce $13 billion from expenditures. He did not say how it was going to be done. He was asked how it was going to be done, and he replied "I am not going to get into the particulars at this particular time". That is what he said. For all that the public knew, he treacherously concealed the fact that he was going to take it off Old Age Security, or some other pension of that kind. My honourable friend is on a bad wicket. He had better get off it.

Senator Frith: Honourable senators, he is on a good wicket. There is a big difference between telling the people what you are going to do, but adding that you do not have all of the details, and your position which is one of saying "We have all of the details but we are not going to tell the people about it". That is the difference. It is the exact opposite.

Senator Roblin: That is my honourable friend's interpretation. But I turn the thing around and tell him it is exactly what he was doing.

Senator Frith: That is not accurate.

HEALTH AND WELFARE

HEALTH SERVICES—UNIVERSALITY—GOVERNMENT POLICY

Hon. L. Norbert Thériault: Honourable senators, I wish I could say that I feel much easier today about the subject matter on which I asked a question yesterday. I understood the Leader of the Government to say today that the Progressive Conservative Party had come back to its pre-election position and that universality was again a sacred trust. I hope that is true.

My question arises from a press release issued yesterday by the Canadian Health Coalition concerning medicare and expressing concern at what is going on in Canada today with regard to medicare and medical services. I quote the following:

> Mr. Epp has agreed with provincial health ministers that the federal government will adopt a non-interference policy with reference to Canada's medicare system. It appears that Mr. Epp has forgotten that the Canada Health Act outlines the program criteria the provinces must follow if they are to receive federal funding for their medicare programs.

My question is: Does that mean that the federal government will not interfere if some provinces decide not to follow the program criteria of non-profit administration, universality, accessibility, comprehensiveness and portability?

Hon. Duff Roblin (Leader of the Government): I have to give my honourable friend the same answer I gave yesterday. The relationship between the provinces and the federal government is a constitutional one, as he is aware, and this particular field of activity is basically a provincial one under the Constitution, a fact which must be kept in mind. However, after taking that into account, it is true that Parliament has, from time to time, passed laws and regulations with respect to the way in which medicare is to be administered. The federal government will see to it that the law is implemented and the regulations observed. I think we can all agree that that is the correct stand.

I want to say something else to my honourable friend because he disturbed me yesterday with his reference to a charge of $35 for medical examinations.

Senator Thériault: An annual medical check-up.

Senator Roblin: I want an opportunity to look into that matter. It is new to me and I know nothing about it. It is an interesting point, and I shall find out what I can.

Senator Thériault: I am glad the Leader of the Government is going to look into this matter. As far as I know, this charge applies in New Brunswick, but it may apply in other provinces. I received a call from a lady who had called her doctor for an annual check-up, to which the doctor had replied that the

medicare system in New Brunswick had been changed and an annual check-up would cost her $35.

Why are Canadians and I concerned about what is going on in social programs today? It can probably be best explained—and I think I mentioned it yesterday—by what I read in a press report, which stated that shortly after the Progressive Conservatives took office the new Minister of National Health and Welfare held a secret meeting in Ottawa with the provincial Ministers of Health at which they agreed to certain things.

An Hon. Senator: Shame!

Senator Thériault: I suppose we will always have secrecy in government, but, for the life of me, when a federal minister is meeting with his counterparts in the provinces to make decisions which may affect the health services and health *per se* of the people of Canada, I do not understand why these meetings should be held in secret, with the media and representatives of the people in the Parliament of Canada and of the legislatures of the provinces excluded.

Senator Roblin: Honourable senators, I think you have to recognize that there are a great many meetings held between the federal and provincial levels of government which are not public in the sense that the doors are open and the press invited inside. In many respects these are negotiating meetings, and it is quite clear that it would be impractical to abandon the principles of confidentiality while decisions are being hammered out. After they are hammered out, it is a different thing. In respect of the particular meeting and the particular press report which my honourable friend spoke of, I must say that I did not read the article in the way he did. He read it as a secret meeting. If I recall correctly what I read is that it was a meeting that was not widely reported. Those are two different things.

Hon. C. William Doody (Deputy Leader of the Government): Was it a senatorial meeting?

Hon. Hazen Argue: The press was asleep.

Senator Roblin: Who said that?

Hon. Royce Frith (Deputy Leader of the Opposition): The press was nodding off.

Senator Roblin This is a gathering whose proceedings are not frequently reported, although I notice by reading the press that some honourable senators on the opposition benches are getting a little more press than they are accustomed to. One of these days I shall have to read those press reports to them, and find out which ones they agree with.

However, with respect to my honourable friend's question, matters of the kind he has raised which affect the health of people ought, ultimately, be part of the public domain. I shall ask the Minister of National Health and Welfare whether there is anything in those meetings which should be reported in the sense that my honourable friend seeks information on changes that affect the health system of the people.

Senator Thériault: While the Leader of the Government in the Senate is seeking that information, perhaps he could also ask other ministers or the Prime Minister whether there have been many meetings between federal ministers and their provincial counterparts held in secret or, at least, not widely reported since September 17.

Senator Roblin: I do not think I can accept that question.

• (1430)

Hon. David A. Croll: Honourable senators—

Hon. Senators: Hear, hear.

Senator Croll: —we in the Liberal Party protested against the use of a means test. I was a member of a committee of the other place in 1952 from which emanated the concept of universality. I must say there are not too many around here today who were there at that time. The Prime Minister now says that his government is thinking of imposing a tax on those who earn incomes above $30,000 or $45,000. My question for the Leader of the Government is: Is that not bringing in the means test through the back door?

Senator Roblin: Honourable senators, I have to tell my honourable friend that the principle of income testing is not a new principle in Canadian welfare policy. The guaranteed income supplement is based on a means test, or, as I prefer to call it, an income test. Indeed, some of the family support programs I adverted to earlier today are related to an income testing system. As well, there may be other social payments of various kinds that are income tested. Thus, the concept is not new, and I think my honourable friend would agree with me in that respect. The particular programs he is concerned with, namely, medicare, old age security and family allowance, are not means tested, and they will not be means tested.

Senator Croll: The Prime Minister did not mention any other tests; his statement was to the effect that there will be no means test. The Leader of the Government seems to be referring to a different sort of test but is not calling it a means test.

Senator Roblin: I am simply trying to explain to my honourable friend my understanding of the situation. First of all, I defer to him. He has been around here a long time and his record is equalled by none, I suggest, in the field of social policy.

Hon. Senators: Hear, hear.

Senator Roblin: I am glad to pay that tribute to him. I am doing my best to explain the situation as I see it and I hope I have it right.

Hon. Earl A. Hastings: Honourable senators, I should like to seek some information and guidance from the Leader of the Government in the Senate by way of a question. My question flows from a question asked yesterday by Senator Le Moyne with respect to a hidden agenda. The government leader replied very indignantly, in these words:

> I do not accept my honourable friend's premise that there is a hidden agenda. I believe the agenda is on the table and that during the next few months, between now and

the formulation of the next budget, we shall have plenty of opportunity to discuss that agenda in its entirety.

I am trying to do my duty as a senator by participating as best I can in this place. Therefore, my question to the Leader of the Government is: Where is the agenda? I would like to see it. In the alternative, could the government leader enlighten me with respect to what is on this agenda?

Senator Roblin: I think I have already answered that question. When Senator Fairbairn raised her point with me it dealt with the same matter. I can give my honourable friend the same answer I gave Senator Fairbairn, and that is that there will be discussion papers made available by the government before very long which will become the basis for wider discussion of all the issues involved. These papers will not set out policy; they will set out facts and several alternatives which might be considered. That is the material which will be before the Senate.

NATIONAL REVENUE

ABANDONMENT OF PETROLEUM AND GAS REVENUE TAX

Hon. Earl A. Hastings: Honourable senators, I should like to ask the Leader of the Government a supplementary question on a matter I raised yesterday during Question Period. Yesterday I asked the Leader of the Government in the Senate if the government was giving consideration to relief under the Petroleum and Gas Revenue Tax Act. Am I to understand that on the one hand the government is considering penalizing the poor by withdrawing support under social programs, and, on the other hand, is granting relief and support to the oil industry?

Hon. Duff Roblin (Leader of the Government): The answer is no, we are not giving any consideration to reducing the support given to the poor. It is quite the opposite. We are giving consideration to ways and means of improving it.

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, in response to Senator Fairbairn's earlier question, the Leader of the Government in the Senate outlined four existing programs for support of families and children in this country. Am I to understand that each one of those programs is likely to be changed?

Hon. Duff Roblin (Leader of the Government): No, honourable senators.

Hon. Ian Sinclair: I wonder whether the Leader of the Government in the Senate would give us a definition of the word "poor".

Senator Roblin: It certainly does not include my honourable friend, I'll say that.

Senator Sinclair: Nor does it include the honourable Leader of the Government in the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): You are even now; keep going.

Senator Sinclair: Now would you answer my question?

Hon. Hazen Argue: The rest of us are poor.

Senator Roblin: Honourable senators, I do not think I should attempt to answer my honourable friend's question. He and I may have different ideas as to what the definition of "poor" is. It does not really matter what either of us thinks. When these matters are being discussed in the manner which I have been outlining this afternoon, the question of levels of income and qualifications for support will undoubtedly be high on the agenda. At that time, my honourable friend can offer his definition of "poor".

Senator Sinclair: I have a supplementary question, if I may. I did not use the word "poor". It was the government leader who used it, and my question then is: Before the government made its announcements, was there any definition of "poor" given to you in order that you could tell the people of Canada what that definition is?

Senator Roblin: Honourable senators, at the present time we are not in the business of telling people in Canada what "poor" is. We shall be having a discussion with the people of Canada to see if we can arrive at some consensus as to what is the proper level of support from the public funds. I suggest it would certainly have to be an improvement over what we have now.

Senator Frith: Honourable senators, on that point, as Senator Sinclair said, the Leader of the Government in the Senate did use the word "poor". I am sure it is not a matter of trying to pin him down to a specific figure, but when he himself used the word "poor" while telling us in the Senate that it would be better for them, that, in fact, more money would go to the poor, I ask him if he had any benchmark in his head when he used that word. Did he even have any idea of roughly how he would define "poor"?

Senator Roblin: I think you could say that the poor are certainly those who are defined as poor under the legislation sponsored by the party of my honourable friend. We know that those are poor. That is the kind of person I was talking about when I discussed those whose level of support should be increased.

Senator Frith: What legislation is that?

Senator Roblin: My honourable friend can look at the regulations of the departments with respect to "poor". If he wishes to ask a question about the regulations in use in the country, I shall do my best to find them for him.

Senator Frith: The point also is that you are using that word "poor" in a political sense. The point is that the definition in those regulations is not a definition of "poor"; it is a definition of these various income levels. That is why I am asking my honourable friend what he means by that level. Is he merely using it for political purposes, and has no idea at all what he means?

Senator Roblin: I have told my honourable friend that I am dealing with the income levels that are presently in force in the country.

Senator Frith: But you don't know what they are?

Senator Roblin: I can certainly find out from the regulations—

Senator Frith: You used the term.

Senator Roblin: Certainly I did, and I shall use it again. I shall also use the terms "rich" and "middle-income", et cetera, because they are all part of the debate and, in due course, they will all be defined.

Senator Frith: You do not know what it means, then?

Senator Roblin: Certainly I do.

OLD AGE SECURITY

GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): I have a question for the Leader of the Government in the Senate. I see that he is in an expansive mood today and seems more prepared to tangle with us on this side. I hope that attitude continues.

In response to the first question by Senator Marsden, I thought I heard the Leader of the Government say that, with respect to the guaranteed income supplement, cheques would continue to go out and that there would be no change in the terms and conditions under which the recipients receive those cheques. That was my understanding. I want now to ask him whether he can give the same assurance with respect to the recipients of old age security?

Hon. Duff Roblin (Leader of the Government): Yes, I can, honourable senators.

● (1440)

INDIAN ACT

STATUS OF WOMEN—REMOVAL OF DISCRIMINATORY PROVISIONS

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether the matter of discrimination against Indian women, as it now exists in the Indian Act, was on the agenda of the federal-provincial discussions on amendments to the Canada Act, as that relates to the aboriginal peoples.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will have to check with my colleagues to be certain of the reply, but I believe that the meetings that have taken place over the past few days have had to do with the entrenchment of certain native rights in the Constitution dealing with, if I may use the phrase, the functions of their nationhood, and so forth.

It is perfectly clear to me that the question my honourable friend raises is included in that mix of issues. Whether it was specifically discussed during those meetings, I cannot say, but I will attempt to find that out.

Senator Haidasz: Would the Leader of the Government in the Senate inform this house what the government's official and definitive policy is on discrimination against women and the desirability of amending the Indian Act?

Senator Roblin: If my honourable friend will reflect upon the clauses of the Speech from the Throne, he will find that that issue is covered.

EMPLOYMENT

GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. In light of the slowing of the economic recovery in the United States, based on reports from there over the past few days, and also the slowing of the economic recovery in Canada, would the government consider deferring any further cuts that produce job losses until the Minister of Finance tables some economic evidence as to the status of the recovery and gives us an economic cost-benefit analysis on the loss of those jobs and the impact of those cuts that might, in these circumstances, further undermine consumer confidence and destroy the economic recovery we had several months ago?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not accept the premise of my honourable friend's question that what the government has done is going to destroy the economic activity in the country. I just do not believe that to be the case. It will take time, of course, to see these measures develop, and I am hopeful that in the long run they will prove to be better than what took place before.

One has to recognize that in this area, and in the area of unemployment in particular, quick fixes are not likely. We had been travelling along a certain path, and as a result of that journey things have not improved, so it behooves us to try something else, and that is what we are now doing.

Senator Grafstein: In the Ottawa *Citizen*, an article written by Don McGillivray supports the thesis that I have suggested and contradicts the thesis that the Leader of the Government has suggested. He states:

> These policies—

Referring to the policies of cutting jobs:

> —at a time when 1.4 million Canadians are already unemployed, are creating the "fear factor" that the government's own polls are discovering. When people think they may lose the jobs they have, they cut back on buying and save their money.

Mr. McGillivray further states:

> In other words the government's economic strategy is deeply flawed. Instead of creating confidence among the majority of Canadians, it is creating insecurity.
>
> That insecurity will reflect back into the business sector, undercutting the confidence the Tories hope to build there.

I ask the Leader of the Government again if he would implore the Minister of Finance, in light of the growing insecurity and the fear factor which has been provoked by these cuts, to defer these cuts until such time as we have before us a clear economic cost-benefit analysis of the impact these cuts have on Canada's economic recovery.

Senator Roblin: I have had the pleasure, honourable senators, of knowing Mr. Don McGillivray for many years, and I regard him as a very interesting and provocative writer. If I were to judge his economic views I would say that, in my opinion, he recommends to us that we relax our concern about the deficit and spend a little more money. I must be awfully careful here, because I would not want to do Mr. McGillivray an injustice, but I think that that is the tenor of his views.

It simply happens that there are many economists in the country and most of them hold different views. In fact, it is hard to get more than one or two of them to agree on anything, so I really cannot found the policy of the government on Mr. McGillivray's opinions; neither can it be founded on the opinion of the honourable senator.

THE ECONOMY

WAGE AND PRICE CONTROLS

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate, and it arises out of an assertion he made yesterday during Question Period, which assertion is to be found on page 355 of Senate *Debates*, in the first column. He is reported to have said:

> I can tell my honourable friend that he has the wrong election. I want to put him straight; the election I am talking about is the one in which the government campaigned on the policy of no wage and price controls.

After an interjection by Senator Frith, the leader went on to say:

> As soon as they got into office, they reversed their policy and brought in wage and price controls.

This matter has been raised on a number of occasions, and I wonder whether the gentleman is fully aware of what happened, because I understand that at the time of that election campaign he was in private business and might not have followed the election campaign very closely.

What happened was that the honourable gentleman's party—

Some Hon. Senators: Question!

Senator Bosa: The question is: Is the leader aware that his party proposed wage and price controls in order to bring inflation under control? The Liberal Party said that wage and price controls at that time were not the proper device to bring inflation under control, because inflation was created through the importation of oil from the Shah of Iran and other OPEC countries.

A year and a half later—not as the leader stated yesterday, "As soon as they got into office, they reversed their policy"—when some Canadians were raising the price of commodities, such as steel from $180 a tonne to $600 a tonne over a period of five or six weeks—

Hon. Jacques Flynn: That's a speech.

Senator Bosa: —and electricians in Oshawa were demanding a raise—

The Hon. the Speaker *pro tempore:* I am anxious to hear your question.

Senator Bosa: —of 95 per cent in their salaries, the Liberal government brought in wage and price controls, and they were in a different form than those proposed by the Conservative Party.

An Hon. Senator: Who wrote your speech?

Hon. C. William Doody (Deputy Leader of the Government): That was a great speech.

Hon. Royce Frith (Deputy Leader of the Opposition): Those were brief explanatory remarks.

Senator Bosa: Is the leader aware of that?

Hon. Duff Roblin (Leader of the Government): Some senator asked my honourable friend who wrote his speech, but I am here to bear witness, on his behalf, that nobody wrote his speech, because only my honourable friend could have introduced the question in the interesting and provocative way he has.

All I have to say is that the Conservative Party campaigned on wage and price controls and got the pants licked off them. My honourable friend's party campaigned against wage and price controls and were elected, and after they were elected they adopted the Tory policy. It is too bad they had not done so sooner.

Senator Bosa: It was a year and a half later that the Liberal government adopted wage and price controls.

Senator Flynn: You still have that on your conscience.

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, may I ask the Leader of the Opposition if I heard him right—

Hon. C. William Doody (Deputy Leader of the Government): The Leader of the Opposition is over there.

Senator Gigantès: I beg your pardon. May I ask the Leader of the Government, who performs his duties with great lightness of foot, if I may say so, whether I heard him correctly when he said that the general income supplement and the OAS will not be tampered with, will not be reduced?

Hon. Duff Roblin (Leader of the Government): I think that my honourable friend has it right.

Senator Doody: Another first.

Senator Gigantès: If that is the case, and regardless of the income of the people who now receive the old age supplement—

Senator Doody: You are still eligible.

Senator Gigantès: —regardless of income, then why should it be considered non-discriminatory to cut benefits other people receive on the basis of income, as the Leader of the Government suggested earlier?

To be more specific, there are 2,019,000 families and unattached individuals with incomes over $40,000. Of those, 46 per cent, or 934,800 families, have children and they receive allowances, or some sort of tax benefit, for those children. If those benefits are cut from them, regardless of income, will they not be discriminated against when people who have no children will not receive similar cuts in their take-home pay after taxes?

• (1450)

Senator Roblin: My honourable friend is suggesting a new theory of taxation and I am sure that we will be glad to take it into account one of these days.

Hon. Hazen Argue: Watch out!

Senator Gigantès: I thank the Leader of the Government for his broad-mindedness. While he is at it, I wonder if he would consider reading a book by Robert Kuttner entitled: "The Economic Illusion, False Choices Between Prosperity and Social Justice."

Hon. Jacques Flynn: Read it yourself.

Senator Gigantès: Is the Leader of the Government aware of the fact that the countries that have been the most generous with social services are those that have done best economically, and those that have been most stingy with social services are those that have done worst economically?

Senator Roblin: I wonder if my honourable friend addressed the same question to his colleagues when they were part of the government.

The Hon. the Speaker *pro tempore:* Order! Order!

I think that Senator Gigantès should give other senators an opportunity to ask questions. I now recognize Senator Fairbairn but I will give Senator Gigantès an opportunity to ask his supplementaries later.

Senator Gigantès: You will give me that opportunity later?

Senator Flynn: We want a rest.

Senator Gigantès: May I ask a question about Your Honour's decision?

The Hon. the Speaker *pro tempore:* Go ahead.

Senator Gigantès: I thought the number of supplementary questions a senator could ask was unlimited.

Some Hon. Senators: Hear, hear.

Senator Gigantès: If I am wrong, please say so and I will accept your decision.

Senator Roblin: Honourable senators, I should like to make a comment on that point. This chamber operates on the basis of self-discipline and on the basis of self-policing. We do not have a policeman in the Chair, as they do in the House of Commons, to direct what we shall do, but the genius of our system is contained in the words "self-control" and "self-policing."

Hon. Royce Frith (Deputy Leader of the Opposition): So far we agree with you.

Senator Roblin: If we do not exercise some self-discipline ourselves, then we have only ourselves to blame when we get into unpleasant situations. I ask honourable senators to keep that fact in mind. In the House of Commons one is not allowed to ask supplementary questions indefinitely. One asks one question as a rule but here the rule is much more lax. I think that honourable senators have to exercise a certain degree of self-discipline in the operation of that privilege.

Senator Frith: What does that mean?

Senator Gigantès: Would the Leader of the Government please define what he means by an unpleasant situation? We are talking politely. He just said that we should restrict our questions so as not to create an unpleasant situation. What is the unpleasant situation to which he is referring?

Senator Flynn: Honourable senators, I rise on a point of order. Under our rules, when two senators rise it is up to the Speaker to decide to whom he gives the floor. In this case he gave the floor to Senator Fairbairn. Elementary politeness would require Senator Gigantès to sit down.

Senator Frith: However, on that same point of order, what Senator Flynn says is quite right, that if two senators rise at the same time the Speaker is expected to choose the senator he recognizes, but that has nothing to do with self-discipline or anything else he said. If another senator rises at the same time, the Speaker usually allows the first senator recognized to continue with supplementary questions. If he does not, that is his decision, but, in any event, that has nothing to do with Senator Gigantès' right to go on with a supplementary question.

Senator Flynn: I do not agree with that. When the Speaker recognizes a senator, others who have risen at the same time have to sit down. Senator Gigantès refused to sit down.

Senator Frith: No, he did not.

Senator Flynn: Senator Gigantès was insisting that he should have the floor, despite the fact that the Speaker had recognized Senator Fairbairn. When one senator is speaking another one has to remain seated.

Senator Frith: Let us get this straight. What in fact happened was that before that was resolved or before Senator Gigantès did anything, the Leader of the Government rose and gave us a chat about how Question Period should operate. Now the question is that if the Speaker knows—and it is entirely within his discretion—that the senator who had been speaking wants to go on with supplementary questions, it is up

to the Speaker to decide whether or not he should. In any event, the said first senator can rise and continue with his supplementaries after, if he wishes.

Senator Flynn: Yes, but that is not the case.

Senator Frith: In any event, it is up to the Speaker.

The Hon. the Speaker *pro tempore:* Honourable senators, I do not want to police Question Period. I think that every senator should have an opportunity to put his questions. If a senator asks three or four supplementaries, I believe that I have the right to recognize another senator who rises at the same time. I cannot recognize Senator Gigantès for ten supplementaries. In any event, honourable senators are the masters of the rules; I am your humble servant.

Senator Frith: Honourable senators, I think we should try to straighten this matter out now. It seems to me that if a senator is asking questions in Question Period and wants to proceed with supplementary questions, I know that—and I have seen Your Honour do this—when another senator rises Your Honour may recognize the other senator, but realizing that the first senator wanted to ask a supplementary you will let the first senator continue with the supplementary. I submit, with respect, that that is the best way to proceed and it is possible that Your Honour did not notice that Senator Gigantès wanted to go on with his supplementaries, in which case it is quite understandable. But, normally, as I have observed, Your Honour has always said, "I am sorry. Proceed with your supplementary." Of course, we will abide by Your Honour's ruling as to whether or not you want Senator Gigantès to ask his supplementaries after Senator Fairbairn.

Senator Argue: Honourable senators, as I understand the practice in the Senate, when a senator asks a question and has the floor, it is assumed and agreed that that senator has the right to ask a supplementary question, a further supplementary question, and even a further supplementary question—and without limit. That is our practice. As the Leader of the Government said, it is a self-disciplinary process. I have not seen a Speaker interfere with a senator who already has the floor and continues with his supplementaries. I think it is a question of the judgment of the individual senator, and I feel it would be a mistake if we agreed that the Speaker at some point should not allow a senator to continue with his supplementary questions and would recognize another senator. I have been here for many years and, in my opinion, Senator Gigantès has the right to continue his supplementary questions.

Some Hon. Senators: Hear, hear.

Senator Flynn: I do not agree with Senator Argue because the only rule on that point states that when two senators rise at the same time, it is up to the Speaker to decide who is recognized. If the Speaker allows someone like Senator Gigantès to behave the way he is now behaving, it could result in a closure on the rest of the Senate. Senator Gigantès could monopolize Question Period, and that is why the Speaker can intervene, especially when many senators have been trying to be recognized by the Speaker. That is the only rule that we have, except for self-discipline as indicated by the Leader of the Government.

Senator Gigantès: I rise on a point of privilege, Your Honour. Senator Flynn, who gave me valued advice on good manners, has said that if one allowed a senator to behave the way I behaved then the consequences for the Senate would be dire. I should like Senator Flynn, with your permission, Your Honour, to explain what I did this afternoon that he considers puts the decorum for the proper functioning of the Senate in any state of jeopardy.

Senator Flynn: I will say it to Senator Gigantès in private.

Senator Gigantès: Your Honour, the criticism was made in public and I would like my question to Senator Flynn answered, and I should also like the Leader of the Government to explain to me what he meant by the words "an unpleasant situation." When somebody makes a remark in public and an explanation is asked for that remark, I do not think that he should give his explanation in private. It is on record that Senator Flynn said that I behaved badly. I think it is my right to hear what I did this afternoon which he considers bad behaviour.

Senator Flynn: I do not think Senator Gigantès can put a question to me, but he can raise a question of privilege. My point of order was on the fact that he stood when the Speaker recognized Senator Fairbairn and Senator Gigantès did not take his seat. He tried to impose his will on the Speaker.

Some Hon. Senators: Oh, oh!

• (1500)

Senator Gigantès: Mr. Speaker, I would like to say that at no time did it pass through my mind to impose my will on you. I always accept your ruling.

The reason I did not hear you recognize Senator Fairbairn was that, at the time, honourable senators on the government side were making so much noise that it was impossible to hear.

[*Translation*]

The Hon. the Speaker *pro tempore:* I accept the reasons given by Senator Gigantès, and as a reward, I will allow him another supplementary.

Senator Gigantès: Thank you, Mr. Speaker. Honourable senators, I would like to continue along the same lines as my previous questions.

It seems to me that we are dealing with the premise that cutbacks generate unemployment and loss of income. I would like to ask the Leader of the Government whether he agrees with the following: If a Canadian who is employed and earns about $20,000 is suddenly laid off as a result of government cutbacks, he stops paying $2,200 in income tax and starts drawing $8,900 in unemployment insurance benefits and is therefore a net burden on the state. Furthermore, this is not only a loss of revenue for the state, it also means a $10,000 increase in the deficit. The same individual has $12,000 less to spend, multiplied by two and a half which means $30,000 that does not go into the pockets of entrepreneurs every time

government cutbacks put one Canadian out of work. Would the Leader of the Government care to comment on these economic principles?

[*English*]

Senator Roblin: Honourable senators, I believe my honourable friend wants me to enter into debate with him on questions of social and economic policy during Question Period. I decline to do so.

Hon. H. A. Olson: I do not blame you.

Senator Frith: Not necessarily for the reasons one may think.

Hon. Joyce Fairbairn: Honourable senators, I should like to revert to the question of old age pensions and the remarks made by the Leader of the Government that old age pensions will continue to be received by Canadians under the same terms and conditions that they are currently received.

If that is the case, can we now disregard the comments made last week by the Minister of Finance when he said upper- and middle-income social programs cannot be afforded today?

Senator Roblin: I think my honourable friend will have to take my statement at its face value. I believe it to be correct.

INDIAN ACT

STATUS OF WOMEN—REMOVAL OF DISCRIMINATORY PROVISIONS

Hon. Stanley Haidasz: Honourable senators, pursuing my previous question, I should like to ask a supplementary on the subject of discrimination against Indian women as it presently exists in the Indian Act, which deprives them of not only housing and the use of land on reservations but also access to health, welfare, education privileges and royalty benefits.

During the federal-provincial conference on aboriginal rights, Indian women met with the Minister of Justice. The minister has apparently clouded this issue of discrimination by saying that this matter is one of Indian rights and not a matter of gender equality.

Would the Leader of the Government in the Senate clarify, this afternoon if possible, this distinction and the confusion which arose during the meeting between Indian women of Canada and the Minister of Justice?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe my honourable friend is referring to a problem that is of some considerable standing.

As I recall, during the last session of Parliament, the Senate was responsible for rejecting the bill in connection with the rights of Indian women on the very grounds my honourable friend mentions, and that is that there was not agreement as to whether the cultural rights or the legal rights should have preference in this matter. This is not a new question. In fact, the Senate was seized of the issue and decided not to proceed with the bill, so, obviously, we did not have clear vision of the matter.

[Senator Gigantès.]

To answer my honourable friend's question, I believe my original answer to his first question applies also to this one.

EXTERNAL AFFAIRS

OVERSEAS DISTRIBUTION OF SUMMARY OF *GLOBE AND MAIL* ITEMS

Hon. Keith Davey: Honourable senators, my question is for the Leader of the Government in the Senate who, no doubt, is aware that, starting last Monday, the Department of External Affairs is sending a daily summary of the *Globe and Mail* over telex machines to its embassies and consulates around the world. Summaries are collected on a computer in Ottawa from InfoGlobe, the *Globe and Mail*'s on-line data base, and from there the news is dispatched over telex lines to about 120 foreign posts.

I have a series of questions: Why is the summary taken from the *Globe and Mail*? Why is it not taken from the Toronto *Sun*, which is equally friendly to the government party? Why is it not taken from the Toronto *Star*? Why not Senator Roblin's own Winnipeg *Free Press*?

I am certainly on record as being extremely critical of the *Globe and Mail*'s election coverage. It seems to me that the *Globe and Mail* and the Conservative Party have now gone much further—they have gone to City Hall. Am I to assume that the *Globe and Mail* is now the official house organ of the Progressive Conservative Party?

Hon. Duff Roblin (Leader of the Government): My honourable friend can make any assumptions he likes; I am not in charge of them.

Hon. D. G. Steuart: I think they are in charge of you.

Senator Roblin: I doubt that; I am capable of making my own assumptions which are just as interesting as the one my honourable friend is making. However, in my present situation, it is not my responsibility to make assumptions; it is to try to answer questions.

I would anticipate my honourable friend by saying that, if he wants to know why the Toronto *Star* is not included in the selection of newspapers to be telexed to embassies abroad, I will try to find out what the answer is.

Senator Davey: Honourable senators, I am not only interested in why the Toronto *Star*, the Toronto *Sun* and, indeed, the Winnipeg *Free Press* are not included; I should like to know why, specifically, the *Globe and Mail* was chosen.

As a supplementary question, I am informed that what is telexed is the first two paragraphs of front-page stories and editorials. Since the first two paragraphs of most *Globe and Mail* editorials do not come to any point, I should like to know why they are being sent.

Honourable senators, I am not being flippant. My question is a serious one. I should like to know if the *Globe and Mail* has become the official house organ of the Conservative Party.

I should also like to know how much this service is costing the taxpayers of Canada.

As I understand it, the distribution of newspapers from across the country is a service which has been provided to ministers, deputy ministers and diplomats for some years. Is this service being replaced?

Honourable senators, I know there is a love affair with the *Globe and Mail*, but I think these are important questions which deserve Senator Roblin's attention.

Senator Roblin: Honourable senators, I do not have the *Globe and Mail* quite as much in the forefront of my mind as does my honourable friend. I will attempt to find out the answers to some of his questions.

While travelling abroad, I have had the opportunity to peruse the information sent to our embassies previously, and I must say the service was deplorable. It was most difficult to make any good use of the information that was sent. I am not at all surprised that someone is trying to improve on that.

However, if my honourable friend wants to find out what this service costs; why the *Globe and Mail* was selected; and why the first two paragraphs are referred to, I will do my best to satisfy his curiosity.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, I have a question for the Leader of the Government on the same subject. I would like to ask him whether a review of the French-speaking press is sent to our various posts abroad as well as reviews of the English-speaking dailies?

[*English*]

Senator Roblin: Honourable senators, I shall have to take the question as notice, but I do not think it should be, by any means, assumed that the information from the *Globe and Mail* is all that is sent to our embassies. I am fairly certain in saying that that is not the case, and that the embassies receive a great deal of information—although, in my opinion, it has been hard to make much good use of it—from a wide variety of press instruments besides the *Globe and Mail*. I know from my experience that such material includes material from the francophone press of the country.

• (1510)

I think I can tell my honourable friend, without too much risk of being mistaken, that material from the francophone press is included in the circulation of our news to our embassies abroad, and that English-language print media other than the *Globe and Mail* are also represented.

Senator De Bané: Honourable senators, I am happy to realize that the Leader of the Government in the Senate has implied that a Canadian who relied only upon the *Globe and Mail* to be informed would be very badly misinformed.

An Hon. Senator: Either in English or in French!

Senator Roblin: I think that anyone who admits to not reading the Winnipeg *Free Press* is in deep trouble.

Hon. Royce Frith (Deputy Leader of the Opposition): You will get coverage on that comment.

ENERGY, MINES AND RESOURCES

DIRECTOR GENERAL OF COMMUNICATIONS—TERMINATION OF EMPLOYMENT

Hon. Jack Austin: Honourable senators, I should like to ask the Leader of the Government in the Senate about a report circulated in the press and which was available here in Ottawa today to the effect that the Minister of Energy, Mines and Resources, the Honourable Patricia Carney, has caused the removal of a public servant from her position in that department. I refer to Ann Jamieson, who was Director General of Communications in that department.

I would like to ask the Leader of the Government in the Senate whether these reports of the removal of Miss Jamieson are true. If they are true, was she removed for cause? If for cause, what cause? Can the Leader of the Government provide us with an answer tomorrow?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have to take my friend's question as notice. I will undertake to convey his inquiry to the minister concerned. I think it unlikely that I will be able to reply by tomorrow.

Senator Austin: I would like to point out to the Leader of the Government that the newspaper reports raise a matter which must be of some seriousness and concern for the minister in question. Public servants are not discharged by ministers, and the attribution of such an action to Miss Carney must be a matter of immediate moment and one on which the Leader of the Government can inform himself quickly.

Senator Roblin: I think that one finds, on reading the press, that often it does not get the whole story, and if it does, it does not get the whole story right.

Hon. C. William Doody (Deputy Leader of the Government): Even the *Globe and Mail*!

Senator Roblin: Even the *Globe and Mail*, and I am not saying that by way of criticism, because it is in the nature of humanity that these things happen.

I would not be surprised, if separation has taken place, to find that it has taken place in conformity with the proper procedures which govern such a matter.

My first answer to my honourable friend, however, will stand.

Senator Austin: I think, if I may say so, that the matter is of such specific concern to the minister that I would think she would want to remove any possibility of a misunderstanding regarding her behaviour and would want to do so immediately.

Senator Roblin: I will convey my honourable friend's concern.

Hon. Jacques Flynn: You seem to be very worried for her.

REQUESTS FOR ANSWERS

Hon. Earl A. Hastings: Before Orders of the Day are called, may I appeal to the government leader with respect to questions I asked on December 6? Senator Roblin accepted them

as written questions and undertook to provide me with delayed answers. In the spirit of goodwill that prevails at this time, might I appeal to him for a reply by tomorrow? I think my questions could be answered by making a phone call to the minister's office. I would be grateful if he were to expedite a reply to those questions.

Hon. Duff Roblin (Leader of the Government): I think it only courteous of me to reply to my honourable friend. I think that if one were to examine our record of returning answers to questions and if one were to compare it to what we have been used to, one would find we stand up very well. I even have some delayed replies to present this afternoon, if we ever get to that stage in our proceedings. But I will undertake to have a look at my honourable friend's question and see whether there is any possibility of obliging him.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, in that same spirit and since tomorrow is our last day before the Christmas break, can we expect an effort to clean up most of this season's questions by the end of tomorrow's sitting? That would indeed be an attempt to improve the record which the Leader of the Government is apparently already proud of.

Senator Roblin: I think we already have improved on the record. That was not very hard to do. I see the Honourable Senator Olson shaking his head. I may be wrong; I am making no categorical statement. I am only saying to my honourable friend that we do the best we can, whether it is Christmas, Easter, the summer or Thanksgiving.

Hon. Peter Bosa: Honourable senators, I wonder if the Leader of the Government would take note of the written questions that have been put on the order paper, particularly my question, which would be of interest to all honourable senators. It has to do with pensions. Perhaps Senator Flynn might wish to take a look at it.

Senator Roblin: I try to deal with all questions in a fair and equal manner so that no favouritism is shown.

Hon. C. William Doody (Deputy Leader of the Government): What a very reasonable and generous person!

Senator Roblin: I am reasonable—after all, we have been here an hour and a half on Question Period, and that is pretty good going. I am looking forward to tomorrow. I think my colleagues might be in even better form then. We will see what they have to say at that time.

DEPARTMENT OF THE ENVIRONMENT

RESEARCH SCIENTISTS—TERMINATION OF EMPLOYMENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on November 28, 1984, by the Honourable Joseph-Philippe Guay regarding environment and research scientists. I ask that it be taken as read.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

[Senator Hastings.]

Hon. Senators: Agreed.

(*The answer follows:*)

The (10) positions terminated were positions of Research Scientists or related to research program management.

There is no evidence to date of any staff member seeking employment outside Canada.

There is room for being optimistic that all staff will find employment in other closely related activities in the Public Service of Canada.

Environment Canada is taking all necessary steps to ensure that alternative employment is offered to surplus staff.

FOREIGN AFFAIRS

NICARAGUA—ABSENCE OF CANADIAN OBSERVERS FROM ELECTION

Hon. Duff Roblin (Leader of the Government): Next, I have a delayed answer in response to a question raised on November 29, 1984, by the Honourable Henry Hicks regarding Nicaragua and the absence of Canadian observers from elections. Since it is rather lengthy, I ask that it be taken as read.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Secretary of State for External Affairs was aware, before the decision was made not to send electoral observers, that Nicaragua maintains an Embassy in Ottawa. Officials of the Department of External Affairs have discussed the electoral process in Nicaragua with Embassy officials frequently as well as with Nicaraguan visitors to Canada.

However, the best method for gathering in-depth information on the electoral process has been through discussion with Nicaraguans directly involved in the development of the electoral process. The Canadian Embassy in San José, Costa Rica, has followed the process from its inception particularly through contacts with the Supreme Electoral Council.

Various officials from the Department of External Affairs, during visits to Managua over the past six months, took the opportunity to discuss the development of the electoral process.

The Secretary of State for External Affairs did not confer with the USA Administration before or during the decision-making process. Neither was he pressured by the Government of any other country on this issue.

THE ENVIRONMENT

POLLUTION—NIAGARA RIVER AND GREAT LAKES

Hon. Duff Roblin (Leader of the Government): Honourable senators, this delayed answer is in response to a question raised

on December 5, 1984 by the Honourable Stanley Haidasz regarding review by the new government of the cancellation of the proposed toxicological centre for Guelph. This answer is also lengthy and I ask that it be taken as read.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

At this time, the Government does not intend a review of the decision to cancel the federal contribution for establishment of the Canadian Centre for Toxicology. The government's overall goal is to control the federal deficit. Cuts had to be made, because it was impossible for the federal government to continue to pay, in present circumstances, for all the activities which it would like to undertake, no matter how worthwhile.

Despite expenditure reductions, the issue of toxic chemicals remains a priority of Environment Canada, and the total government effort on toxic chemicals is not being compromised by current cuts. Activities are being rationalized to use more effectively, existing resources and expertise; the end result will be a coherent, well-focussed federal toxic chemicals program.

As recommended in the 1982 Treasury Board study of federal toxic chemicals program, an interdepartmental committee on toxic chemicals has been created to ensure a co-ordinated and effective deployment of effort in this area. The interdepartmental committee, established on April 1, 1984, under the Chairmanship of Environment Canada, has, to date, met twice, on May 30, 1984 and on October 24, 1984. That Committee is addressing the important questions of pesticides, dioxins and drinking water quality under the leadership of the federal departments of Environment, Agriculture, National Health and Welfare and Consumer and Corporate Affairs.

With regard to research in toxicology, toxicology centres already exist in Saskatoon, Montreal, and at Laval University. These and the network of toxicology expertise across Canada can be used to achieve federal government goals, while still containing expenditures.

MANITOBA

WINNIPEG—FUTURE OF ST. PAUL'S COLLEGE SITE BUILDING

Hon. Duff Roblin (Leader of the Government): I have another delayed answer in response to a question raised on December 11, 1984 by the Honourable Douglas D. Everett regarding Winnipeg and the future of the St. Paul's College site building. I ask that it be taken as read.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The future use of the Building will be determined through further consultations with the province of Manitoba and representatives of the private sector. The estimated cost of the building is $32 million dollars.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before we begin Orders of the Day, we anticipated that we would ask for leave to revert to Notices of Inquiries. May we do so now?

Hon. C. William Doody (Deputy Leader of the Government): I think not, honourable senators. Such requests with respect to matters of housekeeping are certainly permissible. This, however, is a more complicated matter and requires greater scrutiny. I think we will go through the prescribed procedures.

Senator Frith: I was not asking for anything but the prescribed procedures. Does this mean that even due Notices of Inquiries will not be permitted?

Senator Doody: They can be dealt with tomorrow.

Senator Frith: Well, that is worth noting.

Hon. Allan J. MacEachen (Leader of the Opposition): We will file that away.

Hon. Duff Roblin (Leader of the Government): Just like the closure you imposed on us. You started the game.

Senator Frith: It is a long road with no turns in it.

Hon. Ian Sinclair: Honourable senators, rather than putting it forward as a matter to which I bring the attention of the Senate, might I, at this time, put it as a question directed to the Leader of the Government in the Senate?

Hon. Jacques Flynn: No.

Senator Sinclair: I may not do that either?

Senator Roblin: No, I think we have gone past Question Period. If my honourable friend wishes to ask the question tomorrow, I will do my best to answer it for him.

Senator Sinclair: Would the government leader accept now that, should I ask for leave to draw the attention of the Senate to the matter tomorrow, leave will be granted?

Senator Flynn: Tomorrow is another day.

Senator Doody: Make your request tomorrow.

Hon. Orville H. Phillips: Seek and ye shall find.

Senator Frith: Oh! We are building up some useful quotes here.

Senator Roblin: You are the closure boys over there.

Senator MacEachen: Do you want any bills through before Christmas? We can adjourn, you know—

Senator Roblin: Do it.

Senator MacEachen: —without your consent.

Senator Roblin: Do it.

Senator MacEachen: We might very well do it, at the right time. We need some co-operation from you people.

INCOME TAX CONVENTIONS INTERPRETATION BILL

THIRD READING

Hon. Lowell Murray moved the third reading of Bill C-10, respecting the interpretation of Canada's international conventions relating to income tax and the Acts implementing such conventions.

Motion agreed to and bill read third time and passed.

[*Translation*]

ONTARIO AND MANITOBA COURTS AMENDMENT BILL

THIRD READING

Hon. Jacques Flynn moved that Bill C-3, to amend various Acts as a consequence of the reconstitution of the courts in Ontario and Manitoba, be read the third time.

Motion agreed to and bill read third time and passed.

• (1520)

[*English*]

FRESHWATER FISH MARKETING ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bielish, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-5, intituled: "An Act to amend the Freshwater Fish Marketing Act".—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat: Honourable senators, first I wish to thank Senator Bielish for her thorough explanation yesterday of the proposals contained in this bill. The bill is straightforward. It provides, in a reasonable way, for an increase in the borrowing power of the corporation, and the indications are that within a year the corporation will have reached the point where it will, in fact, need that increase.

The bill is not a new one. In fact, it is rather interesting that it was introduced in the other place in April 1983, by the then Minister of Fisheries who is now a member of the Senate. I refer to the Honourable Pierre De Bané. It is also interesting to note that we have another previous Minister of Fisheries in the Senate in the person of the Honourable Roméo LeBlanc. So we are certainly not short of experts in this particular field, and I welcome both gentlemen as my colleagues in this chamber.

The corporation itself—and Senator Bielish touched on some of its history—is of particular importance to Manitoba. The impetus for creating the corporation in the first instance was largely Manitoban, and I regret that my colleague, the Leader of the Government, is not in his seat at the moment, because he was much involved in this whole affair from the beginning. At that time he was premier of the province and I sat across from him, as I do now, but then as leader of the opposition. We had some extensive debates on the question of the fishery in Manitoba.

I recognize that by overall Canadian standards the freshwater fishery of the prairie provinces is not, by comparison, of particularly great importance. Certainly the fishery on both the east and west coasts, in terms of employment, total catch, and value, far outstrip the freshwater fishery in the prairie region. However, the freshwater fishery is extremely important in those regions where it exists, and is particularly important to much of our native population, because in many instances it is their main source of revenue. Therefore, the handling of that fishery, the way it is operated, is extremely important.

Certainly in times past there were great difficulties. Hence the McIvor commission was established, which recommended the creation of the Freshwater Fish Marketing Corporation, based largely on the same principles as the Canadian Wheat Board and operated in the same way.

I recognize that it has not been satisfactory to everyone. I know that at the time it was established there was, in my opinion, some unfairness in dealing with the operators who had previously been engaged in the business. I refer to the fish packers, and so on, who were, in effect, dispossessed at that time with no compensation. That resulted in some lengthy court battles and, as a result of court decisions, payments have been made; but, in my opinion, the matter was not handled in the way that it should have been.

There appears to be, however, a serious problem now arising regarding the future of the corporation. When I read the debate that took place on this subject in the other place, I am concerned about what we might expect. I would be interested to know the government's intentions, because we have the minister in the other place, in the course of his speech on second reading, recommending that the bill be passed. His comments concerning the Freshwater Fish Marketing Corporation were completely complimentary. However, there was only one other speaker from the government side, namely, Mr. Nickerson, the member for the Western Arctic. I regret that our rules prevent me from quoting from *Hansard,* because it makes most interesting reading. Mr. Nickerson said there were only two reasons why he was voting for the bill. The first was that he is a loyal party supporter—

Some Hon. Senators: Hear, hear.

Hon. C. William Doody (Deputy Leader of the Government): He is a gentleman.

Senator Molgat: —and if his minister introduces something, he will vote for it. That was his first reason. His second reason was, "The minister told me he would break my arm if I didn't support him".

Senator Doody: He is a gentleman on that score too.

Senator Molgat: Those may be two very valid reasons for supporting the bill, but he goes on and declares that the Freshwater Fish Marketing Corporation is a monstrosity. He then said, "Of course, during the election campaign it was a solemn promise of the Conservative Party". I know that after listening to my honourable friend, the Leader of the Government in the Senate, that the solemn promises made by the Progressive Conservative Party during the election do not mean a damn.

Some Hon. Senators: Hear, hear.

Senator Molgat: However, Mr. Nickerson stated in the House of Commons that it was a solemn promise that the Freshwater Fish Marketing Corporation would be completely changed and its monopoly powers removed, and that was going to happen. Therefore, I am somewhat concerned to see the minister saying, "Yes, pass the bill, the Freshwater Fish Marketing Corporation is doing well", and then the only other spokesman for the government saying, "Damn it, cut it out, it's terrible".

I did some further reading of *Hansard* of the other place—the issue of Thursday, November 8. I highly commend it to honourable senators. We find another member quoting another Progressive Conservative member in a previous debate, going back, I believe, possibly one or two years earlier. Incidentally, that member is now a cabinet minister.

An Hon. Senator: No!

Senator Molgat: Therefore, he is a man of influence within Progressive Conservative Party circles and presumably will have a great deal to say about what is going to happen to the Freshwater Fish Marketing Board. The member is the Honourable Thomas Siddon, who declared in another debate that the Freshwater Fish Marketing Corporation was a communistic affair. That was his declaration, and he was all in favour of doing away with it.

Therefore, I ask: What is the government's intention? The government is asking us to pass this bill now. I intend to support it because I think the corporation requires the money. However, the spokesmen in the other place are saying that the corporation will be done away with completely, that it is a Conservative promise. I think we require more answers. I suggest that our Agriculture, Fisheries and Forestry Committee undertake a study of the freshwater fish industry.

• (1530)

I repeat, this industry is an important one in the areas where it functions. It is a critical fishery for the people who are engaged in the industry, and we simply do not wish to find ourselves six months from now with a government decision that it is going to be phased out. Certainly there are problems in the fishery. I know that my colleagues, Senator Adams and Senator Watt, have expressed concerns in the past on how the board functions in the Eastern Arctic, the only region where the Arctic char is found. There are some concerns as to whether it is functioning in the best interests of the fishermen there. I know that concerns have been expressed in my province of Manitoba regarding the whole question of rough fish and whether the corporation has put enough emphasis on the whole process of the disposal of these rough fish and the seeking of new markets. So there are a number of areas which require investigation. Therefore, I recommend that we pass the bill at this point to allow the corporation the funding it requires, and that the Agriculture, Fisheries and Forestry Committee do a special study of the freshwater fish industry in the regions where the board operates.

Hon. D. G. Steuart: Either that or throw the Tory Government out, I don't know which.

Hon. Roméo LeBlanc: Honourable senators, I shall not intervene at great length in this debate, basically because I support the bill and since the Freshwater Fish Corporation is expected to buy the fish presented to it by the fishermen, if there is a market—and I know the efforts they have gone to to find markets—the ceiling for borrowing is too low. That being said, I support enthusiastically Senator Molgat's proposal, because the role of these crown corporations—and I shall repeat to some extent what I said about the Saltfish Corporation—is not entirely understood, particularly by people who write articles from downtown Toronto, be it in the *Globe and Mail* or the Toronto *Star*, or from downtown Montreal.

When I consider the isolated communities this crown corporation serves, and one only need look at the map of Canada from Prince Rupert in the west to Labrador in the east—this entire area above the fiftieth parallel is really a fishery spread over isolated communities—I am afraid that it is not the fishery which is referred to in some of the pious statements made by the editorial board of the *Globe and Mail*. In fact, the creation of this corporation with the concurrence of four provinces and the territories, with governments of different political stripe, indicates to what extent it is trying to respond to a need. The problem lies with the current legislation of the federal government and the provincial governments, because they did not adopt their own child. Some provinces have afforded themselves—indeed, this is reflected in the comments of Senator Molgat—an ambivalent attitude where they are for the corporation but they are also for those who do not really need it because they happen to live close to heavily populated centres. I suspect that the malaise that is reflected in the Winnipeg area reflects the very essence of this problem. One need only look at the record of this crown corporation to resist the temptation to get involved in a holy crusade against crown corporations as representing inevitable sin. The reality is that those who are benefiting from this corporation do not have a voice to defend them and, perhaps, it is for that reason that I felt a need to intervene. There is also the fact that in this case the provincial governments tend to see the Freshwater Fish Corporation as a social agency which was supposed to deal with certain problems, particularly those of the northern prairie areas, and other problems which had nothing to do with fish but with the absence of other sources of income. Considering the difficulties of transportation these fishermen face, the difficulties of marketing and the extraordinary problems of a limited resource—and it is a limited resource in the northern prairies—I think the record of this corporation is one in which

all governments, provincial and federal, can justifiably take pride.

I was looking at the percentages of return on the fish dollar to the fishermen and I was quite surprised, as, I am sure, will be my friends from Newfoundland, that, in fact, the two crown corporations have been returning a larger percentage of the dollar they collect from the marketplace to the fishermen than most private commercial enterprises have succeeded in doing. Sometimes we speak of these institutions in abstract terms. I would like to single out a number of people who took the corporation in a time of crisis and restored it to a position of confidence. In particular I am thinking of Fernand Doucet and Peter Moss, a businessman from Winnipeg who took time from his own business to work for the fishermen of the area. By having fishermen participate on the board, these gentlemen established a precedent that even automobile companies are imitating today. I hope that we will have an occasion to discuss the issue of fish marketing. As long as Canadian fishermen are dependent on the present structure and as long as there are these vague theological arguments about re-organizing the marketplace in terms of the return to Canadian fishermen, I think we will see a disorganized fishery which, unhappily, has already lasted too long. I hope we have a chance to go into these issues again.

Hon. D. G. Steuart: Honourable senators, the last thing I thought I would do today would be to embroil myself in this debate. I was a member of the Government of Saskatchewan when we signed the agreement to join the Freshwater Fish Marketing Board. We were coerced into it and, for the most part, it has been a disaster for the fishermen of Northern Saskatchewan. The board has operated like most government operated marketing boards in that the law of supply and demand is ignored. Most of the fishermen are Indians and they have been baffled ever since this system was established. I shall support this bill but I hope that we do as Senator Molgat suggested and refer the matter to the Agriculture, Fisheries and Forestry Committee for study. Certainly, the board has not been an unqualified success and I am not even sure whether it has been to any extent a success. Perhaps the committee should be allowed to determine whether the board should be reorganized or whether the industry should revert to the way it was, with the free market system and the laws of supply and demand, which had an influence on whether or not the fishermen would fish. They then changed the whole thing and we wanted to pull out of it. In fact, three or four times the Government of Saskatchewan has wanted to pull out of it; however, they have not done so to date. I would like the whole matter studied to see whether or not it has been a success or a dismal failure. A great many fishermen seem to think it has been the latter. Therefore, I would like to see the matter studied further.

● (1540)

Hon. Willie Adams: Honourable senators, I would like to make a comment or two with respect to this subject since Senator Molgat mentioned me in his speech. We do not have that many different kinds of fish in the Northwest Territories. We do have the Arctic char with which everyone is familiar.

Approximately five or six years ago I was a member of the Freshwater Fish Marketing Corporation. That was before I was appointed to the Senate. At that time I was especially concerned about the export of Arctic char from the Territories down to the market in the south. The market consisted largely of large supermarkets, mainly Safeway, and some restaurants. It seemed that some people were concerned that there was a monopoly with respect to the Arctic char in terms of its being shipped from the north to the south. The Freshwater Fish Marketing Corporation seemed to have control over the fishermen in the community, especially those in some of the co-operatives. I would like to see this bill referred to a committee of the Senate so that the committee might consider this issue. Perhaps the committee could discuss the problems with respect to the Freshwater Fish Marketing Corporation, especially in reference to Arctic char. People concerned with the transportation of the fish to the southern market could perhaps make their points of view known. Transportation is a costly venture when shipping from the north. At this point in time, the market is controlled via Winnipeg. Anyone who wishes to buy the product can buy from Montreal, Ottawa or Toronto, yet everything is controlled by Winnipeg.

Some Hon. Senators: Hear, hear.

Hon. Jack Marshall: Honourable senators, I would like to say a few words on this subject as well. So far, everyone who has spoken on second reading of Bill C-5 has suggested that it be referred to the Standing Senate Committee on Agriculture, Fisheries and Forestry.

Senator Molgat indicated that the senator from the western Arctic made some statements with respect to the subject which are out of the ordinary. I can only say this shows the freedom in the Progressive Conservative Party with respect to anybody saying what they think they should say, since they come from different parts of the country. This is the second debate we have had in the past week which has dealt with the fisheries. Even as far back as seven years ago I felt more attention should be paid to the fishery on a national basis. In that respect we now have the Standing Senate Committee on Agriculture, Fisheries and Forestry.

I am always able to agree with Senator LeBlanc. In fact, I used to agree with him when I was in the opposition in the other place.

The problem with respect to marketing has always been a serious one. Indeed, I intend to introduce a motion tomorrow dealing with this subject. In fact, I have it here before me. I wanted to check it with the deputy leader before introducing it to see if it covered everything. I have also discussed it with Senator LeBlanc and Senator De Bané in order to see how they feel about it. I wanted to make sure it covers the problems we feel exist in the fishery. If I were given leave to revert to motions I could probably introduce it now. However, I will read it and introduce it tomorrow as planned.

Hon. Royce Frith (Deputy Leader of the Opposition): We could give leave to revert. We do not do it that way; that is not the way we play the game.

Hon. C. William Doody (Deputy Leader of the Government): This is the magnanimity we have been hoping to see since we came in here.

Senator Marshall: If I may introduce it now, I will do so.

Honourable senators, I give notice that on Tuesday, January 22, 1985, I will move:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and report upon all aspects of the marketing of fish in Canada and all implications thereof;
>
> That the Committee have power to travel from place to place in Canada; and
>
> That the Committee be empowered to engage the services of such counsel, technical and clerical and other personnel as may be required for the purpose of the said examination.

Hon. Ian Sinclair: Honourable senators, could I be permitted now to introduce a motion since we have reverted—

Senator Doody: Perhaps we could wait until we have finished the debate on second reading.

Senator Marshall: Honourable senators, we have listened to the opposition, and as chairman of the committee I am authorized to introduce the motion which I have. I am sure—

The Hon. the Speaker *pro tempore:* Order, please. We will have to finish second reading of the bill before us. Once that is done, if you wish to introduce your motion you will have to ask for permission to do so.

Senator Marshall: Honourable senators, I will allow the sponsor of the bill to sum up.

Hon. Pierre De Bané: Honourable senators, one of the first acts of the Clark government in 1979 was to put an end to the Freshwater Fish Marketing Corporation. They started the process by consulting the different players involved. They told them of their intention to put an end to the organization. It took a long time for the Clark government to realize there was near unanimity on the part of the three players concerned to maintain the organization. I am referring to the provincial governments, the processing sector and the fishermen. The reason is very simple to understand. The distance between the different lakes in the western provinces is great. The same is true with respect to the Territories. These lakes are far from markets which are, essentially, the United States and, more particularly, New York. Having one organization for the processing and marketing of these fish seems to those who established the corporation as being the most cost effective way of harvesting and selling the product. One does not have to be an expert to realize that any other setup would increase the costs to all concerned. This is the reason why the Conservative government headed by Mr. Clark in 1979 reversed its position and did not put an end to the corporation.

Study after study has shown that except for very few companies in Canada most of the hundreds of processing companies are too small to have an orderly and systematic marketing approach. They do not harvest for market. If we speak about the Freshwater Fish Market Corporation we realize that the fishermen of Ontario have not joined the organization. We will also realize that the organization is not a price-maker on the New York market but, rather, a price-taker. Only when the fishermen who deal with freshwater fish join together will they realize that they have some clout in the market.

• (1550)

There is nobody today in Canada who disputes the decision taken by the Bennett government in the 1930s when they established the Canadian Wheat Board.

Hon. D. G. Steuart: I know a few.

Senator De Bané: I also know a few, Senator Steuart, but you who are from Saskatchewan are a lot more knowledgeable than I am. Surely you would agree with me that over 90 per cent of our wheat farmers in the west today do not dispute the usefulness of the Wheat Board.

Senator Steuart: I wouldn't put it quite that high.

Senator De Bané: The individual farmer does not have the knowledge of the market that the Canadian Wheat Board has. Secondly, it would be difficult to achieve on an individual basis the orderly marketing that the Wheat Board can achieve. The Wheat Board today sells to approximately 95 countries around the world. The Canadian Wheat Board has a name, has a grade system and when the Wheat Board says to any one of those 95 countries, "We are selling such and such a wheat at such and such a price," it is taken seriously. This is the reason why very few wheat farmers among the thousands operating today would dispute the wheat board system. A system, might I add, that belongs to and is financed 100 per cent by the wheat farmers themselves.

It is a pity that such a system has not been established for fresh water fishermen. The Ontario fishermen have not joined and, very often, their selling tactics have had a depressing effect on the prices in New York, to the detriment of the fisherman who participates, along with the three levels of government, in the Freshwater Fish Corporation. Let us remind ourselves of whom we are talking here. Most of the fishermen are Indians and are amongst the poorest Canadians. If they did not have that organization to help them reduce their costs by concentrating the processing in a few plants and by doing the marketing. backed by the guarantee of the Government of Canada, I am absolutely confident that they would not have achieved the results that they have achieved. It was, therefore, not surprising to me that my predecessor as Minister of Fisheries and Oceans, the Honourable James McGrath, after having done some in-depth polling of the participants, came to the same conclusion. I am also very happy that Senator Marshall has suggested that a selected group of senators focus on the issue of marketing of fish in Canada.

Very little of the fish harvested in Canada is consumed in Canada. Most of it is sold abroad and our major competitors do have very powerful marketing organizations. In my opinion, it is time that the hundreds of small producers in Canada, if they so wish, have the same instruments at their disposal as Canadians in other renewable resource areas, namely the milk producers, the egg producers, the wheat farmers et cetera. Thank you very much, Mr. Speaker.

Hon. Martha P. Bielish: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Bielish speaks now, her speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Bielish: Honourable senators, as sponsor of this bill, I would like to thank all of the senators who contributed to the debate, and particularly the two former ministers of fisheries who furnished a great deal of information with respect to the subject under debate.

I am also pleased to be part of the Standing Senate Committee on Agriculture, Fisheries and Forestry. I think that this bill has generated sufficient interest for this committee to undertake a very worthwhile study.

Motion agreed to and bill read second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

ECONOMIC AND SOCIAL POLICIES

GOVERNMENT STATEMENTS—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Ian Sinclair: Honourable senators, I give notice that on Thursday next, December 20, I shall call the attention of the Senate to the growing concern, even in some cases fear, arising from the contradictory government statements on economic and social policy.

AGRICULTURE, FISHERIES AND FORESTRY

NOTICE OF MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO STUDY FISH MARKETING IN CANADA

Leave having been given to revert to Notices of Motions:

Hon. Jack Marshall: Honourable senators, I give notice that on Tuesday, January 22, 1985, I will move:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and report upon all aspects of the marketing of fish in Canada, and all implications thereof;
>
> That the Committee have power to travel from place to place in Canada; and
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Lowell Murray, Chairman, Standing Senate Committee on Banking, Trade and Commerce, with leave of the Senate and notwithstanding rule 45(1)(a) moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, I wonder if I might impose upon the prevailing good humour in the chamber to make a plea on behalf of the Standing Senate Committee on Banking, Trade and Commerce for permission to sit while the Senate is sitting today. I might say, by way of explanation, that the committee had been scheduled to sit today when the Senate rises. It appears that there is still a fair amount of business on the order paper of the Senate, and the committee would be obliged to commence its meeting rather late this afternoon as a consequence.

We have several witnesses waiting to be heard by the committee, and at least one or two honourable senators have indicated that they have travel arrangements for late this afternoon or early evening which would prevent them attending a meeting of the committee if that meeting were delayed much longer.

I would therefore ask that the Standing Senate Committee on Banking, Trade and Commerce be given permission to sit today while the Senate is sitting.

Motion agreed to.

● (1600)

FOREIGN EXTRATERRITORIAL MEASURES BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Murray, for the second reading of the Bill C-14, intituled: "An Act to authorize the making of orders relating to the production of records and the giving of information for the purposes of proceedings in foreign tribunals, relating to measures of foreign states or foreign tribunals affecting international trade or commerce and in respect of the recognition and enforcement in Canada of certain foreign judgments obtained in antitrust proceedings".—(*Honourable Senator MacEachen, P.C.*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I certainly do not intend to oppose this bill. The bill has been under consideration for a long period of time. It was prepared by the former government and intro-

duced in the House of Commons and is intended to deal with one aspect of the broad question of extraterritoriality. It is that concept upon which I should like to make some comments this afternoon.

I believe that the introduction of Bill C-14 by the current government introduces a note of realism into the management of our affairs with the United States. It is clear that the government acknowledges, even indirectly through this bill, that it requires more than expressions of friendship and statements of amiability—it requires more than those—to protect Canadian interests when the United States moves, as it does, to exercise jurisdiction over Canadian corporations and Canadian individuals. So, that note of realism is welcome, and is embodied in this legislation and will help Canadian citizens and corporations to run their own economic affairs.

The origin of this problem, of course, is not in Canada; it originates principally in the United States with attempts to apply its laws and policies to Canadian citizens and Canadian corporations, sometimes in order to displace Canadian law, sometimes to oppose Canadian law, and sometimes to regulate conduct where there is no existing Canadian law.

Senator Nurgitz, who introduced the bill, said the term "extraterritoriality" was not necessarily a pejorative term. I believe that in international law it is not a pejorative term, though United States authorities, in their discussions with Canadian officials and ministers, often prefer to use the expression "conflicting jurisdiction", or "conflicting requirements."

I should say that during a number of discussions I held with Mr. Shultz the question of extraterritoriality was a principal subject of discussion, and various efforts were made to manage the abuse of "extraterritoriality" through bi-lateral arrangements, such as those referred to by the honourable senator in antitrust matters, and in criminal law enforcement. These are quite useful devices in areas where there is agreement between the two governments with respect to policy objectives. It is obviously necessary to continue in these and other fields, co-operative efforts with the United States to secure the resolution of difficulties.

It is interesting to cite a number of cases illustrating how the jurisdiction of the United States does reach into Canada. Senator Nurgitz referred to the Bank of Nova Scotia case, which is a classic case in its own right; he also referred to the Siberian pipeline situation, which I should like to comment more upon later. Those are two cases which hit directly on the subject of extraterritoriality.

A year or so ago I was made aware of a Canadian firm located in Winnipeg which was visited by a United States customs official who told that firm that it was in violation of United States export and licensing requirements. There was no disposition on the part of the United States official to go through Canadian channels—at least not through diplomatic channels; he felt that it was strictly a relationship between the United States government and the Canadian firm. Subsequent to the visit, the Canadian firm was subpoenaed through its United States office to provide its records over a five-year period. It was extraordinary that that could occur.

In another case which was reported—not a related case—in the *Globe and Mail* a Canadian company instructed its purchasers that, with respect to possible re-export of purchases, the company resident in Canada and operating in Canada, and purchasers of its products would be subject to United States re-export controls. These are not cases in the mist of time; they are contemporary cases. It is no wonder that Canadians became highly incensed and indignant at the thought that American officials should feel a right to direct the affairs of Canadian citizens and Canadian corporations, even if in some cases the Canadian firms were subsidiaries of parent companies located in the United States. No wonder that action was taken and no wonder that the bill was passed quickly in the House of Commons. I think this serves as an occasion for both houses to remind our friends and neighbours in the United States that this is a serious question for Canadians, and that it requires not only legal responses, such as is being provided for through this bill, but also political responses, because the United States does use its doctrine of extraterritoriality to enforce, for example, its foreign policy.

The Siberian pipeline case is a clear example of that. Following the invocation of martial law in Poland, the President of the United States imposed sanctions by regulation under the Export Administration Act. In the first case, those sanctions required U.S. firms to obtain government licences for sales to the Soviet Union of equipment or technology for the transmission or refining of oil and natural gas. As I said, that was the first stage, and that took place in December, 1981.

In June, 1982, the regulations were amended to prohibit foreign subsidiaries of U.S. firms from selling the same equipment and technology, and to prohibit overseas firms from selling to the Soviet Union those products made under U.S. licence.

That was a very far-reaching step taken by the United States. No wonder that political leaders in Europe were shaken, possibly for the first time, at the prospect of the United States having the capacity to exercise such influence on firms located in their countries with a view of implementing the foreign policy of the United States.

• (1610)

As we know, at that time east-west economic relations were a matter of deep concern to the President of the United States and, undoubtedly, the purpose of these regulations and sanctions was to disadvantage the Soviet Union. Of course, there was an outcry in Europe. It caused great sourness within the North Atlantic Treaty Organization, and it was at a meeting in Canada of NATO foreign ministers that Mr. Shultz took the first steps to broaden the discussion of east-west economic relations and to elicit from his colleagues an agreement that there would not be trade in strategic goods with the Soviet Union, and that each country would be very careful that trade which would be to the strategic advantage of the Soviet Union, would not take place.

It was as a result of that particular astute and skillful effort on the part of the United States Foreign Secretary that, subsequently, the President of the United States revoked the regulations as they applied to Europe and to Canada and restored a degree of harmony on the question of east-west economic relations among the North Atlantic Treaty Organization allies.

Honourable senators, this is a rather significant issue for all of us. It has been an issue for Canada for a long time. It is now more of an issue for Europeans and, certainly, it was the Siberian pipeline case which brought the matter home forcibly to the United Kingdom. That led to a number of efforts to resolve the question of extraterritoriality to which I shall refer later.

In his statement, the sponsoring senator made an interesting comment when he said, "The United States, while wishing to minimize conflicts with Canada and other countries, reserves the right to continue the extraterritorial enforcement of its laws and policies as it deems necessary." That is the policy of the United States, and no one can be satisfied with that policy.

Hon. Royce Frith (Deputy Leader of the Opposition): Except the Americans.

Senator MacEachen: Of course, except the United States. Certainly, Canada cannot be satisfied with that attitude of the United States. This bill does not remove that attitude; it does not close off the numerous ways in which the United States, through its economic power and political influence, can exercise its will in other countries. Senator Nurgitz is right: The United States reserves the right to continue the extraterritorial enforcement of its laws and policies as it deems necessary. That means that Canada, as do other countries, has to be on the alert; to conduct a continuing dialogue with the United States; and to impress upon them the political consequences of a continued policy of extraterritorial reach.

Honourable senators, the United States has not in any way withdrawn from this policy; in fact, it seems to believe that extraterritoriality is inherent in international relations; and that where, among friendly countries, there are conflicts, they ought to be solved by notification, consultation and, indeed, by the adoption of common policies. Of course, when the words "common policies" are used with respect to relations between Canada and the United States, it would probably mean the adoption by Canada of United States policies which, for us, at this time, maybe contrary to our national interest; our sovereignty; our pride in our own country; and to our ability as a country to run our own show.

Honourable senators, since I am not a lawyer, I hesitate, in the presence of so many distinguished lawyers in this chamber, to raise legal questions, but I want to engage the attention of those lawyers who might be able to pursue this question further. The United States has used legal tools, such as the Export Administration Act, and its administration, to attain its political and economic objectives. It has not faced up to the question that, in the view of many—including Canada—the exercise of extraterritorial jurisdiction is contrary to international law. That is the view of the Minister of Justice. I do not say, as the senator said so carefully, it is contrary to international law in all cases. For example, Canada, I understand, would reserve the right to collect taxes from a Canadian national in another country, which is an expression of extraterritorial jurisdiction. However, in the advice I consistently received as a minister, international law itself constituted a challenge to the exercise of extraterritorial jurisdiction by the United States.

I understand that, because of these difficulties, the United States has sought to avoid discussion of the legal principles involved. Indeed, I am told that the United States Supreme Court has refused to entertain cases where the principle of extraterritoriality is to be examined.

Honourable senators, what do we do in the face of that? We continue to do what we are doing in this bill; we continue to have political discussions with the United States; and we continue to raise the legal concepts involved in this particular matter.

Honourable senators, in the Committee of Investment and Multinational Enterprise of the OECD, an effort was underway to undertake a study of the underlying legal concepts in the question of extraterritoriality by the ministers of the OECD. I believe that is a good idea, because it obligates the United States and other countries with extraterritorial reach to examine, with other countries, in a multilateral forum, the concepts involved.

When I began to review this matter, I was tempted to ask my colleagues to agree to a motion to have this bill referred to committee so that we could ask some of these questions. I do not insist on that. I believe that Senator Nurgitz will be prepared to provide me with information on a number of points that I should like to raise. The first is: What is the situation now at the OECD? Are we pressing, as a country, to have the underlying concepts examined, and, indeed, possibly to have some guidelines established through the OECD and through the vehicle of the Committee on Investment and Multinational Enterprises?

● (1620)

I am told, as I said earlier, that the United States government is not enthusiastic about addressing the legal aspects of extraterritoriality. I understand that an institution which is quite powerful in this field is the American Law Institute and that it has produced, and does produce, from time to time what is called a Restatement of U.S. Foreign Relations Law. I understand that it is about the single most authoritative institution in the United States where those ideas can be pushed. I am told that in the Cayman and Bahamian case, affecting the Bank of Nova Scotia, the lawyers of the government relied upon the work of the American Law Institute and its restatement of U.S. foreign relations law in building up the case. At one time it was suggested that the Canadian government, through the Department of External Affairs, make a submission on this question to the American Law Institute. I do not know what has happened to that, whether it has been carried forward, or whether it might be regarded as an intrusion into a

discussion of American law. I want to know whether that has been followed up and what we say about it.

Finally, honourable senators, there is the question of the Export Administration Act. I believe that Senator Nurgitz placed proper emphasis on exports and export controls. We all know of the debate that was held in the United States Congress and Senate to have a renewal of the Export Administration Act. As I understand it, they have not yet renewed the act because of the recent U.S. presidential election, and because of disagreements between the two legislative branches. But we do know that the proposals for renewal that were before the United States legislative authorities earlier in the year, were a matter of great concern to the Canadian government. At that time I made a short statement, which I propose to read, because it synopsizes the reasons for the concern. The statement said:

> Proposals for the renewal of the current Export Administration Act would reassert U.S. authority to control the export activities of foreign subsidiaries, of U.S. multinational enterprises and nationals residing abroad, as persons subject to U.S. jurisdiction.
>
> These proposals also assert the authority to control the export or re-export of U.S. origin goods and technology, even if in the possession of foreign licencees or others who are not subject to U.S. jurisdiction.
>
> In addition, the Senate bill contains a provision to enforce national security controls in an extraterritorial manner through import controls.

I believe we must keep our eye on that. I should like to know whether we are still watching this through the government and whether I am correct in saying that it has not yet been passed. Certainly the issue will be raised, because, as Senator Nurgitz has said, the United States reserves the right to continue the extraterritorial enforcement of its laws and policies as it deems necessary. That was certainly reflected earlier this year in the provisions of the Export Administration Act.

My purpose in speaking to this bill is to support it, because it will provide us with additional tools to protect our own economic interest, to protect our sovereignty, to accept our responsibilities as a sovereign nation. But I wished also to raise the general question of extraterritoriality within the context of Canada-U.S. relations. As I lay these facts on the table, it is not my intention in any way to sour the discussions between Canada and the United States. Quite the contrary. I have said these things directly to American authorities on behalf of Canada, and we have to continue to say to them both as friends and partners, that we have real concerns about the reach which they aspire to have on the activities and conduct in our country. We can do a lot through bilateral discussions, through persuasion and through convincing our American friends that this is something that we dislike very much and that we want to have resolved over time, so that this important irritant—and it has been an important irritant; it has cropped up again and again—this important cause of difficulty between our two countries can be permanently removed through the exercise of the statesmanship which we now expect from the new government.

Some Hon. Senators: Hear, hear.

Hon. C. William Doody (Deputy Leader of the Government): You won't be disappointed.

Hon. Nathan Nurgitz: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that if Senator Nurgitz speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Nurgitz: Honourable senators, I was going to say that I had two compelling reasons for closing the debate, neither of which had to do with my strong party affiliation or my arms. One reason is to provide answers to questions raised yesterday by honourable senators. In addition, Senator MacEachen today raised additional questions concerning the OECD, the American Law Institute—as to whether the Canadian government has made any submissions to the institute on the question of extraterritoriality—the current status in the United States of the Export Administration Act, and Canadian monitoring of the situation. I shall be unable to be present in the chamber tomorrow, but I will undertake to have answers provided for the Leader of the Opposition to the questions he has raised. They appear to be valid questions.

In reply to the question raised yesterday by Senator Neiman as to whether a Canadian citizen resident in the United States may be subject to a section 3 order, the assumption appears to be that the person has documents under his or her control, the production of which to a U.S. court has been prohibited by the Attorney General of Canada. That means that our Attorney General has triggered the blocking mechanism.

The two situations that may be envisaged by the question are, first, that of a Canadian citizen living, say, in Washington who may have control over documents located in Canada. That is easy to foresee. An order of the Attorney General addressed to the Canadian citizen prohibiting production of the documents to a U.S. court will generally be a good defence under U.S. law against a subpoena issued in the United States. I regret that I am dealing with this question first because the answer to Senator Frith's question may have been of some help. The information provided me is that it is deemed by U.S. courts to be the "foreign government compulsion" defence. I will refer to that again later in answer to Senator Frith's question.

The second situation would arise if a Canadian citizen living in Washington had control over documents located in the United States. Could a section 3 order affect documents located in the United States? I believe that was the question raised by Senator Neiman.

I will respond by saying that subsection 3(l) of Bill C-l4 requires as a triggering event the determination by the Attorney General that Canadian sovereignty has been infringed or is likely to be infringed by orders of a foreign court requiring the production of that evidence. This means that subclause 3(1) would be invoked in cases in which the foreign court exercises

unacceptable extraterritorial jurisdiction. This will normally be the case when a U.S. court orders the production of documents located in Canada through a subpoena with extraterritorial scope, for example, a subpoena served on a U.S. branch of a Canadian bank for documents held in Canada, say, in the head office in Toronto. It would not ordinarily be considered an unacceptable exercise of jurisdiction for a U.S. court to order a U.S. resident to produce documents located in the U.S.A., and it is difficult to imagine many circumstances where the Attorney General would issue an order affecting a U.S. citizen.

• (1630)

However, by its terms, paragraph 3(1)(a) might potentially affect documents located outside Canada under the control of Canadian citizens or residents. It must be remembered that the object of paragaph 3(1)(a) is the prevention of the production of documents affected by a clause 3 order to a foreign court. We then get into the question of documents of which the originals are here in Canada with copies in the United States.

In any event, personal jurisdiction over the Canadian citizen or resident would have to be established, that is, the person would have to be in Canada before a prosecution could be commenced. These are the penalty provisions for failing to obey the order of the Attorney General. For any prosecution under Bill C-14 the consent of the Attorney General would be required pursuant to subclause 7(3). As indicated above, the circumstances would be rare where the Attorney General would consider it necessary to use such a broad power.

Honourable senators, I would like to deal with a question raised by the Deputy Leader of the Opposition in which he asked whether orders pursuant to Bill C-14 would be characterized as statements of policy, particularly since the Attorney General of Canada would exercise discretionary powers in triggering a blocking order. It was suggested that such characterization might have consequences in U.S. law, in that the order of the Attorney General might not provide a good defence in a U.S. court for non-compliance with that court's order.

I have in my hand the decision of the U.S. Court of Appeals for the second circuit in the case of *United States vs. First National City Bank*. It is a rather lengthy decision and I know that Senator Frith will enjoy reading it. The case does not deal with a Canadian matter but rather with a subpoena issued to the First National City Bank for the production of documents in connection with an antitrust investigation against one of its German customers. The subpoena issued in the U.S.A. related to documents located both in the U.S.A. and in Germany. As far as the documents located in Germany were concerned, the First National City Bank pleaded as a defence for non-production its potential civil liability to its customers under principles of German banking law. The court did not accept this as a good enough defence. This is a 1968 decision and was before the time the Federal Republic of Germany had blocking legislation in place. The court engaged in a balancing of the interests of the U.S.A. and the Federal Republic of Germany and said the interests of the United States was greater. Notwithstanding that, the principle of the triggering mechanism is a discretionary one and still holds true.

At this point I would like to quote the principle as stated in the American Law Institute's publication entitled "Restatement of the Law, Foreign Relations Law of the United States" which reads as follows:

> The defence of foreign government compulsion is in general available only when the other state's requirements are embodied in binding laws or regulations subject to penal or other severe sanction: it is not available when the second state's orders are given in the form of guidance, informal communications, or the like.

Senator Frith: This bill does contain sanctions?

Senator Nurgitz: Yes, that is right. The bill contains sanctions and provisions for severe penalties. In answer to my honourable friend, this is the type of legislation which would provide for effective refusal.

Senator Frith: The Attorney General's order is discretionary but once he makes it the sanctions are there.

Senator Nurgitz: That is right, the sanctions apply.

Hon. Jacques Flynn: Would the sponsor of the bill agree that Bill C-14 will now provide the power to exercise extraterritoriality?

Senator Nurgitz: I think that necessarily follows.

Motion agreed to and bill read second time.

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

Senator Frith: Honourable senators, before we deal with third reading, I take it Senator Nurgitz will try to obtain answers from officials to some of the questions posed. I wish to make it clear that we on this side of the house do not intend to block third reading of Bill C-14. Will someone try to supply the answers during the debate on third reading?

Senator Nurgitz: Yes.

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, for the second reading of the Bill C-8, intituled: "An Act to amend the Petroleum and Gas Revenue Tax Act".—(*Honourable Senator Olson, P.C.*).

Hon. H. A. Olson: Honourable senators, I have read very carefully what Senator Phillips had to say with respect to Bill C-8. It is a bill the provisions of which have been introduced before with one difference. In fact, the provisions of Bill C-8 have been applicable in many cases for some months, and in some cases for many years. Thus, it is appropriate that we pass

the bill. I think I speak for all members of my party when I say that we intend to support the bill for immediate passage, if that is the proper terminology.

However, there are one or two disturbing aspects to Bill C-8.

Hon. C. William Doody (Deputy Leader of the Government): You have thrown a long, slow curve.

Senator Olson: I can tell that Senator Doody already has a guilty conscience with respect to what they may be. I am referring to the fact that, generally, the oil industry feels betrayed by the Conservative government because of the way it is handling the petroleum and gas revenue tax, particularly now that the government has had an opportunity to deal with it, in comparison to what was promised during the election campaign.

The other disturbing factor with respect to this bill is that during the past few days when any questions have been raised and explanations sought from the Leader of the Government in the Senate with respect to this measure, his answer has consistently been, "What did you promise?" as if that were an answer to the question. We have to conclude that the Leader of the Government and his colleagues for whom he speaks are saying that what they promised during the election campaign is merely irrelevant. They seem to be saying that it does not matter now that they are in office.

• (1640)

The present Minister of Justice indicated a number of times that there were many things they were not going to reveal during the election campaign, but which they would reveal only after they were in office.

I see a former Minister of Justice shaking his head indicating that he agrees with those kinds of tactics.

Hon. Jacques Flynn: I was just remembering what the Right Honourable John Turner said about cuts in the budget.

Senator Olson: Even yesterday, when the Leader of the Government in the Senate was replying to a question posed by Senator Hastings, he had this to say:

> The exact position of the PGRT is at present a matter that is under consideration by the administration.

Honourable senators, he went on to state:

> I imagine they are also consulting with others. Therefore, I am not able to make an announcement about the matter at the present time.

Honourable senators, we do not expect the government to make an announcement at this time; it made an announcement after it held its meeting in Prince Albert, Saskatchewn, as to what it was going to do with the PGRT as soon as it took office.

I know that the new government did not take over until September 17. We expected that the new government would take a few weeks to prepare legislation before it was brought before Parliament; that is normal. But a great deal of time has now passed, and the government has brought a bill before Parliament that does not contain any of the promises made in relation to that particular tax. Therefore, when we talk about betrayal, there is a great deal of validity in our assertions. Apparently this government does not think that it has to honour what it said prior to September 4. The Leader of the Government in the Senate verifies that day after day.

I hope that the government will restrain itself from taking that attitude, because there is another day coming. The people of Canada, and I think the people in the oil industry in particular—and I happen to be acquainted with some of them—believed that the Progressive Conservative Party was going to amend the NEP, and do various other things that would be of great advantage to them and would expand that industry to meet Canada's needs, and indeed, increase employment. Promises like that were the thrust of what the Progressive Conservative Party had to say in Alberta.

Senator Phillips really ought to explain—and I hope he has as good an explanation as he had about what is contained in the bill—why all of those undertakings are missing from this bill, since they have had the opportunity to bring them forward.

One of the standard replies is: "Wait until we have had consultations." That is what the Leader of the Government in the Senate says every five minutes during Question Period. So, I suppose the government will undertake consultations between now and the time of the next budget, but it is clear to me that the government was not confused and did not require further consultations when it made its announcement following the great western meeting held in Prince Albert. I believe the Leader of the Government in the Senate was there, as were several provincial premiers who have a keen interest in this matter.

Honourable senators, as I said, I am not going to hold up this bill because it is essentially the same as a bill that was introduced in the previous Parliament, but I think that this will be the last time Canadians, and particularly those engaged in the oil and gas industry, will tolerate this kind of betrayal—that is the word I choose to use, but one can use any term one wishes—in departing from the promises which were made prior to September 4.

Some Hon. Senators: Hear, hear.

Hon. Orville H. Phillips: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Phillips speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Phillips: Honourable senators, I thank Senator Olson for his remarks. I found it rather strange that in the short space of time since the election he went from one who was a critic of the oil companies to one acting as their spokesman.

Hon. Royce Frith (Deputy Leader of the Opposition): When was he critical?

Senator Phillips: I would not be surprised—

Senator Frith: You must have meant the other Senator Olson.

Senator Phillips: —if in the New Year we find him acting as the spokesman for the CPR.

Senator Frith: You must have meant Senator Molson.

Senator Doody: Senator Molson is not here to protect himself.

Senator Frith: No, it could not have been Senator Molson.

Senator Phillips: The Honourable Senator Olson is greatly concerned about why the bill is being proceeded with at this time. The reason for introducing this bill goes back to the budget of 1983, and I am sure he does not want to be reminded of that budget, because there are many things in that budget he would like to forget.

The bill also legalizes certain changes that the previous government made, changes that were necessary because of the economic conditions at that time. Let's face it, I am sure the honourable senator really was not concerned about the oil companies at that time, but was concerned about the economy. I wish he had been more successful in that, but I will give him credit for trying.

He also expressed concern about the National Energy Policy. Well, the world will not end with this bill. There is a new year coming and a new energy policy coming. I am sure he will be delighted with both.

Motion agreed to and bill read second time.

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

On motion of Senator Phillips, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

PROHIBITED DEGREES OF MARRIAGE BILL

SECOND READING

Hon. Jacques Flynn moved that Bill S-2, to consolidate and amend the laws prohibiting marriage between related persons, be read the second time.

He said: Honourable senators, I shall be brief.

The purpose of this bill is to enable the Committee on Legal and Constitutional Affairs to continue its study on marriage impediments. Honourable senators will recall that during the last session, with the concurrence of the House of Commons, we passed seven or eight private bills exempting individuals from the public general law relating to marriage impediments: a nephew who wanted to marry his aunt, an aunt who wanted to marry her nephew, and so forth. Every time, we approved the bills without really making any distinction between each case. I am referring especially to cases involving consanguinity.

At the time the bills were being considered, the question arose whether this practice should cease and whether we should not adopt a general law to cover all cases eligible for exemption. Last year, Senator Stanbury proposed a bill similar to the one I am presenting today, so that the committee was able to undertake a very interesting study, which it was unable to complete, on present-day impediments to marriage, and to consider whether recommendations in the form of a text for a general law could be made to the Senate and the government.

The chairman of the committee, Senator Neiman, did excellent work in this respect. The committee is prepared to continue this work, not necessarily in order to have the bill adopted in the Senate but to consider the principle of the bill and any amendments it might wish to recommend. It would be the answer to the problems we had during the last session in the specific cases we were asked to deal with.

I do not think it would serve any purpose to go into the details of the bill, because, once again, we are interested in considering the subject matter, not necessarily the principle, of this legislation.

Hon. Royce Frith (Deputy Leader of the Opposition): I agree.

Senator Flynn: Actually, the bill suggests restricting impediments by reason of consanguinity in the direct or collateral line to the case of sister and brother or half-sister and half-brother. That is the minimum rule we find in most religions. We would have to see how this would be accepted by society and by religions concerned by the issue.

I think that is all I can usefully say at this time. If the Senate approves the second reading stage of this bill, for the reasons I mentioned earlier, the committee would then be able to prepare for continuing its work when we come back in January.

• (1650)

[*English*]

Hon. Joan Neiman: Honourable senators, I would impose on your patience for just a few moments in the hope that this bill might receive second reading today and be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

As Senator Flynn has said, that committee studied the predecessor to this bill, Bill S-13, for several months in the last session of Parliament when we heard a number of most interesting and rather provocative arguments made, both in person and in writing. These submissions have raised questions which we did not anticipate ourselves at the time we arranged for the introduction of Bill S-13 in the previous session.

One of the most interesting questions—and probably the one that is going to cause a great deal of further concern and study—is the question of adoptive relationships. As a result of some arguments already put before us, the bill was changed to remove the reference to adoptive relationships. That is not to say, however, that the committee may not again recommend that this phrase be introduced in the same or in some other fashion. We are now conscious of the fact that adoptive relationships pose a special problem.

The committee is now prepared to hear further comments and recommendations from persons and organizations who have already made submissions as well as from others such as the Children's Aid, individuals, and some geneticists who would still like to appear before us. I believe the study will be

worthwhile and, we hope, in due course, to be able to bring some recommendations as to what we think the present law with respect to prohibited degrees should be forwarded to the Senate. Therefore, honourable senators, I do support this bill now, but recommend that it be sent to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Flynn, bill referred to Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

NATIONAL FINANCE

BUDGETARY DEFICITS—COMMITTEE STUDY—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc (Saurel), pursuant to notice of Tuesday, December 18, 1984, moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the magnitude and the impact of federal budgetary deficits and the associated public debt and that it consider appropriate policies relating to these deficits;
>
> That the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination; and
>
> That the Committee have power to sit during adjournments of the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): Explain, please?

Senator Leblanc: Honourable senators, I would like to explain briefly why we have agreed to consider the subject mentioned in my notice.

The committee has met twice, and I want to to thank you honourable senators for attending.

We have a number of items to consider this year and in the years to come, and at the meeting last Thursday, the senators present decided to deal with the item I mentioned, namely, budgetary deficits and the cumulative public debt.

To give you an idea, very briefly, of the scope of this project, the purpose of this study is to determine whether we are correct in our concern about the extent of our budgetary deficits and the public debt. In the affirmative, we could suggest a series of measures to remedy this problem. The study will include an analysis of the issue as perceived by various parties concerned: citizens, small and large business, financial institutions, universities, economic research centers, federal and provincial governments, international organizations, and so forth.

A study of this kind could also review the economic objectives to be attained by means of a budgetary deficit, to find out whether the objectives are attained and to examine other means of doing so. In turn, a number of other related subjects and problems could be considered, such as the connection between exchange rates and interest rates. Some of these questions were broached in a document produced by Senator Kenny when various projects were being considered.

In undertaking the study, the committee will be following through on the brief comments it made on the same theme when examining the 1983-84 Estimates.

On motion of Senator Kelly, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 20, 1984

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

THE SENATE

COMMENTS BY PRIME MINISTER—QUESTION OF PRIVILEGE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to raise a question of privilege that certainly affects honourable senators on this side of the house, and I believe all senators, and certainly the institution itself. I have in mind the comments made yesterday by the Prime Minister of Canada that were prominently displayed on national television last evening about the conduct of honourable senators of this chamber.

The Prime Minister alleged that the Leader of the Opposition had issued instructions to honourable senators of the opposition as to how they should conduct themselves in the transaction of public business. That, of course, is quite inaccurate and untrue. I want to assure anyone who is interested, including the Prime Minister, that members of the official opposition in this chamber will exercise their constitutional responsibilities in the proper manner and will not await instructions from any person as to how they conduct their business. No such instructions have been received. I hope the Prime Minister will find it possible at some time to modify those remarks.

I find it less than appropriate, indeed, less than honourable, that the Prime Minister of Canada should use the contemptuous term "a bunch of Liberal bagmen" to describe members of the opposition in the Senate. That contemptuous term is normally employed by those who have little understanding of the political process in Canada. We know that the Liberal Party, the Progressive Conservative Party and the New Democratic Party, as part of the process, must finance their activities. That financing is undertaken according to the law, under a law that was approved by both houses of Parliament. I find it quite inappropriate that the Prime Minister would add to the misunderstanding as to that important role by using such inappropriate words as "a bunch of Liberal bagmen."

Some Hon. Senators: Hear, hear.

[*Translation*]

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-17, to amend the Excise Tax Act and the Excise Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

PROPERTY QUALIFICATION OF SENATORS

REPORT TABLED

The Hon. the Speaker *pro tempore:* Honourable senators, I have the honour to table a report by the Clerk of the Senate with reference to the property qualification of senators in accordance with rule 114.

SUPPLEMENTARY RETURN AUTHORIZED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the Clerk of the Senate be authorized to receive the renewed Declarations of Property Qualifications from those honourable senators who have not had the opportunity to make and file the same in accordance with rule 114 and to make a supplementary return accordingly.

Motion agreed to.

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

> Thursday, December 20, 1984
>
> The Standing Senate Committee on Banking, Trade and Commerce has the honour to presents its
>
> THIRD REPORT
>
> Your Committee, to which was referred Bill C-7, intituled: "an Act to amend the Income Tax Act and related statutes", has, in obedience to the Order of Reference of Wednesday, December 12, 1984, examined the said Bill and now reports the same without amendment.
>
> Respectfully submitted,
>
> LOWELL MURRAY
> *Chairman*

THIRD READING

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

On motion of Senator Murray, with leave of the Senate and notwithstanding rule 45(1)(b), bill placed on the Orders of the Day for third reading later this day.

HUMAN RIGHTS

MEETING OF EXPERTS—NOTICE OF INQUIRY

Hon. Stanley Haidasz: Honourable senators, I give notice that on Tuesday, January 29, 1985, I will call the attention of the Senate to the desirability of its participation in the preparations for and deliberations of the special meeting of experts on human rights, which is to be held in Ottawa from April 23 to mid-June, 1985, as directed in the concluding document of the Madrid Review Meeting of the Conference on Security and Cooperation in Europe.

• (1410)

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if I may take a moment of your time, I will ask for a change in the normal procedure. I would appreciate it if we could immediately deal with the Orders of the Day and continue with Notices of Motions, Question Period and other matters of business after Royal Assent. I ask this because, until Royal Assent has been granted, we are really not in a position to decide when we should adjourn and for how long. To that end, I have had discussions with my colleagues opposite. They have agreed that it would be in order, with leave of the Senate, to postpone Question Period until after we have dealt with the Orders of the Day. If leave is granted, we can now give third reading to the various bills that we have before us.

Perhaps, with the concurrence of the Senate, we can dispose of those bills. Then, at 3 o'clock—when we expect the Deputy Governor General to be here—we could have Royal Assent. As I have said, after that we could have Question Period, deal with inquiries, have the adjournment notice and carry on with the orderly disposition of our business.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Doody has quite correctly reported the result of our discussion. However, so that there be no misunderstanding, I believe that we decided to move directly to Orders of the Day in order to deal only with those orders having to do with legislation.

Senator Doody: That is right, yes.

Senator Frith: After Royal Assent has been granted, we will proceed to Question Period, at which time we will go through the rest of the orders accordingly.

Senator Doody: Honourable senators, I had neglected to note that there is on the order paper a motion for the second reading of a bill. I think that that order will be stood, in any event.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

FRESHWATER FISH MARKETING ACT

BILL TO AMEND—THIRD READING

Hon. Martha Bielish moved the third reading of Bill C-5, to amend the Freshwater Fish Marketing Act.

Motion agreed to and bill read third time and passed.

FOREIGN EXTRATERRITORIAL MEASURES BILL

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government) moved the third reading of Bill C-14, to authorize the making of orders relating to the production of records and the giving of information for the purposes of proceedings in foreign tribunals, relating to measures of foreign states or foreign tribunals affecting international trade or commerce and in respect of the recognition and enforcement in Canada of certain foreign judgments obtained in antitrust proceedings.

He said: Honourable senators, in the absence of Senator Nurgitz, I should at this time inform the Honourable Senator MacEachen that I have here the answers to three questions he asked yesterday. If it is the desire of the honourable senator, I can read those answers to him, or I can have them taken as read.

Hon. Allan J. MacEachen (Leader of the Opposition): Have them taken as read.

(*The answers follow:*)

Regarding the OECD, as the Senator will recall, at the May, 1984 Council Meeting, all Ministers, including U. S. Secretary of State Shultz, specifically endorsed a section of the Review Report on the 1976 Declaration and Guidelines on International Investment and Multinational Enterprises that dealt with "conflicting requirements." In this section of the Report, the OECD's Committee on International Investment and Multinational Enterprises recommended a series of general considerations and practical approaches to avoid or minimize conflict in situations involving the extraterritorial application of laws. Respect for international law, moderation and restraint, and notification and consultation are singled out as means by which countries should promote co-operation as an alternative to unilateral action.

Since the May ministerial meeting, officials of the Department of External Affairs have pursued efforts to elaborate the spirit of these general considerations and practical approaches. At its September meeting, the Com-

mittee on International Investment and Multinational Enterprises decided to discuss in greater detail the underlying legal principles in play. On the basis of studies now being prepared by the Secretariat, the Committee will begin, at its June 1985 meeting, with an examination of the notion of "comity," sometimes used by U. S. courts to justify the discretion they claim to have to apply U. S. law in an extraterritorial manner in the face of foreign government interests.

In the Canadian Government's most recent brief in the Bank of Nova Scotia case, currently on leave to appeal to the Supreme Court of the United States, it was submitted that the actions of the U. S. Attorney and the decisions of the lower courts in the case were inconsistent with the spirit and intent of this OECD policy commitment endorsed by the United States as well as Canada and other countries.

Secondly, regarding the Draft Restatement of the Foreign Relations Law of the United States being prepared by the American Law Institute, the Government continues to watch this exercise closely and with great interest. The Restatement is currently only in draft form, and has not been agreed in a number of important respects even by members of the Council of the American Law Institute. Some of the most contentious sections of the Restatement indeed relate to issues of extraterritoriality, such as the limits on jurisdiction and corporate nationality. I understand that officials are continuing to examine the most recent drafts of the Restatement in order to determine whether and in what manner it may be appropriate to formally express the views of the Government of Canada on these issues. Up to now our views have been conveyed informally by officials on a number of occasions to various American jurists connected with the project.

Finally, regarding the proposed Export Administration Act, as the Senator may be aware, the U. S. Export Administration Act of 1979, extended by Congress to the fall of 1984, has lapsed. Congress failed to agree on a new Export Administration Act before the end of its last session last fall. United States Export Administration Regulations are currently being administered pursuant to the International Economic Emergency Powers Act. It is our expectation that early in the new session of Congress, efforts will be renewed to draft a revised Export Administration Act. It goes without saying that the Government will watch Congressional activities in this regard closely. To the extent that any new version of the Export Administration Act as may be proposed in the next session of Congress contains provisions permitting the exercise of objectionable, extraterritorial jurisidiction, Canada, in consultation with other interested countries, will make our views known to Congress and the Administration in an appropriate manner at that time.

Motion agreed to and bill read third time and passed.

[Senator MacEachen.]

PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—THIRD READING

Hon. Orville H. Phillips moved the third reading of Bill C-8, to amend the Petroleum and Gas Revenue Tax Act.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon. Jacques Flynn moved the third reading of Bill C-7, to amend the Income Tax Act and related statutes.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

20 December 1984

Sir,

I have the honour to inform you that the Honourable Willard Z. Estey, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 20th day of December, 1984, at 3.00 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I am trying to determine the stage we have reached on today's order paper.

Hon. Royce Frith (Deputy Leader of the Opposition): I believe the Deputy Leader of the Government was about to call order No. 4, which I understand will be stood. We were then going to revert to Question Period. Presumably at some time before 3 o'clock the Deputy Leader of the Government

would move that we adjourn during pleasure to the call of the bell in order to have Royal Assent. No doubt we would remain in the chamber to await the arrival of His Excellency the Deputy Governor General.

Senator Doody: Honourable senators, that was my original intention. However, the Deputy Leader of the Opposition confused me a little earlier this afternoon when he suggested that we might go through Orders of the Day.

Senator Frith: Only if we finished Question Period.

• (1420)

QUESTION PERIOD

[*English*]

OLD AGE SECURITY

GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in the Senate. As I am sure honourable senators will recall, commencing in the late 1940s and extending for 20 odd years, the income tax form contained a section designating a certain amount of tax applicable to old age security. My question is: In view of the fact that hundreds of thousands of Canadians bought and paid for old age security, can the leader assure us that in no way will those benefits be interfered with, either directly or indirectly?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I cannot enlarge on the statement that I made in the house yesterday.

Hon. Jacques Flynn: You have been paying tax on it for years.

Senator Sinclair: The leader's answer of yesterday seems to be in contradiction to the headline of the national edition of the *Globe and Mail*.

Hon. John B. Stewart: The official publication!

Senator Sinclair: Somebody has described it as the official publication of a certain group. The headline reads "PM opposes taxing pensions of the rich." Near the end of the article Prime Minister Mulroney is quoted as saying:

> —every Canadian who contributes to a social program should receive a benefit . . . Our objective is to maintain the integrity—

In view of that comment how can he say, as the Minister of Finance has said, that the question is still open for debate?

Senator Roblin: I am afraid my honourable friend has completely lost me. What is the point of his question?

Senator Sinclair: The point of the question is that you said yesterday that the income tax system could be used—

Senator Flynn: It has been used.

Senator Sinclair: —as far as the Old Age Security Act is concerned, to change the benefits now being received. In light of that answer, in light of what the Prime Minister has said and in light of what the Minister of Finance has said, I am asking you to help me out of the confusion that you are leading me and thousands of other Canadians into.

Senator Roblin: I do not think I can help my honourable friend with his problem.

Senator Sinclair: Please try.

Some Hon. Senators: Hear, hear.

Senator Flynn: To save face you applaud such a stupid comment.

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. H. A. Olson: Honourable senators, I, too, would like to ask the Leader of the Government in the Senate to clear up what seems to be some confusion. I have to admit at the outset that I am working under some difficulty because we have not received the *House of Commons Debates* of yesterday—

Hon. Jacques Flynn: You too?

Senator Olson: —including the translation. In any event, the confusion is as follows: In the *Debates of the Senate* of December 18 at page 351 in the lower right hand column, the Leader of the Government in the Senate is reported as saying "The question of the means test has never been off the table." I presume he means that it is subject to negotiation or discussion. The leader went on to explain what he means by the means test, that it has already been part and parcel of some of the social programs when determining the amount of the benefit either paid out or retained. Yesterday the Prime Minister was asked by an honourable member of the other place, Mr. Boudria, whether or not he could confirm that what the Leader of the Government in the Senate had said was factual and represented government policy. He said something that leads to some confusion, if my translation of it is correct. He said simply that the responses given by the government in this chamber represent government policy. Where does that leave the responses given by the Leader of the Government in the Senate?

Hon. Duff Roblin (Leader of the Government): I think that so far the responses given by the Leader of the Government in the Senate have been quite accurate in expressing government policy. I do not think that the Right Honourable the Prime Minister's statement in the other place did any damage to the statements I made here.

Hon. Royce Frith (Deputy Leader of the Opposition): So the means test is government policy, then?

Senator Olson: Honourable senators, the Leader of the Government very specifically said here that the means test has never been off the table, meaning, I guess, that it is still on the table. Is that what it means?

Senator Roblin: I will tell you; give me a chance and I will tell you.

Senator Olson: It would be helpful if you would. It would also be helpful if you could say some of these things with a bit less ambiguity. If you were to do so, you would not get into these difficulties.

If the subject is on the table then, perhaps, the leader can also explain if that means it is subject to some form of negotiation or discussion. Perhaps he could also indicate whether or not the Prime Minister has in fact endorsed that as the position of the government. It is very important to know whether or not the Prime Minister agrees, since he is saying that the statements he makes in the other chamber are statements of government policy, period. He does not say anything after the period. I would feel very badly if he were leaving the Leader of the Government in the Senate in an awkward position by saying that what he says here is really of no consequence and does not reflect government policy.

Senator Roblin: Let me start at the beginning, if I can remember back that far. I would like to start from the very beginning.

Hon. D. G. Steuart: When you tell the truth you never have to remember.

Senator Roblin: That has been my policy all the time. I think that I will be able to remember well enough to convince my honourable friend that what I say on this matter merits attention.

Senator Steuart: I think you are all confusion.

Senator Roblin: I think my honourable friend can join us in the confusion. He is one of the best confusers I know; compared to him my prose is lapidary.

Carrying on from this point, I think one has to agree with the proposition that the Prime Minister is the ultimate authority on government policy. I would certainly never argue with that point. In fact, on many occasions in this chamber when honourable friends opposite have tempted me—taunted me, no less—

Some Hon. Senators: Shame!

Hon. Allan J. MacEachen (Leader of the Opposition): Never!

Senator Roblin: —to make some statement about government policy which was obviously not within my portfolio. I can remember how they encouraged me to venture out on to this little limb to express government policy in an area where I had not received a mandate to do so. I know very well why that is. I think it is pretty clear that members of the caucus of my honourable friends opposite have a habit, occasionally, of meeting with their counterparts in the caucus of the Liberal Party in the House of Commons in order to discuss what questions might be appropriate to ask in this chamber. In fact, I have noted, and if anyone wishes me to document this I will be able to do so at a later date—I do not have the information with me—that when some senators ask me a question I can be pretty sure that the Honourable Don Johnston, or somebody of that sort, is asking the same question at the same time in the House of Commons. Therefore, the game is pretty clear.

Senator Frith: And getting no answer here and getting no answer there.

Senator Roblin: My honourable friend—

Senator Frith: That is the play—make us stop asking questions by just refusing to answer them.

Senator Roblin: My honourable friend just cannot restrain himself. He must get into the act, and I suppose I will have a question from him before the day is out.

The point is that there must be other aims in mind besides the pure aim of seeking information when questions of that sort are placed before me. I recognize that under those circumstances it behooves me to be cautious, and I hope that on most occasions when I do not have the mandate to express policy I do exercise a reasonable degree of caution. I remember very well the admonition of Senator Steuart in which he suggested to me that I should be careful of expressing opinions that might be my own when, in fact, it was necessary for me to remember that I was speaking in my capacity as a cabinet minister. Therefore I say to my honourable friend who asked me the question that I fully concede the primacy, the essential authority of the Prime Minister to say what policy is, and if he thinks that I have misstated it, I fully expect him to say so and if I must make a correction, I shall certainly do so. However, I do not think it has happened in this instance.

• (1430)

Let us go back to the quotation raised by my honourable friend concerning the question of a means test. Senator Frith said:

> Is the question of the means test still open?

The first sentence of my reply is:

> The question of the means test has never been off the table.

Now my honourable friend is asking me: What does that mean? I shall tell you what I meant it to imply at the time, and that is that the means test has been, and is now, an inseparable part of the social allowances, relations, financing and funding of the Government of Canada. It is an inseparable part of the policy that was supported and put in place by my honourable friends opposite. There are means tests now. They have never been off the table, and it is in that sense that I made the reference with respect to means tests. They are with us now and they have been for a lengthy period of time.

Yesterday at Question Period, I gave some examples of the nature of the means tests that were available, and if honourable senators care to put themselves to the trouble of looking up those answers, they will see the ones that I have in mind.

However, let us go on to my statement. I continued to say:

> The administration supported by my honourable friend administered means tests on many occasions and seemed to find it quite satisfactory to do so in certain circum-

stances. I would not be surprised if they were to do so again.

But that was not the end of the matter, because the question of means tests was raised again by Senator Frith, who seemed to be very eager to have me make some statement on the matter, and urged me to say more about it, so I did. Perhaps that was a mistake, but in any event, I did it.

Senator Frith: Never consider that a mistake.

Senator Roblin: There then followed a long passage where we dealt with another topic besides means tests and my honourable friend was talking about something else. However, I shall go to the answer that I gave. He knows the question as well as I do, so I shall not burden him by repeating that. The answer was:

> It may very well be that in respect of certain matters any form of financing arrangement may well be discussed.

Now that certainly is a true statement. I then went on to say:

> The public will, of course, be invited to attend and if there are people who wish to raise the question of a means test, no one will stop them.

That is as far as I went during Question Period the other day. However, the matter came up again. Honourable Senator Croll was concerned about means tests, and I gave a categorical statement that medicare, old age security and family allowance are not means tested and they will not be means tested.

I hope, therefore, that that review of some of the things that have been said by me in this chamber with respect to means tests helps my honourable friend to understand the framework within which I have been discussing the matter.

Senator Olson: It may help to unravel and untangle some of the distortions in the mind of the Leader of the Government in the Senate, but I have to say to him that he has contradicted himself no less than three times in the last few minutes. I would also point out that he went to great lengths to mention in his quotation from the bottom of page 351 that the means test is on the table. Then he went on to say that there were such things as childrens' allowances, family allowance and that sort of thing that have always been subject to a means test. I am afraid I must challenge that statement. I do not think that there is any amount that is paid out in the nature of a family allowance that is subject to a means test, and I must suggest to my honourable friend that, in spite of what he said at the end, it has been many years since there was any discrimination in the amount paid under OAS because of a means test. I must therefore suggest that the Leader of the Government take back all of the things that he has said because they are simply not in compliance with the facts.

In any event, let us get back to the original question that I asked him and that is: Is a means test now being considered or not? The Leader of the Government in the Senate has asked that there should be some purpose in posing questions to the government, such as eliciting government policy. I would say to him that there certainly is in this instance because there are hundreds of thousands of Canadians across this country who rely or depend rather heavily on OAS.

They are wondering whether or not income they are now receiving will interfere with those payments.

That is the kind of confusion left in the minds of Canadian citizens as a result of the alleged contradictions made by several ministers who have direct responsibility for this, including the Prime Minister himself.

I ask the Leader of the Government in the Senate whether or not a means test is being considered for family allowances, old age security and medicare? All the leader has told us is that "that is on the table".

Senator Roblin: The only problem I have with my friend's indignation is that I answered the same question yesterday and earlier today. I said that medicare, old age security and family allowances are not means tested and will not be means tested. That is a clear answer.

Senator Flynn: He will not understand that.

THE SENATE

COMMENTS BY PRIME MINISTER

Hon. Pierre De Bané: Honourable senators, I have a question for the Leader of the Government in the Senate.

In view of the fact that the Conservative Party is actively engaged in collecting money for its financial requirements, and in view of the fact that it is essential for every party in a democracy to attempt to be self-financed, would the Leader of the Government in the Senate agree that the remarks made by the Prime Minister yesterday to the effect of calling both Conservative and Liberal senators "party bagmen" were very derogatory?

Some Hon. Senators: Shame!

Senator De Bané: If the Leader of the Government in the Senate agrees that those remarks were derogatory, has he complained to the Prime Minister, and if not, why not?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must admit that I am not one of those who would normally be referred to as a "party bagman".

Hon. Ian Sinclair: Shame!

Senator Roblin: Senator Sinclair said "shame", and I think that that indicates he is a bagman and would like me to join him. I must tell Senator Sinclair that I am not a party bagman. I do not know whether he is one or not, but perhaps he could tell us how he feels about the matter after I have resumed my seat.

If the Prime Minister had referred to me as a "worn-out politician," he might have been right, because—

Hon. C. William Doody (Deputy Leader of the Government: Never!

Hon. Royce Frith (Deputy Leader of the Opposition): The verdict on that is not in yet.

Hon. Raymond J. Perrault: Those were shameful remarks made by the Prime Minister.

Senator Roblin: Honourable senators are often referred to as being "worn-out politicians" outside of this chamber—hardly ever inside this chamber—and I suppose that I fit into that category. The term "bagmen" I suppose would apply to some honourable senators, and some are referred to as "party hacks".

Senator Doody: Or grateful appointees.

Senator Roblin: So, honourable senators, we all have to share the burden and, in a sense, accept the opprobrium that descends.

As to the Prime Minister, he, being a free, natural-born Canadian, will say what he likes and would not expect me to correct him.

Senator De Bané: Does the leader have anything he wishes to say about the activity of collecting funds by political parties, including his own?

He has said that he was never a "bagman", but having been a premier of a province and leader of a provincial political party, surely he had to rely on, encourage and participate in, activities which financed the Conservative Party of Manitoba.

As a democrat, I think he has certainly encouraged the citizenry of his province to do their share in that endeavour so as not to rely on the state for that financing.

May I remind the leader of the letter written by the Prime Minister himself, and published in the *Globe and Mail* during August last—a week prior to the election—in which the Prime Minister told the major donors to the Conservative Party fund that he would forever be grateful for their donations. I would not be surprised—

• (1440)

Hon. Jacques Flynn: Are you making a speech?

Senator De Bané: I realize that Senator Flynn resents the remark that—

Senator Flynn: You are boring.

Senator De Bané: —the Prime Minister has addressed to him and to the other Conservative senators. Now, if the Leader of the Government in the Senate likes to think of himself as a worn-out politician, I do not know how Senator Flynn and other senators on the Conservative side feel about it.

Senator Flynn: Some are more learned than others.

Senator Roblin: I would never discourage anyone from engaging in a legal occupation no matter what it was.

While I am on my feet, I made a reference to Senator Sinclair which I regret because I had no business ascribing to him the description of a bagman. In the course of the heat of the argument, perhaps I let that reference slip. When I sat down and reflected on it for a minute, I realized that the remark was quite unfair, and I ask my honourable friend to excuse me and allow me to withdraw that remark.

Senator Frith: He doesn't consider it an insult.

[Senator Frith.]

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to ask a question with the pure aim of seeking information and clarification.

Hon. Royce Frith (Deputy Leader of the Opposition): As usual.

Senator MacEachen: Yesterday the Leader of the Government in the Senate made some interesting comments about a number of social programs, including the family allowance. When he made the comments about family allowance I must say that I felt as if I had missed some important development in the evolution of that program. I was particularly startled by his statement which reads as follows:

> The allowance is progressive with respect to need, and the determination of the amount is arrived at through the taxation system.

In order to ascertain whether, indeed, I had missed something, I turned to Mr. Wilson's publication entitled "A New Direction For Canada" in which he has a description of the Family Allowance Program as follows:

> *Family allowance* is a universal program. All families with children under age 18 are eligible. Allowances are paid on a monthly basis, regardless of family income, to 3.5 million families with 6.5 million children.

It is a fact, as the Minister of Finance said, that the allowances are paid on a monthly basis regardless of family income, and that they are not progressive with respect to need. I think I understand the intent of the Leader of the Government, but I think that that statement, as put, is quite misleading and adds to the confusion that is developing so rapidly around this debate.

Would the Leader of the Government please modify that statement to conform to the reality and to the description given by the Minister of Finance? Because the allowance is not progressive and the determination of the amount is not arrived at through the taxation system.

Hon. Duff Roblin (Leader of the Government): My honourable friend illustrates the unsatisfactory situation in which the Senate, in my opinion, finds itself when it attempts to use Question Period as a means of holding a general debate on matters of wide-ranging import which do not lend themselves to the kind of treatment that one is expected to give to oral questions during Question Period.

Senator Frith: Walking a few feet across the floor can convert a person completely. Just three short steps.

Hon. C. William Doody (Deputy Leader of the Government): Two short lengths.

Senator Roblin: I think that I could say the same thing to my honourable friend. How strange it is as he sits in his present position and where he is going to be for some considerable time, I hope, if his health holds up and his friends are supportive. How he has changed his view! If we have

exchanged roles, then perhaps we have changed views as well. At least that could be alleged. I guess I had better not admit it, but I think it could be alleged. My honourable friend has already alleged it.

Turning to the question, what I attempted to convey was that I was interested in describing to the Senate the net result of the payment of family allowances to people at various income levels in Canada. That means that they do get a flat rate allowance which is not means-tested, as was correctly stated, but that the result of applying the taxation schedule to the amount received in this way results in different people at different levels of income receiving different net benefits. That is what I intended to say, and that is what I think I did say.

Senator MacEachen: I thank the Leader of the Government for that clarification because I think it is important to have it understood—

Hon. Jacques Flynn: You wouldn't understand it any way.

Senator MacEachen: —that the family allowance is a uniform demogrant to every citizen regardless of income status. Then it is true that the operation of the taxation system will apply at various income levels and that individuals will have to pay so much from their income in tax. That is quite a different thing than to say that the allowance itself is progressive with respect to need. I thank the Leader of the Government for making that clarification. I do not think it is sinful for him to be wrong on this point, as he clearly was, but it is important that we understand what we are talking about if we are going to make any sense out of this increasingly confused debate that has not been helped by statements made by government ministers and yesterday by the Leader of the Government in the Senate.

Having made those comments, may I ask the Leader of the Government another question that will help to clarify for me the situation that flows from the next sentence in that same publication. The sentence reads as follows:

> Family allowances will cost approximately $2.4 billion in 1984-85, of which some $450 million will be recovered by the federal government because benefits are taxable.

It is a recovery of $450 million from a total outlay of $2.4 billion.

My question is: Is it a fact that the government will not change the recovery system applied to these benefits?

Senator Roblin: My honourable friend's strictures of the last few moments have encouraged me to respect the traditional system of answering questions in oral Question Period by giving him the short answer "yes" or "no." On this occasion I shall take the matter as notice.

Senator Flynn: Do you want a budget speech now?

The Senate adjourned during pleasure.

● (1450)

ROYAL ASSENT

The Honourable Willard Z. Estey, Puisne Judge of the Supreme Court of Canada, Deputy of Her Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable Willard Z. Estey, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on her part necessary to be done during Her Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of Her Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend various Acts as a consequence of the reconstitution of the courts in Ontario and Manitoba (*Bill C-3 Chapter No. 41*)

An Act to amend the Farm Products Marketing Agencies Act (*Bill C-4 Chapter No. 42*)

An Act to amend the Freshwater Fish Marketing Act (*Bill C-5 Chapter No. 43*)

An Act to amend the Saltfish Act (*Bill C-6 Chapter No. 44*)

An Act to amend the Income Tax Act and related statutes (*Bill C-7 Chapter No. 45*)

An Act to amend the Petroleum and Gas Revenue Tax Act (*Bill C-8 Chapter No. 46*)

An Act to amend the Customs Act and the Customs Tariff (*Bill C-9 Chapter No. 47*)

An Act respecting the interpretation of Canada's international conventions relating to income tax and the Acts implementing such conventions (*Bill C-10 Chapter No. 48*)

An Act to authorize the making of orders relating to the production of records and the giving of information for the purposes of proceedings in foreign tribunals, relating to measures of foreign states or foreign tribunals affecting international trade or commerce and in respect of the recognition and enforcement in Canada of certain foreign judgments obtained in antitrust proceedings (*Bill C-14 Chapter No. 49*)

The Honourable John W. Bosley, Speaker of the House of Commons, then addressed the Honourable the Deputy of Her Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985 (*Bill C-16 Chapter No. 50*)

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of Her Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of Her Excellency the Governor General was pleased to retire.

• (1500)

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, January 22, 1985, at 2 o'clock in the afternoon.

He said: Honourable senators, I should say that Senator Roblin will be out of the chamber for another two or three minutes. Perhaps honourable senators wish to wait until he returns before we proceed to Question Period. I am sure that he is refreshing himself in preparation for the onslaught.

I should add that honourable senators have the option of passing Question Period over at this point, considering it as having been done, or delaying it until Senator Roblin returns. I am sure that he would hate to miss the opportunity to answer a few more questions, he is in such eloquent and loquacious form today.

In any event, we can get on with the next order and revert if we wish.

Motion agreed to.

[Senator Flynn.]

AGRICULTURE, FISHERIES AND FORESTRY

MOTION TO AUTHORIZE COMMITTEE TO STUDY IMPACT OF ITS REPORT ENTITLED: "SOIL AT RISK—CANADA'S ERODING FUTURE"—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Riel, P. C.:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the impact of the recommendations contained in its Report on soil and water conservation in Canada, entitled: "Soil at Risk—Canada's Eroding Future", tabled in the Senate on 6th November, 1984, and to inquire into any matter related thereto; and

That the papers and evidence received on the subject and the work accomplished during the Second Session of the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Steuart*).

Hon. D. G. Steuart: Honourable senators, I should like to take a few moments to speak about the report that was brought in by the Standing Senate Committee on Agriculture, Fisheries and Forestry, which was under the chairmanship of Senator Sparrow at the time the report was prepared.

I congratulate Senator Sparrow, the committee and the staff for the excellent and timely report they made on this extremely serious problem. I would like to make it clear that, while I was a member of that committee, I played a very small role, due to other conflicting interests I had at that time. Therefore, when I talk about the report, I hope it is clear that I am not attempting to pat myself on the back. I reiterate that it was Senator Sparrow, the committee and the staff who were responsible for such an excellent job.

I must say that one could not have been raised in Saskatchewan during the time of the dust bowl, the 1930s, as I was, and not be interested in soil degradation. Anyone who lived there at that time realizes the importance of top soil and the preservation of it.

Prairie farmers, in the intervening years since the 1930s, have learned a great deal about the problem they faced at that time. Without a doubt, they have become the finest dry-land farmers in the world. However, they face a new set of problems, just as we all face a new set of problems regarding soil degradation across Canada. That is certainly the reason why the response to this report has been so overwhelming and so favourable.

As I have said, the report was extremely timely. I think that reports like this demonstrate the Senate at its best. One of the most famous reports of the Senate was the study on poverty, instituted by Senator Croll and the Senate committee. That report became a milestone in the Canadian fight against poverty. I am convinced, honourable senators, that this report, "Soil at Risk—Canada's Eroding Future" will be another milestone.

There has already been a response to this report in the form of letters which have been sent by farmers of every description from every part of Canada, cattlemen, city dwellers, and representatives of universities, high schools and governments at every level. The response is without question and almost without exception a laudatory one—one that commends very highly the efforts of our committee. In addition, there is the response from the press. The large dailies in every province from one end of Canada to the other have praised the merits of this report and, at the same time, have urged that the committee not stop at this report but that it carry on and keep up the good work.

Honourable senators, I came across only one editorial in the entire country, which was from Lethbridge, that had something sour to say about the report. If one reads it closely, one might assume that the individual was getting something off his chest in opposition to the Senate rather than in opposition to the report.

• (1510)

The requests for copies came in ones, twos, tens, twenties and sixties, not only from all across Canada but also from outside Canada. If the report had been a novel, I am sure it would have been a best seller.

The question at present in the minds of members of the committee and of honourable senators in general is: What now? I hope that when we return in January the committee will decide to continue to give some attention to this important subject. The committee has made an excellent beginning, but it is just a beginning. I hope that pressure will continue to be applied to governments at all levels—federal, provincial and municipal—because without the response from and the support of governments, the farmers—those people who are responsible for the protection of our soil—cannot do the job that, as has been so clearly pointed out in the report, needs to be done. I hope also that pressure can be maintained on our universities and schools to make students aware of the problem. Finally, I hope that pressure can also be maintained on the farmers themselves, because, in the final analysis, if farmers do not do something themselves towards rectifying the problem of soil degradation right across Canada, it will not be solved. I re-emphasize the fact that farmers cannot do that alone. They need help and they need that help badly.

I hope too that our committee will take a leaf out of Senator Croll's book. As we all know, Senator Croll updates from time to time the report of the Special Committee of the Senate on Poverty in Canada. That subject is brought to the attention of the Canadian public at regular intervals so that it does not fade into oblivion.

We now have a Standing Senate Committee on Agriculture, Fisheries and Forestry, and I hope that the committee will endeavour to bring the report on soil degradation up to date, that it will monitor what is happening right across Canada, and that it will act as this nation's conscience in the fight against soil degradation. We have to face the fact that it is from the 10 to 12 inches of topsoil that Canadians are fed, and that top soil will also provide Canada with the ability to assist towards feeding the hungry of the world.

The report is timely and does great credit to Senator Sparrow, his committee and staff. In the final analysis, it does much credit to the work of the Senate, and I hope that honourable senators will support the work that has already been done.

Hon. Senators: Hear, hear.

On motion of Senator Molgat, debate adjourned.

CHRISTMAS

BUREAUCRATIC AND POLITICAL COMMENTS

Hon. Philippe Deane Gigantès rose, pursuant to notice of Tuesday, December 11, 1984:

> That he will call the attention of the Senate to certain bureaucratic and political comments concerning Christmas.

He said: Honourable senators, with leave, I would ask that my text be printed in today's *Debates of the Senate,* in order that honourable senators might not have their time wasted by having to listen to me.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on a point of order, I am sure that we would like to accommodate Senator Gigantès. When the honourable senator mentioned the matter to me, I suggested that his request might conflict with the rules of the Senate and that objections might be raised. At the time I did not have the applicable rule at hand. I should point out that rule 1 of the *Rules of the Senate of Canada* provides that:

> In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as is practicable, be followed in the Senate or in any committee thereof.

Citation 311 of Beauchesne's *Parliamentary Rules and Forms,* the Fifth Edition, at page 102, says the following—and I am sorry that I was unable to direct Senator Gigantès to this citation when he discussed the matter with me:

> Under no circumstances may a Member merely table a speech for printing in *Hansard.* With minor exceptions, what appears in the record of debates has actually been spoken in the House. On rare occasions a Member may receive the consent of the House to have printed as part of his speech long lists, statistics or similar material. Such consent should rarely be asked for and is rarely granted. The House may also give its consent to have documents, or exchanges of letters, printed as a formal appendix to *Hansard* for the use and information of Members.

In view of the foregoing, I suggest that we should not accede to the honourable senator's request. However, it is thoughtful of Senator Gigantès to make the request in order to save the time of honourable senators.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should explain that Senator

Gigantès also mentioned the matter to me, and I told him that we on this side of the house would find no problem with that. But obviously there is a problem, and I apologize to the honourable senator for having misled him.

Senator Gigantès: I thank honourable senators for their guidance. I shall let the three inquiries in my name stand until the next sitting of the Senate, because I know that some honourable senators wish to get away as early as possible. Copies of one of the texts I have prepared have been sent to all honourable senators. May I say that it is, in effect, a fairy tale for your children and grandchildren, and I give it to you for Christmas and dedicate it particularly to two of my colleagues in the Senate. The first is Senator Walker, who paid me a wonderful compliment by calling me a new boy. To be called "new" at the age of 61 and to be called a boy is terrific.

May I also point out that the word "Phillips" comes from the word "Phillipos", which in Greek means "lover of horses". Therefore, I take Senator Phillips' reference to me as meaning, of course, an imperial horse, and as an expression of love. Therefore, I dedicate that fairy tale to his young relatives too.

Hon. Orville H. Phillips: Honourable senators, at this season of the year, it could be nothing but love.

Senator Frith: Watch out in the New Year!

QUESTION PERIOD

[*Translation*]

THE SENATE

COMMENTS BY PRIME MINISTER

Hon. Tom Lefebvre: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate, and it relates to earlier questions put to him by my colleague, Senator De Bané.

[*English*]

I am sure that the Leader of the Government would not wish honourable senators, and Canadians in general, to be left with the same impression as I was left with as a result of answers given to questions raised by Senator De Bané. In answer to Senator De Bané's final question, the Leader of the Government said that as the Prime Minister is a natural born Canadian he has the rights and privileges of having his own opinions and saying what he believes in.

I believe the Leader of the Government to be an honourable man, but those Canadians who read *Debates of the Senate* may be left with the impression that those persons who are not natural born Canadians may not have the same rights and privileges. Perhaps the Leader of the Government will reconsider his reply to that question.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I thank my honourable friend for raising the matter. I did not intend that comment to apply only to natural born

[Senator Doody.]

Canadians, in the sense of being born in this country, as opposed to those Canadians who are naturalized or even from—well, I had better not say "from Newfoundland".

Hon. C. William Doody (Deputy Leader of the Government): Oh yes, very much so.

Senator Roblin: I am afraid that I used the wrong word. I meant that it is an inalienable right of any Canadian, no matter how he achieved his citizenship, to say what he thinks. I thank my honourable friend for raising that point, because I would not wish to leave the impression to which he referred.

Senator Lefebvre: Honourable senators, in light of that answer, I would ask the Leader of the Government and all of my honourable colleagues in the Senate to accept my best wishes for a merry Christmas and a happy New Year.

Hon. Senators: Hear, hear.

Hon. John B. Stewart: Honourable senators, my question is for the Leader of the Government and it is somewhat similar to that asked by Senator Lefebvre. Earlier this afternoon the Leader of the Government mentioned that some unpleasant comments had been made by various people about honourable senators. He said—and he has just repeated it—that this is a right. I want to ask the Leader of the Government in the Senate to reconsider that proposition. It may well be the right of people who teach in universities or who write editorials to say what they think about parts of the constitutional structure of this country but, surely, the Prime Minister, by reason of his office, is in a special position which, inevitably, inhibits him from saying things in an official capacity which he might have said before he became Prime Minister. Is it not quite unbecoming and quite beyond the role of the Prime Minister to make derogatory remarks about a part of the constitutional structure of this country and about honourable senators—all honourable senators, as his statment read—who have answered the summons to this place?

• (1520)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I cannot allow my honourable friend to get me into the business of telling Prime Ministers what to say. I remember another Prime Minister who referred to the honourable members of the other place as nobodies.

Hon. H. A. Olson: That is not true.

Senator Roblin: What did he say, then, if he did not say that? It has certainly stuck in my mind that some similar comment was made, to the effect that they were nobodies within a certain distance of the House of Commons. I remember another Prime Minister, not the present one, who used language and gestures in the conduct of his official business which I do not think we would like to see repeated on the floor of this chamber.

Hon D. G. Steuart: Does that make it all right?

Senator Roblin: It is not encumbent upon me to tell any Prime Minister what to do.

Hon. Royce Frith (Deputy Leader of the Opposition): That does not answer the question.

Senator Stewart: Will the Leader of the Government not consider the possibility that it is one thing for a member of one house to speak about his colleagues candidly and it is quite another thing for a member of one house to speak in a derogatory, contemptuous and even dishonourable manner about the members of another honourable house?

Senator Olson: That is exactly the point.

Senator Roblin: I am afraid we are all members of Parliament and we are all subject to the same constraints.

Senator Olson: But we cannot defend ourselves in the other place.

OLD AGE SECURITY

GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I would like to return to the subject of old age pensions. Yesterday in the other place, the Prime Minister seemed to reject the notion of taxing back old age pensions of upper income Canadians and, at the same time, the Leader of the Government in the Senate seemed to take the same line in giving assurances that there would be no change in the terms and conditions under which Canadians now receive the old age pension. Then the Minister of Finance got into it and said that the government wants to shift some resources from those in the upper-income brackets, from the wealthier people to the needy people in the country, using the tax system. Can we conclude that the old age pension is being exempted from this new consideration of shifting resources through the tax system, in view of the comments of both the Prime Minister and the Leader of the Government in the Senate?

Hon. Duff Roblin (Leader of the Government): I am in no position to tell my honourable friend what to conclude. That is her business. As far as the comments to which she has referred are concered, I am not familiar with them myself so I will take the question as notice.

NATIONAL RESEARCH COUNCIL

CLOSING OF RESEARCH FACILITIES—LOSS OF JOBS

Hon. Willie Adams: Honourable senators, I have a question for the Leader of the Government in the Senate. It is not usual for me to ask questions on this subject, but it concerns the National Research Council. I have given the leader notice of and some information about my question. As of April 1, 1985 between 80 and 95 jobs will be lost when the National Research Council closes some of its facilities. I am particularly concerned, as, I am sure, is Senator Roblin, about the jobs in Manitoba. According to the information I have, 26 jobs will be lost in Gimli, Manitoba, 7 jobs in Churchill, Manitoba and 5 jobs in Ottawa alone.

I worked in Churchill from 1953 to 1964, when I left for the Northwest Territories. However, Churchill continued to have a big influence on my life because it is the supply centre for the Northwest Territories. What does the Leader of the Government in the Senate think about these lay-offs?

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for being kind enough to send me some of the particulars that concern him in his question. I have to tell him that they concern me, too, because I come from the same part of the country. It has to do with the rocket and balloon launching arrangements at Gimli and Churchill, Manitoba, and the relationship to the present operation of certain cuts that were made in the budgetary provisions. I can tell my honourable friend that while I am not absolutely positive, I understand certain discussions are going on between interested parties in the private sector as well as in the government sector which, I hope, will produce some amelioration or solution to the question. Those discussions have not yet reached the stage where I can give my honourable friend something positive to go on. I thank him for his question and assure him that he has received the same correspondence I received, that I have been working on the matter, and I hope to be able to make a constructive announcement one of these days.

SOCIAL PROGRAMS

GOVERNMENT POLICY

Hon. Eymard G. Corbin: Honourable senators, I have a question for the Leader of the Government. Is the honourable senator now in a position to inform us whether a white paper—or a blue, yellow, red or whatever—on the subject of the universality of government social programs will be put out during the period when Parliament is recessed for the Christmas break? Is he in a position to inform us with some precision that this is the case? Some of us are interested in obtaining a paper on the government's position reasonably soon because of the confusion that surrounds the whole issue, and, since we will be spending more time in our respective regions over the Christmas break, it will afford us a good opportunity to debate the contents of such a paper with the people of the regions.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the same question was asked of me twice yesterday, that I am afraid I have no advance on the information I gave then and that, at the moment, I do not have a date for the publication.

EMPLOYMENT

EFFECT OF BUDGETARY CUTS ON FEMALE EMPLOYEES

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government. This morning's *Globe and Mail* reports on cuts in the Canadian Wildlife Service and points out that because of these across-the-board cuts 45 per cent, or almost half of the women who have achieved administrative, management, scientific and technical positions in the Wildlife Service are losing their jobs, mainly as a result of the

last-hired-first-fired policy. This contradicts the government's promise not only during the election but in the Speech from the Throne. Will the Leader of the Government ask the minister responsible to reconsider the impact of lay-offs carried out in such a fashion which result in inequities that have taken a very long time to overcome, and will he explain how the government plans to fulfil the commitments made in the Speech from the Throne to women in such positions?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I would point out to the honourable senator that the Progressive Conservative Party was successful in electing more women to the House of Commons than has ever been the case before. I think I could also tell my honourable friend that there are more ladies in the cabinet now than ever before. I think those two factors indicate the attitude the government takes toward the place of women in the political life of this country.

I grant my honourable friend the facts that she has laid before us with respect to the number of women who have been affected in this particular instance. It is not because they are women; it is because of other circumstances. However, I have no objection at all to accepting the question to see whether or not anything can be done to relieve the pressure that is being felt in the situation she describes.

• (1530)

Senator Marsden: I should like to ask a supplementary question of the Leader of the Government in the Senate. It is quite another matter for women to be elected by the people of Canada—and I am delighted that they were—than it is for women scientists to work their way into a traditionally male dominated service. The losses there are, I think, more difficult in many ways to overcome than they would be if your colleagues in the other place were not to be elected in the next election. I think you would probably still share the concern that women should be advanced in all walks of life. Therefore, I hope you will look into this matter.

REQUEST FOR ANSWER

Hon. Lorna Marsden: Honourable senators, I should like to ask the Leader of the Government if he has an answer to a question I asked on November 28 last. My question was asked at that time on the basis of a report in the Ottawa *Citizen* concerning the application of the equal pay for work of equal value concept through Treasury Board guidelines.

Hon. Duff Roblin (Leader of the Government): I share my honourable friend's concern for the status of women, particularly in the case she has mentioned. Thus, she has a sympathetic audience as far as I am concerned. I will do my best to see whether the matter can be looked at again. I can give no undertaking with respect to what will happen, but I will certainly be prepared to try.

With respect to her other question, I have some delayed answers which I would like to give to the Senate today; but I am afraid hers is not among them.

[Senator Marsden.]

HOUSE OF COMMONS

PLACEMENT OF FORMER MEMBERS' STAFFS

Hon. Charles Turner: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. During the course of the election campaign one of the main themes of the Conservative Party was "jobs, jobs, jobs." We were told that we would see tens upon tens of thousands of jobs being created as quickly as a new government could be sworn into office. The main theme of the government now is "cut, cut, cut" and "lay off, lay off, lay off" so the new government can "save, save, save." Many years ago a great, distinguished Canadian, the Honourable Robert Stanfield, was replaced as leader of the Conservative Party by the Right Honourable Joe Clark. Mr. Clark "cut, cut, cut" Mr. Stanfield's employees when he assumed that office. The great little man from the Town of Mount Royal, the Prime Minister at that time, the Right Honourable Pierre Elliott Trudeau—the same person the Tories said was arrogant and could not care less about people—gave instructions to his staff that Mr. Stanfield's laid-off employees were to be taken care of and not suffer the loss of their jobs in the House of Commons. Is it true that the Conservative government of today has laid off many of the office staff of defeated Liberal and New Democratic Party members of Parliament? Is the government conducting any job searches on the Hill for former staff members who are qualified to perform government work? If not, why not?

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Isn't it a pity that my honourable friend did not run in the last election? He might have been elected. Who knows?

Hon. William J. Petten: He would have been.

Hon. D. G. Steuart: Everybody loves Charlie.

Senator Roblin: He just might have been elected, because in his day in London he was a power to be reckoned with.

Hon. Gildas L. Molgat: And he still is!

Senator Roblin: I am glad to see that he has not lost any of his political instincts.

I cannot answer his question because I have no information on the point he raises. If he wishes to submit a written question, then I will seek to obtain the information as best I can.

Senator Turner: Honourable senators, I understand it is Tory policy to not hire anyone who has worked previously for a Liberal or a member of the New Democratic Party. I think that is disgraceful.

Some Hon. Senators: Shame!

Senator Roblin: I do not know how we can explain the appointment, as my honourable friend said, of Stephen Lewis—

Senator Steuart: I don't know how you can explain it either!

Senator Roblin: I have the same trouble trying to explain the appointment of the ambassador to Portugal, and a few

other similar appointments. I think one has to admit that the Progressive Conservative Party is not totally blind to the merits of some people who do not share its political views.

EMPLOYMENT

SUMMER YOUTH EMPLOYMENT PROGRAM

Hon. Gildas L. Molgat: Honourable senators, I should like to address a question to the Leader of the Government in the Senate. It is with regard to the announcement of the cut in the Canada Works Program. I am particularly concerned about that portion allocated to the Summer Youth Employment Program. That is one program which I think has been most effective for students in summer jobs. It has been providing a good training ground for students. I am referring particularly to the portion of the program run by the cadet movement. Senator Marshall and I have a direct interest in the army cadet movement. My inquiry concerns the air cadet movement as well. I know my honourable friend is familiar with that movement. I am also concerned about the navy cadet movement. The program has been a very valuable one and it has been well run. I think there has been no question as to its effectiveness. I understand the government proposes to implement some sort of new program. My concern is that the new program may not be in place in time for next summer since plans will have to be drawn up very soon to achieve that end. Can the Leader of the Government in the Senate say whether there is a possibility of re-instating the youth program particularly as it relates to the cadet movement? If he cannot say that, then can we have an absolute assurance that there will be an equivalent program for the same numbers of cadets next summer?

Hon. Duff Roblin (Leader of the Government): Honourable senators, in the course of my political career I have learned it is slightly dangerous to give absolute assurances about almost anything in politics, because things have a habit of changing. Thus, I will not offer my honourable friend an absolute assurance.

I wish to tell him I am sympathetic to the point he raises. According to the information I have received, there will be a program for youth this summer and I myself will do whatever I can to make sure that the cadet movement is included in it. I agree with my friend that it is a valuable program and that it deserves support.

THE SENATE

DEBATES—TREATMENT OF SPEECHES

Hon. Robert Muir: Honourable senators, my question is for the Leader of the Government in the Senate. It relates to the request by Senator Gigantès earlier today with respect to his inquiry. At that time he requested his comments be taken as read, or tabled, or something of that nature. An objection to that procedure being followed was raised by Senator Frith. I certainly commend him in that respect. At the time that this topic was raised, the Deputy Leader of the Government said that as far as we are concerned we agree. I am, of course, paraphrasing what he said and I may be wrong—I hope I am. I have never heard of such a procedure being followed before, either in this chamber or in the other place. I think there are probably others here who have not heard of it and who were not contacted about it. May I ask the Leader of the Government in the Senate if it is his opinion that there should be a new rule introduced with respect to what takes place in this chamber regarding speeches? Will we follow the Congress of the United States in this regard? Will we take speeches as having been read? Will it become unnecessary for a senator to appear in the chamber? Will he be able to table a speech which has not been written by him? Is that the view of the Conservative Party at this time? I hope it is not. I would like to hear the comments of my leader in this respect.

Hon. Duff Roblin (Leader of the Government): I wish to tell my honourable friend that I am a traditionalist in this regard. I think we should stick to our traditions.

[*Translation*]

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Eymard G. Corbin: Your Honour, honourable senators, I have a question which is supplementary to that which I directed earlier to the Leader of the Government in the Senate. I am aware of the answers he gave yesterday, but I wonder whether he might have new information for us. When he replied to me earlier, was he trying to tell me that he was bound by the traditional cabinet confidentiality, or is he actually unaware of when the government will publish its paper on program universality?

[*English*]

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the government's statements are under preparation. They have not yet been completed.

THE SENATE

COMMENTS BY PRIME MINISTER

Hon. Gildas L. Molgat: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate which follows upon questions asked by Senator Stewart with regard to the comments of the Prime Minister about this place.

● (1540)

I fully recognize the delicacy of the position in which the Leader of the Government finds himself in this regard. He has said that he cannot tell prime ministers what to say. I can understand that. On the other hand, it seems to me that, because of his position here as the Leader of the Government in the Senate, my honourable friend does have a responsibility to express concerns in this regard on behalf of the Senate. It gives rise, I think, to serious parliamentary concern for a Prime Minister to speak in derogatory terms about this place. I think it is harmful to the whole system.

Perhaps we could ask the honourable Leader of the Government in the Senate to, at the very least, point out to the Prime Minister the risks and dangers in that course of action.

Hon. Duff Roblin (Leader of the Government): I do not think I can take any other course with respect to the present Prime Minister than other parliamentarians took with respect to some of his predecessors. I think it would be wrong for me to try to enlarge that area.

FOREIGN AFFAIRS

GIFT OF WAR PLANES TO TURKEY

Hon. Pierre De Bané: I have a question for the Leader of the Government in the Senate. As my honourable friend knows, through NATO, Canada has always been a great friend and ally to both Greece and Turkey. Recently, the Government of Canada has made a decision that I think is unbalanced and could cause problems to our relationship with Greece. The Government of Canada has decided to give renovated fighter planes to Turkey, and none to Greece.

In August, the Greek Ambassador to Canada officially told the Department of External Affairs that if any war planes were being given to Turkey, Greece would be glad to receive an equal number of planes of equal quality. Mr. Geoff Matthews, an aid to defence minister Robert Coates, described Greece's interest in these planes as "something that has come out of the blue." It is not usual nor is it courteous for an official to give the lie publicly to the ambassador of a close ally, an ally for an unbroken period of 79 years, might I add.

Again, Canada has the right to favour Turkey over Greece if there are reasons for doing so, but Canada is not a duplicitous country. It cannot and would not want to play the role of a neutral referee, and then favour one team over the other.

In Cyprus, fine Canadians have honourably played the role of neutral referees in the Greco-Turkish differences there. The tradition of fairness which these fine Canadians have established is strained by this matter of the gift of the war planes to Turkey, but not to Greece. It is not enough for a referee to be fair; he must be perceived as being fair by both the teams whose confrontation he supervises.

Greco-Turkish differences are ancient and complex. Both these allies need Canada to continue to play the role of neutral referee it has played in the past. Canada should not allow itself to be in a position where it seems to be arming one side but not the other.

May I ask the Leader of the Government in the Senate if he would ask his colleague, the Minister of Defence, the Honourable Robert Coates, to review that decision in order that we might not harm our long-standing friendship with Greece.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think it is fair to say that Canada has done its best over many years to approach, in a completely impartial and balanced manner, its relations with all of its allies in NATO, including Greece and Turkey. That is our policy and we have not deviated from it in any one instance.

[Senator Molgat.]

With respect to the question asked of me, I do not think my honourable friend has given the chamber the full story. I do not say this in any critical way, because it is a long story. I understand that Senator Gigantès intends to move an inquiry in which this matter may be debated, and it seems to me that the best course for me to follow is to express the hope that if Senator Gigantès proceeds with his motion, we shall have an opportunity to debate this matter and thus discuss at length the various issues involved.

WELFARE

ADEQUACY OF PAYMENTS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have several delayed answers. First of all, I would like to take this opportunity to say that the individuals on my staff who are responsible for obtaining these answers for senators have been very diligent and that our record of obtaining these answers is, in my opinion, very satisfactory. I do not expect assent to that assertion around the chamber, but I want to express my own opinion in that regard.

The first delayed answer is to a question raised by Senator Argue with respect to the adequacy of welfare payments in Saskatchewan.

Hon. Hazen Argue: I would appreciate the answer to that question placed on the record.

Senator Roblin: Honourable senators, with respect to its social assistance programs, the Province of Saskatchewan continues to comply with the terms of the agreement under the Canada Assistance Plan.

In agreements under the plan, all provinces consent to provide financial assistance to persons in need as defined by the plan. Specifically, the provinces agree that:

> —a period of residence in the province will not be a condition of eligibility for assistance;
>
> —eligibility for assistance will be based on a test of need—

and I would underline that expression for Senator Olson; perhaps he recognizes it—

> which takes into account a person's budgetary requirements and resources available to him to meet these requirements;
>
> —a formal appeal process will be available to all persons dissatisfied with decisions relating to their eligibility for assistance or the amounts of assistance paid to them.

However, the agreements neither prescribe precise conditions of eligibility for assistance nor the amounts of assistance that should be provided for basic and special needs. It is a provincial responsibility to set social assistance benefit levels, to determine how adequate these levels are and to make appropriate program adjustments to meet the needs of recipients. There are no provisions in the Canada Assistance Plan Act which permit the federal government to establish maximum or minimum rates of social assistance.

Currently, in Saskatchewan an unemployed individual is entitled to a maximum social assistance payment of $345.00 per month which is intended to cover his need for food, shelter, clothing and personal household items. The rates of assistance for the unemployable, and families with children are substantially higher. For example, an unemployable individual may qualify for a maximum monthly rate of $533.00 and a family of four may receive $1,175.00 monthly.

Social assistance rates for employable individuals across the country are generally lower than those for the unemployable. Historically, provinces have viewed the employable person as someone requiring shorter term assistance until he can find employment. Rates of assistance to the employable do not usually include an amount for replacement or repairs. The provincial and federal governments attempt to assist the employable recipient to find employment and therefore eliminate his dependency on financial assistance by providing him with training, job placement services and other services which will facilitate his return to the work force.

All levels of government, including the federal government, are trying to deal with the large number of individuals who have no alternative but to rely on social assistance benefits.

During this period, when unemployment rates have increased and greater numbers of individuals have had to look to provincial social assistance programs for financial support, the capacity of the Canada Assistance Plan to assist provinces in coping with increased expenditures has remained intact. As an open-ended cost sharing program, the plan supports in a very substantial way the safety net programs operating in the provinces. By virtue of its open-endedness, the plan discourages provinces from reducing their expenditures in the sector and ensures at least a basic level of assistance for persons most in need of help.

IMMIGRATION

ENTRY OF SOVIET REFUGEES—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Gigantès on November 15 last with respect to government policy on entry of Soviet refugees. May I have permission to have that answer taken as read?

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Minister of Employment and Immigration advises that when Mrs. Pépin raised the question there were no names attached, and there had been several groups under consideration. The minister was speaking of one group and Mrs. Pépin was speaking of the other, and the minister very sincerely apologized to her for the fact that she did not clearly indicate the group that she was speaking about. However, having reviewed this situation, having looked at the group, Mrs. Pépin later told her what she was speaking about, she assured her that her predecessor had indeed said there would be applications provided to these people should they meet all the requirements, including medical requirements.

The minister's office has not been able to persuade the local authorities in a very inaccessible border area to allow medical examinations to take place. But they have asked for the co-operation of other countries in helping to have this done. They have asked for the co-operation of the International Red Cross, and they are very actively pursuing their case in the hope that they will eventually be brought to Canada.

JUSTICE

CAPITAL PUNISHMENT—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): I have an answer to a question posed by Senator MacEachen on December 4th last concerning government policy on capital punishment. May I have permission for that answer to be taken as read?

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The minister cannot assist with any information which would shed light on the exact timing of a debate on capital punishment in Parliament.

With regard to whether the government has considered or decided upon, in any way, this issue, the only direction he can point to is the statement of the Prime Minister, December 3, 1984, in the House of Commons, where the Prime Minister stated:

> I hope that during the life of this Parliment there will be an occasion for Members to consider this and other matters. However, for the moment I think the priority of the country and of Members of the House is devoted toward economic renewal and economic recovery. Until the economy is in better health and we can see some light at the end of the tunnel, I think Hon. Members would want me to stay on that course.

THE INUIT

STATUS—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have an answer to Senator Watt's question of December 5, 1984 regarding government policy on Inuit status. May I have permission for that answer to be taken as read?

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Regarding the first question, there are three major processes presently underway which are directly concerned with 'satisfying the concerns and needs of the Inuit in the North':

First, the aboriginal rights of the Inuit are guaranteed in s. 35 of the *Constitution Act, 1982*, and the government is pursuing the definition of these rights through a process of First Ministers' Conferences including Inuit representatives.

Second, Inuit interests are being addressed through comprehensive claims. The Inuvialuit of the western Arctic have recently completed a comprehensive settlement, which is now enshrined in legislation; the Inuit of the eastern Arctic are negotiating their claim; and the Inuit of northern Quebec are beneficiaries under the 1975 James Bay and Northern Quebec Agreement. The settlement and implementation of these comprehensive claims agreements should be important means of meeting practical Inuit needs regarding ownership, use and management of land and resources and economic and social development.

Finally, the Inuit are participating very actively in exploring the possibility of a division of the Northwest Territories.

On the second question, the government is not considering new general legislation for the Inuit similar to the *Indian Act*.

● (1550)

WELFARE

ADEQUACY OF PAYMENTS

Hon. Hazen Argue: Honourable senators, I thank the Leader of the Government in the Senate for the rather lengthy answer to my question regarding welfare payments in Saskatchewan.

The answer seems to spell out that what has been happening in Saskatchewan is legal; they are not breaking a law. But I am disturbed when I hear confirmed that which I have already stated, namely, the allowance for single people, the so-called employables, is, regrettably, very low.

Has the Government of Canada made any representations to or held any discussions with representatives of the province of Saskatchewan suggesting in any way, or hinting in any way, that, since the federal government has the responsibility of paying half of the cost, and the provincial government has the responsibility of administering it and setting the levels, these rates might be looked at in such a manner as to make them more generous than heretofore?

I brought to the attention of the Senate not too long ago the case of Mr. Tom Ranks who has been unemployed for 24 months. He had been a truck driver and said he had some mechanical skills. He said that his total income for food for a month was between $50 and $60.

I have personally talked to people who handle the complaints from recipients of welfare, and they have confirmed that those recipients are hungry at the end of the month. I think it is a total disgrace that there should be this kind of starvation in a country where food is abundant.

So, I ask whether there has been, or whether there can be, any discussions held between the Government of Canada and the Province of Saskatchewan with respect to increasing those payments?

Hon. Duff Roblin (Leader of the Government): Honourable senators must recognize that since the inauguration of the Canada Assistance Plan it has been clearly understood that it is the responsibility of the province to set the rates of assistance. The federal government has agreed to accept whatever rates are set by the provinces and to pay 50 per cent of the cost on an open-ended basis. In other words, no financial limit is set as to the total amount of money the Government of Canada contributes to those programs. We accept whatever the provinces, in their judgment, decide is appropriate.

I think it would be injudicious of me to suggest that the federal government ought to tell the provinces how to run their own affairs.

TRANSPORT

MOTION TO AUTHORIZE TRANSPORT AND COMMUNICATIONS COMMITTEE TO STUDY POLICY ON CAR RENTAL OUTLETS AT AIRPORTS—DEBATE ADJOURNED

Hon. Hazen Argue, pursuant to notice of Thursday, December 20, 1984, moved:

> That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the policy of the Department of Transport regarding car rental outlets at airports, more particularly its refusal to open up competition, to increase the number of car rental outlets, the effect of restricting the major share of business to multinational companies, the adverse effect on jobs in Canadian companies and the advantages to the travelling public of greater competition.

He said: Honourable senators, I move this motion in the Senate because I believe that Holiday Rent-a-Car and those associated with it have a grievance that should be considered by honourable senators. In addition to that, there is the whole question of competition at airports and the need to open up or increase the number of desks available for car rentals.

I have taken an interest in this subject because of representations made to me. My colleague, Senator Steuart from Saskatchewan, has taken a real interest in this subject also, and I believe he will be making a contribution to this debate.

I think that the issue is important, and the issue is the increased availability of space at airports for car rental businesses, and an increase in competition so that Holiday Rent-a-Car has a chance to put in a bid that will be considered along with other bids.

As I understand it, the policy has been to have at least four car rental desks at all major airports, with a greater number at nine airports. The question of increased competition has been before the Department of Transport for some time. When the Honourable Lloyd Axworthy was the Minister of Transport, the now Minister of Transport, the Honourable Don Mazankowski, took on the case of Holiday Rent-a-Car and presented that case to the Honourable Mr. Axworthy. It was pointed out by those who took part in those discussions that 70 per cent of the car rental business in Canada is generated at the airports of the country, and that for a particular car rental company not to be part of the car rental business at airports in this country almost spelled economic defeat. So, Holiday Rent-a-Car is very anxious to be part of the airport car rental service.

The roles have all been changed now, but in supporting the position I have outlined, and in making submissions to the former Minister of Transport, were such notable Conservative members of Parliament as Jack Shields, the Honourable Harvie Andre, Joe Reid, Chris Speyer, the Honourable Perrin Beatty, the Honourable John Crosbie, the Honourable Ray Hnatyshyn and the Honourable Don Mazankowski. There was quite an array of talent in support of opening up competition and giving Holiday an opportunity.

The record is now clear. When the Honourable Mr. Axworthy was Minister of Transport, he was putting into place a change of policy; it was on the way. My information is that it was to all intents and purposes announced, and that he had a struggle within the department to bring some officials on side, but with his record of opening up competition in the airline business, it was clear that he would win. He had the support, of course, of the Honourable Don Mazankowski.

Since that time, the Honourable Don Mazankowski has been appointed Minister of Transport. He has now gone along with departmental officials who want to keep what was the policy for some time. Apparently he has reversed his position on the matter. So, I think that the Senate ought to have a broad and general inquiry into the issues involved.

There are four major car rental companies operating in Canada; Tilden, Budget, Avis and Hertz. Tilden is a Canadian company, the other three are multinational companies.

In addition to the issues I have mentioned, I think there is the whole question of encouraging Canadian companies and giving them greater access to this lucrative business.

The question of Holiday's franchise holders' debts to the Department of Transport has been raised, and the current minister has said that if anyone using the corporate name "Holiday" wishes to make a submission or tender, they would not be considered as long as any franchise holders owe moneys to the Department of Transport. I suppose that one could argue that that is not a fair policy from a legal standpoint because Holiday Rent-A-Car, as I understand it, does not owe the Department of Transport any money. But since when should a debt by a particular company necessarily ban that company from being a part of the economic life of this country? In other words, there is a decision by the government that will virtually put this whole organization, perhaps, into bankruptcy or into very serious economic straits.

• (1600)

I was in cabinet when the program of assistance to Massey-Ferguson was organized and there was a response that gave them a chance; there was a response that gave Chrysler a chance. I would have thought that there would have been an opportunity to discuss with these people how Holiday Rent-A-Car could play its role and how there could be some accommodation for the obligations that are there.

There has been a discussion of this question in the House of Commons and in their Transport Committee, but there has been no general inquiry. There has not been any broad canvass of the issues involved. I think that this is where a Senate committee which is, no doubt, partisan but less partisan than the House of Commons, could look at this whole question in a broad way.

Hon. Duff Roblin (Leader of the Government): That is past history.

Senator Argue: Well, I don't know. There is much discussion these days about the role of the Senate and whether honourable senators are going to undertake activities that may be out of time with what the Government of Canada is doing. Are we going to be somebody's pawn to do something here that is objectionable? I have taken a fairly forthright and, I think, at times, independent stand in the Senate. I think that we can play a major and a useful role in this matter. We need to make inquiries that take into account the economic needs of Canadian companies. We need to encourage Canadian companies to be competitive. We certainly could hear witnesses if the Transport committee were to deal with this kind of inquiry. A useful solution might result which would be helpful to Canada by increasing competition and thereby giving Canadian companies greater opportunities.

These airports are something of a monopoly. The former Minister of Transport wanted to increase the number of counters by one or two in each of the airports. I think that the policy that Lloyd Axworthy announced, and the department was going to follow, was the right one. I am disappointed that the new government has reverted and not adhered to what their position was when they were in opposition. I think we should look at these issues very broadly from a Senate standpoint.

Hon. D. G. Steuart: Honourable senators, I understand that Senator Doody would like to adjourn this debate.

Hon. C. William Doody (Deputy Leader of the Government): I was going to ask Senator Argue a few questions before adjourning the debate.

Senator Steuart: I would like to say a few words, if I may, realizing that I may be the last speaker before the bar which is a dreadful position to be in.

As Senator Argue stated, I was involved with this problem before the change of government and following the change of government. It is a fairly complicated matter but, as I under-

stand it, one or two of the franchisees of Holiday Rent-A-Car left some debts. The bureaucracy took the attitude that if anybody by that name owes a debt they are not going to consider their bid. When the previous government looked into it, the decision was made that this was not a reasonable stand to take. As Senator Argue pointed out, they said they would change the policy.

The other problem that Holiday Rent-A-Car has, and likewise any small Canadian firm, is that large companies like Avis and Hertz tend to bid very low because they are the one rent-a-car company at the large airports, and then they pick up the smaller airports as they go along. If that happens and they squeeze out the small companies, these small companies lose their chance to get referrals from the larger airports. This factor can make it extremely difficult and, in fact, almost impossible for small companies under the bidding procedure that now exists.

I think it would it would be very appropriate for the Transport committee to look into this matter because it could hear witnesses on behalf of the government and on behalf of the franchisees who are bidding on these contracts. The bureaucrats do not encounter any problems so long as they stick with Avis, Hertz and Tilden, but there are many small companies that want to get into this business—and those who are in it hope to stay in it—and they are the ones that have the problems. I happen to believe that bureaucrats should have just as many problems as anybody else and sometimes a few more. I think it would be appropriate to have this matter referred to committee. Perhaps the system cannot be changed from the way the government has been handling it for years. I think that Lloyd Axworthy became convinced that a change would be healthy. I thought that Don Mazankowski was convinced of that, as well, but along the line I believe that the bureaucracy convinced him that his new approach was not the right one and he went back to the previous one. But these people are losing out. I think the situation is unfortunate not only for this new company, but also for any future small Canadian company which, when established, wants to get into this business.

I support the idea of referring this to the Transport committee, and if they can impress upon the government that some change of policy would be beneficial to small Canadian companies, then it would be worthwhile.

Senator Doody: Honourable senators, I should like to ask Senator Argue a few short questions before I move the adjournment of the debate, if he will accept the questions. Perhaps I should ask them all at once and if Senator Argue can deal with them, fine, but if not, we can deal with them when we resume the debate.

It seems to me that one of the points raised is that there is a barring of small companies from the airports. That may or may not be so. I have been told that in 36 of the 59 small airports, that is, the four or fewer counter airports, fewer than four companies bid on the contracts. It seems to me that the anxiety of people to get into that business does not seem to be as great as we are led to believe. Whether that is accurate or not remains to be seen.

On the matter of arrears, I understand that several of the Holiday Rent-A-Car franchisees were in default of payment and their subsequent successors were denied the right to bid. It seems to me that others who have been in the same situation and who have paid their arrears, would be discriminated against if Holiday were to be forgiven. I wonder if Senator Argue would comment on that.

In the last round of contracts, I have been told that Holiday bid on 13 of the 59 airports and were awarded 8 of those. It does not seem to me that they were discriminated against in that area, but perhaps the honourable senator can comment on that now or answer that question after the Christmas recess.

Senator Argue: Honourable senators, I am not an authority on this subject. I picked up the points as I went along and perhaps I can make some useful comments on the questions raised by Senator Doody.

He said in some of the smaller airports they do not get too many bids, and there does not seem to be much anxiety on the part of the companies to get into this business. From what I understood, the lucrative areas are the major airports. A large company, which is successful in a bid for a counter at a major airport, then, of course, has an opportunity to be successful at the smaller airports. My understanding is that business firms with personnel travelling via small airports will have more access to one of the four major car rental services than to small company franchises located in small airports. For example, the Prince Albert Car Rental Service has a counter at the Prince Albert airport, but it really has no competition. I am informed that if one or two small, independent companies have counters in one or two airports, they really do not stand a chance against the major companies.

• (1610)

I believe the Standing Senate Committee on Transport and Communications could perform a very useful purpose by eliciting evidence on this subject. That evidence will obviously carry more weight than my answers, even though it may confirm what I have said.

Senator Doody asked if it would be fair to those franchisees who have paid up if those who did not pay up were allowed to bid. As I understand it, the issue is whether the Holiday Rent-a-Car overall firm has the right to bid in this particular case for airport counters. The advice I have indicates that it was not able to tender on that basis.

I would hope that, when the Honourable Minister of Transport reads *Debates of the Senate* he will consider postponing the awarding of those contracts until such time as there has been a thorough inquiry.

Honourable senators, unfortunately I have no information regarding the eight to thirteen bids mentioned by Senator Doody. As I said, my information is that Holiday Rent-a-Car is not able to bid, in this major way, for the tenders that have

been called. I think the final date on those was said to be December 7 or December 8.

On motion of Senator Doody, debate adjourned.

CHRISTMAS GREETINGS

Hon. Duff Roblin (Leader of the Government): Honourable senators, there is only one other matter which requires attention before we close the doors of the Senate for this year, and that is to deal with the motion for adjournment. However, before that happens, my colleagues would like me to express to you, Mr. Clerk, to all your people at the table, to the messengers who help us in the chamber, to the ladies and gentlemen of *Hansard* and to those other people around the Senate who make our work so pleasant and contribute so much to what we do, a Merry Christmas and a Happy New Year.

I think all honourable senators will join with me—and I am sure Senator Petten will agree to this—in extending to all our associates, whether as senators or in another capacity, our very warm, good wishes for a happy Christmas and our sincere hope that the New Year will be profitable and pleasant for all of us.

Hon. Senators: Hear, hear.

Senator Roblin: I would address just another word to this gallant corporal's guard which has provided us with a quorum for our final sitting here. I would express to you, as, indeed, I express to all honourable senators whether here or not, my own good wishes for the season of Christmas and for the New Year.

Hon. Senators: Hear, hear.

Hon. William J. Petten: Honourable senators, this may come as somewhat of a shock, but I wholeheartedly endorse everything the Leader of the Government has said. I wish everyone here a happy Christmas.

The Senate adjourned until Tuesday, January 22, 1985, at 2 p.m.

THE SENATE

Tuesday, January 22, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Finlay MacDonald

Brenda M. Robertson

Efstathios William Barootes

INTRODUCTION

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced—

The following honourable senators were introduced; presented Her Majesty's writs of summons; took the oath prescribed by law, which was administered by the Clerk; and were seated:

Hon. Finlay MacDonald, of Halifax, Nova Scotia, introduced between Hon. Duff Roblin, P.C., and Hon. John M. Macdonald.

Hon. Brenda M. Robertson, of Riverview, New Brunswick, introduced between Hon. Duff Roblin, P.C., and Hon. Lowell Murray.

Hon. Efstathios William Barootes, of Regina, Saskatchewan, introduced between Hon. Duff Roblin, P.C., and Hon. R. James Balfour.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

DISTINGUISHED VISITOR IN GALLERY

The Hon. the Speaker: Honourable senators, I should like to call your attention to the presence in the gallery of the Honourable Eric Berntson, Deputy Premier of the Province of Saskatchewan.

Hon. Senators: Hear, hear.

THE LATE HON. WILLIAM MOORE BENIDICKSON, P.C.

TRIBUTES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, since we last met we have all been saddened by the death on January 4 of our colleague, the Honourable William Benidickson. It is a sad duty for me to pay tribute to his memory on behalf of his friends in the Senate, particularly those on this side of the house. As is well known, Senator Benidickson was born in Manitoba but he lived in Kenora, Ontario, and served that area as a member of Parliament for quite a number of years and, indeed, had the distinct success of securing re-election on five successive occasions. It was no wonder he had earned the respect and admiration of his electors because he was an outstanding young person who had served our country as a Wing Commander in the Royal Canadian Air Force with a most distinguished service record.

Bill Benidickson served as parliamentary secretary to the Minister of Transport and to the Minister of Finance. Later, of course, he became a member of the Pearson cabinet following the 1963 election. He served as Minister of Mines and Technical Surveys. It was in that period when Mr. Benidickson was parliamentary secretary to the then Minister of Finance, Mr. Abbott, that I first made his acquaintance. As a new member of Parliament, entering in 1953, I was impressed by his friendliness and by his mastery of the complex subjects with which he was expected to deal on behalf of the minister in the House of Commons.

Subsequently, of course, Mr. Benidickson was summoned to the Senate in July of 1965 where he sat as a Liberal-Labour senator. One of the interesting characteristics of the late senator's career was his strong attachment to that designation of Liberal-Labour. It expressed his own social interests and also the fact that he had served in Kenora as solicitor for the Trades and Labour Council.

Those of you who served with Senator Benidickson in this chamber know of his diligence and how he served attentively in committees, particularly the committees on Internal Economy and National Finance.

He suffered a lengthy period of ill health, and his service to the Senate was interrupted by ill health at various times. Those of you with whom I have talked have told me that he was, indeed, a faithful attender to his duties as a member of various committees and as a member of the chamber itself.

I certainly feel very sad about the loss of Senator Benidickson. Indeed, because of his illness, I did not have the opportunity of resuming the relationship with him in this chamber

which I enjoyed when he served as a member of the House of Commons.

Honourable senators, I should like to express to his widow, Agnes Benidickson, and to the members of his family our deepest sympathy on the passing of a colleague and friend.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is only a truism to say that Senator Benidickson was respected and admired on all sides of this chamber, and I appreciate the opportunity of being able to join with my honourable friend, the Leader of the Opposition, in some words of tribute to his career in public life.

Yes, Senator Benidickson was born in Manitoba; in fact, he was born in Dauphin, Manitoba. It is true that he was a man who was associated, in my mind, with the Icelandic community of my province. His name, I think, would indicate that. The Icelandic people of Canada, particularly of Manitoba, have made a very great contribution to our nation and none more so than Senator Benidickson who was a leader in that community. He was a man well furnished with ability and he used that ability to contribute to the public weal.

As Senator MacEachen said, he served in the Royal Canadian Air Force in a most distinguished capacity. On completion of his service in 1945, like many others of that particular age, he sought an opportunity to serve in public life. He found that opportunity as the member for Kenora-Rainy River. Although that is outside of Manitoba, we Manitobans always think of it as being very closely associated with our interests. Bill Benidickson was an advocate of our interests.

He was a very successful politician as is demonstrated by the number of times he was elected to the House of Commons, and he did rejoice in the peculiar designation, as it seems now, of Liberal-Labour. He ran under that ticket on each occasion that he ran for Parliament and it was recognized that in doing so he wished to express his solidarity with the people of the community he represented, and he did so very successfully.

• (1410)

His career in public life is well known to all honourable senators. It was a distinguished one indeed. While a member of the House of Commons he became a minister and a member of the Privy Council. There followed a 20-year term here in the Senate of Canada. As has already been said, those of us who had an opportunity to work with him learned to appreciate his qualities anew.

It is not only his public career that I bring to mind, but also his personal characteristics. As all of us can testify, he was a friendly, kindly and considerate man, a hospitable man. Although he cherished his political views, he never let them interfere with a warm association with those who perhaps had a different outlook on the affairs of the nation.

He was a well spoken man. By that I mean he was not only articulate, but on subjects to which he devoted himself he was indeed eloquent. Therefore he was well suited to serve in a public capacity, and he brought to it a personal and private manner which endeared him to all.

It is perfectly true that during the last few months he was sorely tried, because he was faced with an implacable disease. But during those difficult times he displayed a fortitude and courage which I believe is the measure of the man.

I join in the expression of condolence that has been offered to his wife, Agnes, and his three children. Perhaps I could mention also his brother-in-law, the Honourable James Richardson, who also is a member of the political fraternity. Those of us on this side of the house wish to be associated in full measure with the expression of condolence now being offered on the passing of our colleague, William Benidickson.

Hon. Senators: Hear, hear.

Hon. David A. Croll: Honourable senators, I first met Senator Bill Benidickson overseas during World War II when he was serving in the Royal Canadian Air Force, and a more handsome officer you never saw. He served from 1940 to 1945 with great distinction and rose to the rank of Wing Commander.

Our friendship was cemented when we were deskmates in 1945 following our election to the House of Commons. As my colleagues have said, Bill Benidickson was elected as a Liberal-Labour candidate who represented Kenora-Rainy River. He was re-elected on six successive occasions, until his appointment to the Senate in 1965. Senator Benidickson never forgot his roots and the people never forgot him. It was a happy relationship.

Following his election to the House of Commons he was active on committees, particularly the Veterans Affairs Committee when we wrote the Veterans Charter which still stands as a credit to this country. He was also a member of the Labour, Manpower and Immigration Committee. In 1951 he was appointed Parliamentary Secretary to the Minister of Transport, and in 1953, Parliamentary Secretary to the Minister of Finance. In 1963 he became Minister of Mines and Technical Surveys and while holding that portfolio he was referred to by the industry as "the mining man's mines Minister". He was one of the major planners of the Emergency Gold Mining Assistance Act which kept the gold mines open. It was he who removed the sword of Damocles which had hung over the head of the Nova Scotia coal mining industry by putting coal subventions on a five-year basis, instead of arranging them each year on a hand-to-mouth basis. He had a broad outlook on this country, for which he had great hopes and a limitless dream of what it could offer. While in opposition in the House of Commons he was the finance critic. He showed outstanding ability to analyze what was happening in the financial world, especially as it affected the Canadian budget—a very intelligent and sharp critic. He used common sense, good judgment and instincts over the advice of experts. He was a compassionate man. He always had time for and expended much effort on the poor and the unfortunate. He was a staunch supporter of the social assistance network which this country built up. Bill was a good and humble man. He had a high regard for Parliament and lived up to his responsibilities. He was kind; he made friends easily and kept them.

When Bill Benidickson came to the Senate he joined me as a deskmate and we became even closer friends and collaborators. He served this country with credit in time of war and in time of peace. I extend to his wife, Agnes, his sons, Jamie and Kris, his daughter, Kathleen, and his sister, Mrs. Ruby Ashdown, grateful remembrance of a life well spent. I find it a very sad duty to pay tribute to the memory of a very old and precious friend who died after a long and difficult illness.

Hon. Rhéal Bélisle: Honourable senators, I rise to pay tribute to a colleague who has served Northern Ontario for nearly 40 years, the Honourable Senator Bill Benidickson of Kenora-Rainy River. The late senator served us in the north with pride and distinction. Bill was a very able and learned lawyer. He chose Kenora for his practice and residence because he knew that Northern Ontario had a promising future for those who had faith in the north. When he decided to run as a Liberal-Labour candidate, the sign of victory for his party was not assured. His will and ability to sell himself as a worker for the people brought him not only six consecutive victories, but entrenched him as a fighter for the north. Bill was a very articulate man, as was said by the previous speaker. He was devoted to his people. He was energetic and he contributed a great deal to Parliament, both in the other place and, since 1965, in this honourable assembly. He was a fine gentleman who had deep feeling for people. Time and again he stood up for causes, whether or not they were popular with the government or his party.

Bill and I represented half of the province of Ontario geographically from Barrie, north of Toronto, to the Manitoba border—he for some 39 plus years, while 1984 was my fortieth anniversary of political service to my people. I said to him last summer, "Bill, we have been serving for some time. We are not immortal. Some day we will have to turn off the light in order to be received where the light is forever on." He said to me, "Rhéal, you know that I am not one of those who wears his church uniform every day but I have faith in what I am doing for the good Lord by caring for his people as best I can." I asked Senator Benidickson, "Are you aware of the journalist's question to Sir Winston Churchill on his 90th birthday?" He replied, "No, I am not." I told him: "The question was: 'Do you have any fear of meeting your Maker?"' and Senator Benidickson's answer was, "Why should I fear Him? If I live for some years, I will continue to serve Him through the people I represent, and if I die, I will see Him and live with Him wherever."

● (1420)

Honourable senators, through my humble voice, the people of the north are conveying to Mrs. Benidickson and her family our most sincere sympathy. When history is written about him, his contribution, his unselfishness and his kindness of heart to serve his people will make him stand as one of the great timbers that the north has produced.

Hon. Douglas D. Everett: Honourable senators, in rising to pay tribute to Bill Benidickson, I also recall that he was born in Dauphin, Manitoba, a town that, perhaps because of the rigours of its winters, produces extremely tough and able people. Beyond that, as the Leader of the Government in the Senate has stated, Bill Benidickson was an Icelander and he lived up to and fulfilled all of the great promise of that race which has done so much for the province of Manitoba.

Following his war service with the RCAF, he moved to Kenora to set up his practice of law. However, it was not so much to practise law but more to be involved in politics, because that is what he loved, and in 1945, he was elected, as others have said, under the Liberal-Labour ticket and he continued to be elected for six more terms.

He was indeed a popular member. My cottage is in Minaki, Ontario, which was in his riding of Kenora-Rainy River. At the time that he was the sitting member for that riding, I recall how popular he was and that popularity existed long after he had given up elective politics. So great was it that, in 1958, when the great Diefenbaker sweep took place, Bill Benidickson held his seat. As of course you know, he became the Minister of Mines and then was appointed to this chamber.

What I liked about Bill Benidickson was that he was a politician in the truest sense of the word. He liked people. He wanted to do something for other people, and the people trusted him by electing him time after time. He had a vast knowledge of this country and its workings. In my years as chairman of the Standing Senate Committee on National Finance, of which he was a member, I recall relying over and over again on Bill Benidickson and Allister Grosart to question the kind of witness who tended to put forth some arcane theory that most of us could not follow. Both Senator Grosart and Senator Benidickson had an incredible background of knowledge and the ability to question in a penetrating manner.

Bill Benidickson was a true Liberal. He espoused the free enterprise system but he was bound and determined that its benefits would be passed on to all throughout the country. He was a man who fought for the freedom of people in the real sense of the word.

I think this country will miss Bill Benidickson. He was a first class politician, possessed a brilliant mind, and had the greatest attribute of all politicians, compassion for people.

CURRENCY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to amend the Currency Act.

Bill read first time.

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BORROWING AUTHORITY BILL, 1984-85 (No. 2)

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-11, to provide borrowing authority.

Bill read first time.

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (1430)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE TABLED

Hon. Guy Charbonneau, chairman of the Standing Committee on Internal Economy, Budgets and Administration tabled the following report:

Tuesday, January 22, 1985

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate on Tuesday, December 6, 1984, to examine the subject-matter of the motion of the Honourable Senator Sparrow respecting the printing of additional copies of the report of the Standing Senate Committee on Agriculture, Fisheries and Forestry, entitled: "Soil at Risk", tabled in the Senate on 6th November, 1984, reports that it has approved the printing of an additional 10,000 copies of the said Report at an approximate cost of $19,000.

Respectfully submitted,

GUY CHARBONNEAU
Chairman

SELECT COMMITTEES

AUTHORIZATION TO MEET DURING ADJOURNMENTS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That for the duration of the present Session any select committee may meet during adjournments of the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

UNEMPLOYMENT

ADJUSTED STATISTICS

Hon. L. Norbert Thériault: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate, but before doing so, on a personal note I should like to welcome the three new senators. I do not personally know the two gentlemen, but I extend a special welcome to my colleague from New Brunswick, Senator Robertson. I am sure she will remember that when she first came to the Legislature of New Brunswick she was assigned to be my critic. I was then Minister of Health and Welfare of the Government of New Brunswick. I can tell you that she was a very harsh but very knowledgeable critic and did her job extremely well. She became an important member of the party that defeated us in 1970, and then she assumed half of the responsibility that I had had as Minister of Health and Welfare by becoming Minister of Welfare. Following those duties she competently performed many important tasks in the Government of New Brunswick.

I think it is recognized throughout New Brunswick that, despite the fact that she was a harsh critic of the policy that we were promoting in 1966 to 1970, when she became responsible as a minister of the government she ensured that she followed those policies almost exactly. I welcome you to our chamber, Senator Robertson.

Honourable senators, over the weekend I had the pleasure, or displeasure, of watching the television program entitled *The Nation's Business* on CBC. The Minister of Employment and Immigration, the Honourable Flora MacDonald, gloated about her creation of 100,000 new jobs since the government took office. While she was saying that, I could not help but wonder if the minister was knowingly misleading the people of Canada or if, in fact, she was using those figures to make her point but those figures are really not accurate.

While it is true that Statistics Canada reports an adjusted diminution of unemployment to 10.8 per cent, if I remember correctly, the real facts are that in the four months since September 4 or 17, whichever date you wish to take, the number of unemployed people in Canada has grown by 196,000.

My question to the Leader of the Government in the Senate is: Will he inform this house if the government takes pride in and credit for the adjusted figures of the unemployment rate? Does it also accept the responsibility for the increase of 196,000 unemployed Canadians?

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is remarkable how circumstances alter cases because I can remember standing on the other side of the house on more occasions than one to listen to reports of employment in the nation delivered to us by the gentlemen who were then representing the government in the Senate. I think it was pretty generally agreed that it was not unreasonable for them to use the seasonally adjusted figures as the standard of comparison for this year, other years, last month, et cetera. Therefore, it is generally agreed that the way in which we can best measure changes in employment or unemployment is by the seasonally adjusted figures. Those are the figures which the minister quoted, and I think that those are the figures that can be fairly used in debate on this important matter.

I am encouraged that the economy has been that resilient particularly as the month of December is not usually a good month for employment. I am encouraged but by no means satisfied. I think that that is the answer that I should give my honourable friend.

Senator Thériault: Honourable senators, as usual the Leader of the Government in the Senate did not answer the whole question, but he did better on this occasion than he usually does because he answered part of it. The second part of my question is the part I should like to have answered.

• (1440)

So far as I am concerned, honourable senators, to rely on answers given by former members of the former government is not good enough. As I recall, the Honourable Leader of the Government in the Senate, when in opposition, was never satisfied with those kinds of answers. Is it only the change of sides in this house that has brought about this transformation in his way of analyzing unemployment in Canada?

It is not factual to say that December is a bad month for employment. It is known that, due to the increase in retail sales and of activity in the service industry in this country, a large number of jobs are created in December. As I read the figures, the jobs created during that month were created in those sectors.

I repeat the second part of my question: How does the Leader of the Government, who has deep concern about his own province, react to the situation, which is that in his province and in my province the figures cited by the Minister of Employment and Immigration do not apply, and, in fact, there was an adjusted reduction in unemployment in our two provinces? Is it as a result of the policies of this government that we see a so-called increase in the provinces of Ontario and Quebec but a decrease in most other regions of Canada?

Senator Roblin: Honourable senators, my honourable friend managed to sit in his seat for the six years that I have been here without raising a single objection. He has listened to statistics quoted by his ministers that were based on the adjusted employment figures. Of course, I suppose I should not be very surprised that he does not find that satisfactory today.

Nevertheless, I am going to stick to those figures because I believe they can be well relied upon to measure relative changes in the employment situation.

No one is going to be happy about unemployment in Canada and nobody is going to be satisfied, least of all me, until some further improvements are made.

The government is doing its very best by its economic policies and by the economic leadership it is attempting to give to the nation to encourage the private sector to expand its activities so that we will make some progress in dealing with the question of unemployment. That policy applies across the country, regardless of provincial boundaries.

Senator Thériault: Honourable senators, as I listened to the pronouncement of economic policy by the minister responsible, the Honourable Sinclair Stevens, I was afraid that the end result of his policies would be to continue the trend which is obvious in this country today, that is, by concentrating on major industry, there will naturally be a positive effect in central Canada while the provinces at either end of the country will suffer, as is shown by these figures for December.

Would the Leader of the Government in the Senate remind his colleague in government that, while it is positive to increase employment in central Canada, the Atlantic and western provinces are still part of this country and some efforts should be directed towards the improvement of the economic situation in those areas.

Senator Roblin: My honourable friend has made reference to the Honourable Sinclair Stevens and his responsibility for certain economic policies. I ask my honourable friend to remember that this gentleman recently signed an economic accord with the Province of Quebec. The Province of Quebec can by no means be described as a "have-not" province although it is certainly one with serious economic problems. In spite of the fact that the former administration did not find it possible to conclude the economic agreement with the Province of Quebec to promote regional development, the Honourable Sinclair Stevens has been able to do so. I think that should be recorded to his credit and to the credit of the government.

The same thing is true of my own province. A statement of economic co-operation and of job creation between the federal government and the Province of Manitoba has also been concluded under the auspices of the present régime. Manitoba is hardly a "have" province, but it is one that will be able to benefit from co-operating with the federal government.

If my honourable friend will be patient, I think he will find that the Honourable Sinclair Stevens will, in turn, conclude agreements with other provinces in Canada so that, in co-operation with provincial authorities, we may improve the economic structure of the country.

Senator Thériault: Honourable senators, I believe the Leader of the Government has made my point much better than I could have made it myself.

It is my concern that this government appears to be ready to sign agreements with provinces that can afford the 50 per cent share required. That kind of policy hurts the Atlantic provinces because the governments of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland do not have the resources to match federal grants. That is why the previous government designed an economic policy whereby, in certain areas, the federal government was prepared to bear more than 50 per cent of the cost of a program.

Does the Leader of the Government think it right that those kinds of joint agreements are offered to and signed on the same basis by all of the provinces of Canada?

Senator Roblin: Of course, my honourable friend's assumptions are erroneous. He assumes that my own province, for example, the province of Manitoba, is so flush with funds that it need not be considered as one of those that have some difficulty in matching federal grants or, indeed, in financing its own services. It has a pretty substantial debt. I believe the same remark would apply to the Province of Quebec.

I think it is wrong for my honourable friend to suggest that the same terms and conditions are laid down in these agreements for each province. Such is not the case. There are variations and the variations are designed to meet the very point my honourable friend makes, that circumstances differ in different parts of the country. An agreement which will suit one province would not necessarily suit others. These points are kept in mind by the federal authorities when they negotiate these arrangements.

Senator Thériault: Honourable senators, in repeating my question, I would make one more point and that is that it is not fair for the Leader of the Government to make a broad statement that the previous government was not able to reach an agreement with the Province of Quebec. He knows very well that, in the past 10 years, agreements were, in fact, reached with the Province of Quebec although the last long-term agreement had not been settled between the Government of Canada and the Province of Quebec. To make the flat statement that the former administration had not been able to reach agreement with the Government of Quebec in the past is inaccurate.

Senator Roblin: Perhaps I should have phrased my statement the other way around and said that the Government of Quebec had not been able to reach agreement with the Government of Canada, because the plain fact is that the Government of Quebec refused to sign an agreement with the previous government, but they were able to do so when negotiating with the present administration.

Senator Thériault: The separatist Government of Quebec did not refuse but dragged its feet because they were prompted by some members of this chamber and of the House of Commons regarding the so-called event that was supposed to take place and that has taken place. As a matter of fact, in the past, the Government of Canada and the Government of Quebec have signed many agreements.

Senator Roblin: Thank goodness for that.

DISARMAMENT

SPACE-BASED DEFENSIVE WEAPONS—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, before I put one or two questions, I should like to extend my welcome to the three new senators. I wish each of them great success in the Senate.

I particularly welcome Senator MacDonald from Nova Scotia. We go back a long way. When I met him a few days ago, I told him that we were back where we started more than 40 years ago, debating each other as classmates. During that period Senator MacDonald showed all the skillful eloquence for which he has since become well known and which, undoubtedly, will be exhibited in our debates in this chamber. I regard him as a formidable opponent and I will be careful now that he is among us. Therefore, I welcome new senators, particularly Senator MacDonald.

I wish to ask the Leader of the Government a question based on the important statement made yesterday in the House of Commons by the Secretary of State for External Affairs. The minister referred to the very important negotations which had been decided upon and which are to take place between the Soviet Union and the United States on the question of arms control. I am sure the world heaved a sigh of relief upon learning that the two superpowers had finally reached the point where those negotiations are resumed. I share Mr. Clark's view in regarding this development as being an important step ahead.

• (1450)

However, yesterday the minister, in replying to a question urging him to ask the United States to exercise some restraint in the pursuit of research on space-based defensive weapons, stated that it would be unpardonable for this country, this government, or this Parliament to take a position that would throw those negotiations off course. Of course, I agree that it would be unpardonable. However, at the same time, Canada has had some reputation for taking an independent course, particularly in the pursuit of arms reductions.

I should like to ask the Leader of the Government why the government feels that it would be unpardonable for Canada in these circumstances to urge the United States to show some restraint in entering upon a new phase of arms development in the undertaking of research on space-based defensive weapons. Can the minister assist us in providing some clarification on that point?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I acknowledge the fact that my honourable friend is probably the expert in this chamber in the field of foreign affairs. Therefore, I listen carefully to what he says. I do not, by any means, feel that I have the same background and experience in this important matter that he has. On the other

hand, I am not able, on my own authority, to say exactly what the minister meant when he used those words which, indeed, I have in front of me now.

It seems to me that we should bear in mind the goal of the American government. What is that goal? It is not simply star wars. It is not simply any freeze. The goal of the American government in the negotiating session is to eliminate nuclear weapons entirely. That is my understanding of their ultimate aim. One has to admit that it is an ambitious goal to set, and probably it is out of reach at the present time and they may have to settle for something else.

I believe the Canadian government's attitude is that the responsibility for conducting those negotiations is the responsibility of the American government, and in the course of those negotiations all kinds of factors will come into play, because there will have to be trade-offs. One party will have to concede a point here and the other party will have to concede a point there. Therefore, I do not believe it is at all unreasonable to suggest that the Americans should be allowed to enter the negotiations with a full quiver, with a full range of items to be considered for negotiation. Probably the question of star wars is one such item.

That certainly is an argument which has some legitimacy and, I believe, some value, as one enters the negotiations. I would be bold to say that the minister's intention was to convey the government's position that we did not wish to appear to be interfering in the negotiations by making issues of matters that were on the negotiating table. I believe that is the point the minister was trying to make. I stand to be corrected, and I will certainly ask him to review my statement in the Senate to see whether I have misunderstood the matter. However, that is the answer I would give at present.

Senator MacEachen: I thank the Leader of the Government for his comments. I look forward to receiving any further comments that might be made by the minister on this point, because, on the face of it, it does not appear to be self-evident that Canada is precluded from pressing forward certain views to influence both sides of the table, realizing, of course, that we do have a special relationship with the United States, as with other countries, in the defence of the West.

I draw the Leader of the Government's attention to a statement that was made by the head of the Soviet Union, Mr. Chernenko, when he commented upon the intention of the United States to press ahead with the space-based defensive systems. He said:

> Attempts in some American quarters to foist a star wars era on mankind are creating a new additional threat to peace. If the United States militarist forces prevail on this issue, an irreversible situation will arise frought with baneful consequences.

Admitting the element of rhetoric in that statement made by the leader of the Soviet Union, it is still a reflection of the apprehension that is felt by the Soviet Union at the prospect of a new escalation in space weaponry.

[Senator Roblin.]

I noticed that the minister, Mr. Clark, said that the conduct of Canada should be calculated to encourage the success of the process. I would ask the Leader of the Government: Is it not more likely that the success of the process will be achieved if some understanding is shown by Canada of the views of the Soviet Union as well as those of the United States, which the minister seems to have embraced 100 per cent, contrary to what I consider to be the independent character of Canadian foreign policy? Perhaps the Leader of the Government would reflect on how we accommodate the fears of the other party in embracing totally the views of the United States.

Senator Roblin: Honourable senators, I am not quite as optimistic as my honourable friend, who seems to suggest that if Canada were to make a statement on nuclear disarmament, it would be felt with equal force and effect around the desks of the Kremlin as around the desks of Washington. I do not happen to think that. I believe that what we have to say on this matter has little impact in Moscow and that it has much more impact in the United States.

So for us to take a position with respect to items that might be on the bargaining table at this stage does not, I believe, mean that it would affect the negotiations from the Russian point of view, in the way that my honourable friend suggests.

I take the statements by the General Secretary of the Soviet Communist Party with a grain of salt, because I recall very well the time when the Soviet Union positioned S-20 missiles in Europe. It was thought to be an intolerable imbalancing of the arms situation on that continent. At that time the United States decided that it would put missiles of its own in Europe, with the consent of NATO, which, indeed, it did. The Soviet Union then declared that it would take no further part in any discussions on disarmament until they were removed. But we see that was not the case. We see that they do respond to arguments, but they are not verbal arguments; they have to be arguments that are based on something more solid than that. I do not like that situation. I regret it. I wish it were something else. If I thought that any good purpose could be served in our stating a position with respect to any particular aspect that is on the table right now that would improve the prospects of getting a bargain, I would be much inclined to do so.

● (1500)

At the present time I cannot see it. I do not think it would be appropriate, merely for the sake of saying we have an independent policy of some kind, to do something that might distort the balance of bargaining at the present time. Everybody knows our views on nuclear weapons—we do not want them. The aim of this conference is to eliminate them, or, if it cannot eliminate them, somehow reduce the pressure. I think we have to let the bargainers go at it for a while to see what happens.

Senator MacEachen: I regret that the minister sees no role for Canada; that, indeed, Canada should opt out and remain silent on the arms question and particularly on these very arms negotiations. That is, I hope that the government will not adhere to that position very long because the people of Canada

expect not only the government but the Parliament of Canada to encourage the process by activity and policy statements.

Yesterday Mr. Clark told us that he had received assurances from the Government of the United States that there would be consultation regarding any nuclear action in time of crisis which might affect Canada, and that no such action would be taken without the agreement of Canada. I have two questions on this matter. First, what type of nuclear action did the Government of Canada seek assurance about? I want to know what we said to the United States and what kind of action we received assurance about.

My second question flows from the minister's statement, that the United States will not contemplate any such nuclear action without the agreement of Canada. What I want to know is whether this government is open to the possibility of reaching agreement at some future time in some future circumstances with the United States on nuclear action in Canada. I thought that we all agreed that we should get rid of nuclear weapons. There is a suggestion here that we might in some circumstances reach agreement with the United States on nuclear action in Canada, obviously by nuclear weapons. Is the government open to that possibility or has it ruled out completely that possibility?

Senator Roblin: I am not the Secretary of State for External Affairs so my honourable friend will have to excuse me if I do not give specific answers to some of the questions he has raised. I shall deal with his first point; namely, that Canada has no independent policy in respect to disarmament or that I am suggesting that we should never say anything or that we should completely follow the American lead wherever it may take us. That is not what I said, it is not what I intended, and I am certain that it is not the policy of the Government of Canada. When we have a case to make and we can make it, we shall make it and my honourable friend can rely on us to make it. However, we will use our best judgment and make our point at the time and place it is most effective in the interests of the people of this country.

The second matter I want to deal with is the honourable senator's question as to what these nuclear possibilities are. I must tell him that a nuclear possibility to me means anything in the nuclear line. Subject to verification by reference to the Secretary of State for External Affairs, that is what I understand the position of the government to be, that the use of any nuclear device would require the consent of the nation. As for whether or not we have any intention at the present time of deploying a nuclear device in Canada, the answer is decidedly no.

Senator MacEachen: Has the government ruled out that possiblity entirely, or is it open to agreement with the United States at some future time?

Senator Roblin: When my honourable friend can tell me what the future will bring, I might have an answer to his question.

Senator MacEachen: Is the minister now saying that at some time it is conceivable that the government will reach an agreement with the United States to establish nuclear action in Canada? It seems to me that he is saying that the government is open to such a possibility, and I think we are entitled to know whether that is the case or what the government is open to.

Senator Roblin: The last time the Government of Canada made an agreement with the United States on nuclear weapons, it was for the Bomarc. My honourable friend and his colleagues will understand fully how that agreement was arrived at. I have nothing to say about the question of what the future policy of the government may be because it it a hypothetical question and everyone knows that it is not possible to give valid answers to hypothetical questions.

Senator MacEachen: It is obvious that the government remains open to seeking agreement with the United States at some future time on nuclear action in Canada. That is the clear implication of what has been said.

Senator Roblin: I doubt that it is clear to everybody because I do not think it is clear that the Government of Canada is seeking an opportunity to make a deal with the Government of the United States on nuclear weapons for Canada.

ENERGY

NEW PRICING AGREEMENT—PROGRESS OF NEGOTIATIONS

Hon. H. A. Olson: Honourable senators, I am sure that the Leader of the Government will realize that there are a large number of people in the region of Canada that I come from who are interested in the energy agreement which will replace the current one which expires in January 31. Therefore, I would like to ask the Leader of the Government if we can expect a new energy agreement on February 1.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the Minister of Energy, Mines and Resources is doing her best to see that agreement is reached at the earliest possible moment. Beyond that, I have no information.

Senator Olson: Honourable senators I am sorry that there is no more information because a lot of questions have been asked outside this chamber during the past few days. There is some indication that there may not be agreement by February 1. If that happens, could the leader tell us what agreement will be in effect?

Senator Roblin: I can tell my honourable friend that in the past when time limits had to be taken into account, the usual practice has been to extend the current agreement until the new one has been decided upon.

Senator Olson: Does that mean that the prices in effect now will go beyond January into the month of February or will it be retroactive to the day when the current agreement expires, in the event there is some change in the agreement, even though it may not be reached until some later date in February?

Senator Roblin: As my honourable friend is undoubtedly aware, a good many of the prices under the present energy agreement are variable. They are not fixed prices but prices that are set on the recommendation of the National Energy Board and they vary from month to month. I am sure those prices will continue to vary.

Senator Olson: I am also aware that there are certain formulas set down for arriving at these prices which have a very significant effect on a number of people and companies in the business. Therefore, I wonder if the minister will take as notice the questions I have raised so that not only myself but people in the industry who are vitally concerned will know when to expect a reply to the questions?

Senator Roblin: My honourable friend can rely upon the minister to make a statement in good time before the deadline is reached.

Senator Olson: Honourable senators, the Leader of the Government has not answered my question, which is not new. I would like him to give me the undertaking that he will make an inquiry. He has not done that. All he has said is that the minister—and I presume he is referring to the Minister of Energy, Mines and Resources—will make a statement. I want him to give me an undertaking that he will make inquiries on the questions I have raised.

Senator Roblin: I would be glad to oblige my honourable friend.

THE SENATE

TELEVISING OF SITTINGS

Hon. David A. Croll: Now that television cameras are present in the House of Lords, can we be far behind?

• (1510)

Hon. Duff Roblin (Leader of the Government): I think that the members of the Senate are best qualified to decide whether or not cameras should be allowed into this chamber. Perhaps I can express my old-fashioned prejudice and say that I feel that we get along well as we are.

DISARMAMENT

SPACE-BASED DEFENSIVE WEAPONS—GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, I would like to ask the Leader of the Government in the Senate what he meant when he referred to the desire of President Reagan to abolish nuclear weapons or to make them unusable or obsolete through the so-called star wars defence system. Was the Leader of the Government in the Senate referring to that statement by President Reagan that, if those weapons can be shot down, then obviously they will not be used?

Hon. Duff Roblin (Leader of the Government): Perhaps I did not express myself as clearly as I should have if my honourable friend is taking that meaning from my remark. My remark had nothing to do with the star wars issue *per se*; it had to do with the policy of the American government, as stated publicly, that what they would like to do about nuclear weapons is to get rid of them entirely. The star wars defence question is a separate issue.

Senator Gigantès: I would point out to my honourable friend that that is the issue; the defence against nuclear weapons by using space devices to shoot them down is the issue that is concerning the Russians right now and it does take two sides to reach an agreement. If those weapons are to be established, there are a great many experts who say it will lead to a new arms race more dangerous than the previous one; that it will increase the possibilities of accidents. I say to the Leader of the Government in the Senate: Is this not an issue on which Canada could perhaps speak quietly to the United States and say to them, "Let us not escalate the arms race to a new level."

Senator Roblin: Perhaps if my honourable friend is correct in saying that the Soviet negotiators fear the star wars concept, it is possible to conceive that that might be an inducement for them to concede some reduction in the regular nuclear activities in order to avoid that kind of development. That is a possibility one cannot ignore and I think it is one of the factors that is on the table at the present time.

As for star wars weapons themselves, I have no idea whether or not they will be brought to fruition. However, speaking perhaps philosophically, I might perhaps be comforted by the thought that at least the research is on a defensive weapon and not an offensive one. There are problems, and my honourable friend and I know what they are, but at least these concepts cannot be dismissed out of hand.

Senator Gigantès: I thank the Leader of the Government in the Senate for his answer. However, I would refer him to an article which appeared in the *Sunday Star* from Toronto this past Sunday by Mr. Paul Warnke, who was the chief negotiator for the United States on these issues, where he pointed out that the same objections that the Soviet Union is now raising towards anti-missile defence were raised by the United States when the anti-ballistic missile treaty was signed. At that time, the Soviet Union said: "It is good to develop a defence. This is the development of a defensive weapon." According to Mr. Warnke, the United States then answered that the minute you develop a defence system, the other side will have as its first reaction the building of more offensive weapons in order to saturate the new defence. That is how the arms race multiplies and the prospect of this new star wars concept is worrying many experts in the United States, in Europe and in this country.

It seems to me that this issue is tailor-made for Canada, in view of the fact that we are friends of the United States but we are also a country that has taken its deserved place in the role of peacemaker.

Senator Roblin: I might say to my honourable friend that there are two sides to the question. We have been debating it and I think we must leave it at that.

STATISTICS CANADA

RESTORATION OF 1986 CENSUS

Hon. Lorna Marsden: Honourable senators, I would like to take this opportunity to offer my congratulations and best wishes to all of the new senators in the chamber and to wish them a long and happy life among us.

It is also a pleasure to start the New Year by congratulating a minister of the government on the announcement of the reversal of a policy on December 21 last, namely the decision to restore the 1986 census. This decision makes me extremely happy, as it makes a great many people whose research depends upon it.

My question today also concerns the 1986 census. In announcing this reversal of policy, the minister also announced that there would be an effort to make the equivalent saving which had been projected, namely $100 million over five years, by increasing the costs of census products. The Canadian Homebuilders Association has said that they are quite happy to pay these extra costs, but the extra costs present a very great hardship indeed for people whose academic research depends on the use of census data and other Statistics Canada products. It is a hardship for all researchers who are performing their tasks for scholarly or academic purposes. It is particularly difficult for graduate students who are attempting to write their theses dependent upon Statistics Canada data. It seems to me—and I think the minister will agree—that the more students who rely on this official source of data, the more of the kind of research that we need in analyzing the economic and social issues of this country will be available.

Therefore my question is: Will the Leader of the Government in the Senate ask the government to waive these increased costs of census products to people, and particularly to students, whose academic or scholarly research is dependent upon these data sources?

Hon. Duff Roblin (Leader of the Government): I am waiting for the time when some member of the other side will actually agree with the government that some item of expense should be reduced. There may be some support for reduction in expenditures on the other side, but any time we decide to make a reduction, then all kinds of objections are raised as to why that particular reduction should not be made. This is certainly one of these instances, and I think it is fair to say that one can make a respectable argument against any kind of reduction. The only thing is that when one is in the position in which this government finds itself, namely where reductions have to be made, then a benefit cost must be established and a decision made as to whether the benefit that you receive is worth the cost.

In connection with the census, $100 million is a great deal of benefit. I do not know what the cost would be of the exception proposed by my honourable friend. However, if she can give me further details as to whether or not it is a significant matter, there is no reason why it cannot be looked at.

Senator Marsden: I have a supplementary comment, if I may. I would like to point out that those people who are within the Canadian post-secondary system are already being supported out of the public purse so that the additional cost here is, in the long run, of no benefit to the government at all.

HUMAN RIGHTS

DISCRIMINATORY HIRING PRACTICES AGAINST VISIBLE MINORITIES

Hon. Jerahmiel S. Grafstein: I would also like to add my words of welcome to the new senators, and particularly to Senator MacDonald whose reputation for non-partisanship and fairness is well known to those of us on this side of the house. I am sure that he and his new colleagues will add lustre to our deliberations and I welcome them all very warmly.

Hon. Royce Frith (Deputy Leader of the Opposition): I am glad my honourable friend is talking for *that* side of the house.

Senator Grafstein: I should have said, ". . . in this corner of the house."

I have a question for the Leader of the Government in the Senate. In light of Prime Minister Mulroney's promise during the last election campaign to create jobs in the private sector, and in light of the rather disturbing and clear findings arising out of a study published in Metropolitan Toronto entitled *Who Gets The Work*, which was sponsored by the Urban Alliance on Race Relations and the Social Planning Council of Metropolitan Toronto which described very pervasive discriminatory hiring practices against visible minorities in the private sector of Metropolitan Toronto, could the Leader of the Government in the Senate inform the Senate whether steps are now being taken by the government to accelerate the review of the recommendations of the Abella Report and the recommendations of a committee report of the House of Commons entitled "Equality Now" to ensure that legal standards are constructed that would suffocate this type of cancerous discriminatory conduct?

Hon. Duff Roblin (Leader of the Government): I think that my honourable friend can rest assured that these matters will receive prompt consideration by the administration.

Senator Grafstein: Just as a supplementary to that: Perhaps the Leader of the Government in the Senate could also inform the Senate of the type of special recommendations that he as Leader of the Government in the Senate would make to the government in light of the constitutional responsibilities of this chamber to uphold minority rights and to eradicate this type of behaviour.

Senator Roblin: I do not think that it is appropriate for me, as Leader of the Government in the Senate, to presume to say what the Senate thinks about these matters. I may have an idea as to what I think the Senate thinks about these matters, but the Senate is able to express itself, usually in the form of a study before a committee or something of that kind, and I think I would be inclined to defer to the opinion of the Senate in that respect, rather than express my own.

● (1520)

But I can say, on the general question of multiculturalism, racial prejudices and the racial discrimination of the kind

mentioned, that we do not require any opinion of mine to alert the government to the undesirability of the situation and the necessity of trying, as best we can, to come to grips with it. I think I can assure my honourable friend of that.

UNEMPLOYMENT

ARMED FORCES—SUGGESTED RECRUITMENT

Hon. John B. Stewart: Honourable senators, I should like to address a question to the Leader of the Government in the Senate.

During the Christmas recess there were some suggestions in newspapers that it might be desirable to increase Canada's armed forces as a means of reducing the deplorable level of unemployment prevailing in the country.

My question to the Leader of the Government is this: Could he insist that any increase in Canada's armed forces be justified entirely on the basis of our defence requirements, and that that whole question not be tainted and distorted by the quite separate matter of our unemployment problem?

Those of us who have studied the situation of the 1930s know how very tempting it is to build up armed forces as a means of coping with domestic economic problems. We also know the disastrous consequences that can flow from that kind of remedy to a very serious problem.

Will the leader give us assurances that these two serious matters will be kept quite separate? Will he insist upon that with his colleagues.

Hon. Duff Roblin (Leader of the Government): I do not know the source of my honourable friend's information, but I have no information that leads me to believe that these two matters are being assimilated within the government.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a considerable number of delayed answers—28, to be precise.

Some Hon. Senators: Hear, hear.

Senator Roblin: Senator Frith will probably ask me whether I am going to read them all, and I can say that I am willing to read those that honourable senators would like read.

I will start by giving the details of the question, and then the honourable senator who raised it can signify whether he or she wants it read or not—Senator Frith, take note.

Hon. Royce Frith (Deputy Leader of the Opposition): That's the way to do it; I agree with that.

RULES OF THE SENATE

RULE 20—ORAL QUESTIONS—SUGGESTED AMENDMENT

Hon. Duff Roblin (Leader of the Government): The first delayed answer is to a question raised in the Senate on November 15, 1984 by the Honourable H. A. Olson regarding the role of the Deputy Leader of the Government in the Senate.

(*The answer follows:*)

A practice has developed in Parliament of persons who are not Ministers of Her Majesty answering for the Government in the Houses. The question to be addressed is, therefore, which members, who are not Ministers, are entitled to so answer. The key to the answer is that they are members who are authorized by the Government to speak for it and for whose answers the Government will accept responsibility. Subsection 23(2) of the Interpretation Act reads in part as follows:

> 23(2) Words directing or empowering a Minister of the Crown to do an act or thing, or otherwise applying to him by his name of office, include a Minister acting for him, or, if the office is vacant, a Minister designated to act in the office by or under the authority of an order in council, and also his successors in the office, and his or their deputy, but nothing in this subsection shall be construed to authorize a deputy to exercise any authority conferred upon a Minister to make a regulation as defined in the Statutory Instruments Act.

Subsection 23(2) is informative because it is a codification of our constitutional practice in this regard. It advances the proposition that, subject to exceptions that are specified, a deputy is entitled to speak for his Minister.

The only statutory acknowledgement of the position of Deputy Leader of the Government in the Senate is to be found in subsection 42(2) of the Senate and House of Commons Act which, in providing for additional remuneration for the incumbent, refers to "the recognized position of Deputy Leader of the Government in the Senate". A recognized position has recognized responsibilities. The title "Deputy Leader of the Government in the Senate", itself, the fact that the Government expects him to answer questions for it in the Senate, the fact that it will accept responsibility for his answers and the fact that the Opposition will accept answers from him, all lead to the inevitable conclusion that the Deputy Leader is authorized, if not explicitly, then by convention, to speak for the Government in the Senate.

EMPLOYMENT

DECENTRALIZATION PROGRAM

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on November 21, 1984 by the Honourable B. Alasdair Graham regarding employment and decentralization programs.

(*The answer follows:*)

The move was cancelled for two main reasons:

> First, there would be no improvement in service to the public realized by the move.

Second, given the above, the estimated cost of the move ($8-$10 million over three years) was deemed an unwarranted expense in light of the Federal Government's current fiscal position.

The Premier, all M.P.s from the area, Senator Muir, and the Mayor of Sydney were among the recipients of a letter from the Honourable Jake Epp, P.C., M.P., Minister of National Health and Welfare, hand delivered at 9:00 a.m. local time, November 9th, informing them that the move was being cancelled, and explaining the rationale for the decision, but not consulted "in the process".

The impact on unemployment (in Sydney) was taken into consideration when the decision was made.

Under the Public Service Employment Act, the Department of National Health and Welfare was under no legal obligation to provide employment to those individuals either undergoing training for positions in the Sydney office, or scheduled to undergo training for same, at the time the move was cancelled.

However, the Minister was of the view that he and the Department had a moral obligation to assist those whose personal circumstance gave rise to a legitimate expectation of employment. Twenty-two such employees were identified. To date, five of this number have accepted employment in the new regional office of ISP, currently being completed in Chatham, Ontario. A further thirteen of this group have been assisted in securing employment in other government departments in the Sydney area. The remainder have been offered employment with the Public Service in the area, but have been unable or unwilling to accept those offers.

The Minister of National Health and Welfare wrote the Minister of Public Works, on November 9th, 1984, indicating that the move was cancelled, and his Department had no need for a new building.

It is not possible for the decision with respect to the Income Security Branch to be changed.

STATISTICS CANADA

CANCELLATION OF 1986 CENSUS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on November 21, 1984 by the Honourable Ian Sinclair regarding the cancellation of the 1986 census.

(*The answer follows:*)

On Friday, December 21st, 1984, the Hon. Harvie André, Minister responsible for Statistics Canada, announced that a Census of Population and Agriculture will be conducted in 1986.

It was intended to limit the 1986 Census to minimal constitutional requirements and to cancel the 1986 Census of Agriculture, as announced in the November 8, 1984 economic statement.

In keeping with the Government's commitment to reduce expenditures, Statistics Canada has developed an alternate plan in order to realize the full $100 million savings.

This decision is a result of extensive consultations with both the public and private sectors. It is the Minister's intention that the funding of Statistics Canada will be consistent with the Government's commitment to control the deficit and will enable Statistics Canada to fully meet its mandate.

ACCESS TO INFORMATION

GOVERNMENT GUIDELINES FOR PUBLIC SERVANTS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on November 27, 1984 by the Honourable Allan J. MacEachen regarding access to information and government guidelines for public servants.

(*The answer follows:*)

The purpose of changing the words in the second paragraph of the Guidelines was for greater clarification. The intent of the Guidelines is to assist Public Servants to explain with impartiality and responsibility the policies of their departmental administration.

The circumstances under which Public Servants may grant off the record interviews will be determined by the Minister involved.

The Guidelines do not apply to the Exempt Staff of the Leader of the Government in the Senate.

GOVERNMENT GUIDELINES FOR PUBLIC SERVANTS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on November 27, 1984 by the Honourable Jerahmiel S. Grafstein and the Honourable Allan J. MacEachen regarding access to information and government guidelines for public servants.

(*The answer follows:*)

It is clearly indicated in the Guidelines and accompanying letter to Deputy Ministers that they are policy guidelines agreed on by Cabinet and applying to Public Servants.

They are guidelines instituted within the authority of Cabinet to set policy for the management and conduct of the Public Service.

Mr. Tom Gould and his group are not public servants, and therefore the guidelines do not apply to the group consulting with the CBC.

CANADIAN BROADCASTING CORPORATION

POSSIBILITY OF CANCELLING INTERNATIONAL SERVICE

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on

November 27, 1984 by the Honourable Royce Frith regarding the Canadian Broadcasting Corporation and the possibility of cancelling its international service.

(*The answer follows:*)

Senator Roblin was correct in his understanding that there are two streams of information going to the Minister. One is through the report of Mr. Gould and his group which deals with the allocation of fiscal resources within the CBC during the 1985 to 1986 budget year. The Minister also receives information from the President of the CBC through his report.

STATUS OF WOMEN

EQUAL PAY FOR WORK OF EQUAL VALUE—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on November 28, 1984 by the Honourable Lorna Marsden regarding government policy on the status of women and equal pay for work of equal value.

(*The answer follows:*)

The report of the Ottawa *Citizen* is false. Treasury Board is conducting an overall review of policy in this regard. Naturally, no instructions can be issued regarding the application of the equal pay rules until this review has been completed.

ACCESS TO INFORMATION

GOVERNMENT GUIDELINES FOR PUBLIC SERVANTS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on November 28, 1984 by the Honourable Jerahmiel S. Grafstein regarding access to information and government guidelines for public servants.

(*The answer follows:*)

The Guidelines do not require Public Servants to obtain consent or approval of the Government to provide Senators with information they require. The intent of the guidelines is to assist Public Servants to explain with impartiality and responsibility the policies of their departmental administration.

PUBLIC SERVICE

PLACEMENT OF FORMER MINISTERIAL ASSISTANTS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on November 28 and November 29, 1984 by the Honourable Pierre De Bané regarding the public service and the placement of former ministerial assistants.

(*The answer follows:*)

Senator De Bané has been incorrectly informed.

Neither the Public Service Commission nor any department has been instructed not to make job offers to staff members of former ministers who qualified under section 37 of the Public Service Employment Act.

Following the change of government, 51 people became entitled to priority in mid-October, of whom 3 did not exercise their priority entitlement and 8 are unavailable for referral. Of the remaining 40 people, 8 or 20 per cent were placed within the first two months of the priority period.

NATIVE ECONOMIC DEVELOPMENT PROGRAM

GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 4, 1984 by the Honourable Len Marchand regarding government policy respecting the Native Economic Development Program.

(*The answer follows:*)

The Program will remain unchanged pending the review of all Federal Government programs directed at native people. This review will be carried out in the broader context of the present review of all federal programs.

With respect to projects now awaiting ministerial approval, decisions will be forthcoming in the early new year.

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 4, 1984 by the Honourable Ian Sinclair regarding government policy with respect to the economy and interest rates.

(*The answer follows:*)

Given the large financial requirements of the government over the past few years, the debt program has had to offer a variety of debt instruments as well as to tap as many sources of funds as possible in order to avoid adversely affecting any particular sector of the financial markets. This implies offering a wide variety of maturities. Nevertheless, the debt program has taken into account concerns regarding the effect of today's high interest rates on future public debt charges.

In this connection, it is worth noting that over the past three fiscal years, close to seventy-five per cent of the government's financial requirements have been satisfied through the issuance of debt with not more than one year to maturity (since the interest rate on Canada Savings Bonds is adjusted annually, they are considered a one-year instrument from a debt management perspective). As a result, almost 70 per cent of the government's

outstanding debt is comprised of securities with less than three years to maturity, while the average term to maturity of all outstanding debt is currently less than four and one-half years. Excluding Canada Savings Bonds, the average term to maturity of the outstanding debt has fallen to about five years, four months from six years, ten months at the end of 1980. This implies that any future reductions in interest rates will very quickly feed through to lower public debt charges.

If the term to maturity of all new government debt were limited, for example, to five years, a massive annual refinancing program would become necessary. It is quite likely that such a refinancing program would displace other borrowers from the market. In contrast, the offering of longer term debt instruments has allowed the government to distribute the refinancing task over several years. As well, it is worth noting that the regular presence of the federal government in the long-term market keeps the market operational so that other borrowers can access it when they wish. As a result, it has on many occasions been suggested that long-term borrowing by the federal government actually facilitates the issuance of long-term debt by other borrowers.

Finally, despite a strong investor demand for long-term bonds, the government regularly limits the proportion of these bonds offered at the time of any given issue. Recently the proportion of long-term bonds offered for sale to the general public has been limited to around one-third of the total amount offered.

In connection with the issue of long-term bonds, Senator Sinclair suggested he would like to get some further information from the Minister regarding what proportion of the public debt is going to be kept short-term and what proportion is going to be long-term, say over five years.

In reply, it should be noted that, counting Canada Savings Bonds, Treasury bills and bonds with a term to maturity of three years or less, almost 70 per cent of the government's outstanding debt is comprised of securities with less than three years to maturity. Developments in the future will depend on circumstances that are difficult to predict. Nevertheless, the government will continue to ensure that there is an appropriate balance between long and short-term and floating and fixed rate debt, given the restraints imposed on it by the market and by the size of the financial requirements.

NATIONAL DEFENCE

FUTURE ROLE OF CANADIAN FORCES

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 5, 1984 by the Honourable Henry D. Hicks regarding the future role of the Canadian Armed Forces.

(*The answer follows:*)

The Minister of National Defence on November 19th, 1984, during his intervention when the House of Commons was debating the Speech from the Throne, announced that early in the new year, a Green Paper would be presented to the House. It is the Government's intention that a new White Paper on Defence be completed and made public before the end of the calendar year.

A Green Paper is intended to put forward options while a White Paper is a statement on Government Policy. The Minister outlined the content of the Green Paper during his November 19 speech.

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 5, 1984 by the Honourable Leo E. Kolber regarding the government's policy with respect to the economy and interest rates.

(*The answer follows:*)

In the economic outlook which was tabled with the Economic and Fiscal Statement of the Minister of Finance on November 8, 1984 short-term interest rates in Canada were projected to average 10.6 per cent in 1985 and to fall to an average level of 6.5 per cent between 1986 and 1990. As Finance Minister Wilson stated, the key assumption underlying the projected decline in Canadian interest rates is the U.S. interest rates will be lower in the medium-term as the United States administration and Congress take steps to reduce the U.S. budgetary deficit. Such action would allow greater scope for the Federal Reserve Board to lower interest rates as the pressures from government borrowing requirements on domestic credit markets subsided.

Though it is too early to tell how much progress will be made on deficit reduction in the United States in 1985, or how the Federal Reserve Board will react to such measures, it is likely that some steps will be taken by the current administration. Many private sector forecasters would accept that such conditions would lower interest rates in both the United States and in Canada. In Canada, the government has recognized that deficit reduction is the key to rebuilding confidence and has already taken steps, and will be announcing further measures, to minimize the borrowing needs of the government.

FINANCE

DOCUMENT ENTITLED "JOHN TURNER AS MINISTER OF FINANCE: AN ERA OF ECONOMIC DECLINE"

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 5 and December 12, 1984 by the Honourable Keith

Davey regarding the document "John Turner as Minister of Finance: An Era of Economic Decline".

(*The answer follows:*)

The document in question was prepared by P. C. Research. All three political parties are allocated funds by the Federal Government for private research. These funds are dispensed according to a formula based on the number of seats that the parties hold in the House of Commons.

These funds are advanced for research purposes without conditions as to what form that research takes.

NATIONAL DEFENCE

CANADIAN FORCES—UNIFORMS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 6, 1984 by the Honourable Louis-J. Robichaud regarding uniforms in the Canadian Armed Forces.

(*The answer follows:*)

The Minister of National Defence confirms the Government's intention to provide Armed Forces with distinctive uniforms for each of the 3 elements. The cost related to the acquisition of these distinctive uniforms is in the order of $36 million and will be spread over a number of years.

DEPARTMENTAL BUDGET—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question asked in the Senate on December 6, 1984 by the Honourable Allan J. MacEachen regarding government policy respecting the Department of National Defence's departmental budget.

(*The answer follows:*)

The Minister of National Defence has stated on numerous occasions that what is referred to erroneously as "cuts" are really savings which have resulted essentially from lower inflation than anticipated. There are therefore no reductions in DND activities resulting from these savings.

The Government intends to fully meet NATO obligations, and to re-establish Canada's credibility with its allies. To this end, the government has already mentioned that additional military personnel will be based in Europe and that the total numbers of Armed Forces personnel will increase beyond what the previous government had planned for. It is the government's intention also to provide adequate resources and equipment for the Armed Forces to meet defence commitments.

As to the "multi-billion dollar program to improve ground facilities and remedy shortages of ammunition", approved by the fourteen Ministers of the NATO Defence Planning Committee, this is part of the cyclical process which occurs every six years and is intended to meet the future infrastructure requirements. Canada joined the consensus in approving this new "slice group." The Canadian financial obligations related to the NATO Infrastructure Program have been taken into account for the coming years within the defence envelope.

EDUCATION

POST-SECONDARY—GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 6, 1984 by the Honourable John B. Stewart regarding government assistance for post-secondary education.

(*The answer follows:*)

In 1983, the weekly loan limit for full-time Canada Student Loans was increased from $56.25 to $100.00 per week. In 1984, the limit was increased again, this time to $105.00 per week.

When you examine the current limit of $105 per week, it means that if a post-secondary student qualified for the maximum amount, based on an average 32-week academic year, he or she could receive, per year, up to a maximum of $3,360, in addition, to the assistance provided by provincial programs.

Considering the 1983-84 average Canada Student Loan award is in the neighbourhood of $2,300, it would indicate that the current maximum weekly loan limit of $105.00 should be adequate to assist needy students.

For the number of students who qualify for the maximum loan, the limit may have an effect, but the total difference would only be $160.00 per year, at most. Given the lower rate of inflation prevailing, there should be no significant consequences.

JUSTICE

QUEBEC—APPEAL OF SPEEDING CONVICTION—DECISION OF MINISTER

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 6, 1984 by the Honourable Royce Frith regarding Quebec and the appeal of a speeding conviction and the decision of the minister.

(*The answer follows:*)

There should be no suggestion that the federal government has discontinued its financial support to Mr. MacDonald under the Court Challenges Program. Mr. MacDonald's application for leave to appeal to the Supreme Court of Canada as well as the appeal itself are funded under this Program and the federal government is continuing to provide substantial financial support to him for his appeal.

The object of the Court Challenges Program is to permit important issues regarding language rights under the Constitution to be tested in the courts, regardless of

whether or not the federal government happens to agree with the position put forward by a supported litigant.

Regarding the legal position taken by the federal government on the constitutional question raised in the MacDonald case, the Minister strongly believes that, having regard to the circumstances, in deference to the Supreme Court of Canada, it would be highly inappropriate to discuss in the Senate a case that is currently under consideration by the Court.

Finally, there has been no change in the federal position over the years on this legal issue. Under our Constitution the English and French languages have the same status in Quebec and Manitoba Courts. Thus, it is not surprising that the former government, in the Bilodeau case of 1981, felt obliged to take the very same position in the Manitoba Court of Appeal on the rights of a French-speaking Manitoban to receive a summons in French in Manitoba as we have taken in the Supreme Court of Canada with respect to the rights of an English-speaking person to receive a summons in English in Quebec in the MacDonald case. In the Bilodeau case, this view of the law was adopted by all the judges of the Manitoba Court of Appeal. In the Supreme Court of Canada, Mr. Bilodeau did not raise this issue and restricted his argument to the question of whether unilingual Manitoba statutes were invalid.

ENERGY

GAS PRICING POLICY—PROPOSED COMMITTEE STUDY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 6, 1984 by the Honourable Earl A. Hastings regarding a proposed committee study of energy and gas pricing policy.

(*The answer follows:*)

The Committee referred to by Senator Hastings is not a government committee, neither does it have a mandate to implement a gas pricing policy in Canada.

Rather, this is a private, informal consultative group, made up of representatives of the oil and gas industry who are offering their suggestions on a new natural gas pricing policy to the Minister. The Committee will receive no public funding nor will it have access to any confidential information.

In this sense, this committee is similar to other committees which advised Miss Carney when she was energy critic and which continue to do so today. In addition to this source of advice, the Minister meets regularly with her colleagues from both producing and consuming provinces, with industry representatives and others to develop a broad cross-section of opinion on energy issues.

In response to the question of whether COGLA has been instructed to cease negotiation of further exploration permits, that is not the case.

In fact, on December 20, Federal Energy Minister Pat Carney and her Nova Scotia counterpart, Joel Matheson, agreed to proceed with an immediate call for proposals on two parcels of land for oil and gas exploration off Nova Scotia, and with a call for nominations from the industry for future land issuance.

New lands issuance on Canada Lands is being done in a manner which will not result in an overrun on the amount budgeted for PIP expenditures for the current year.

FOREIGN AFFAIRS

SALE OF CF-104 AIRCRAFT TO TURKEY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 11, 1984 by the Honourable Philippe Deane Gigantès respecting the sale of CF-104 aircraft to Turkey.

(*The answer follows:*)

It is necessary to point out that when discussing the acquisition by Turkey of the CF-104s, the term transfer and not sale should be used. In accordance with Canada's NATO obligations, the CF-104s based in Europe and which will be considered surplus to our requirements once the CF-18s become operational in that part of the world, were offered to other members of the Alliance in 1981. Soon after, the Turkish government approached the Canadian government with the view of acquiring these aircraft.

The possibility of transferring other CF-104s which are presently based in Canada to Greece is being reviewed as a result of a recent request by the Greek government.

THE ENVIRONMENT

PUBLIC ENVIRONMENT GROUP

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 11 and 12, 1984 by the Honourable Keith Davey regarding the Public Environment Group.

(*The answer follows:*)

The Minister of the Environment advises that her office is in the possession of no information regarding the Public Environment Group, and that none appears to be available.

INVESTMENT CANADA

FOREIGN INVESTMENT—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 12, 1984 by the Honourable Douglas D. Everett regarding Investment Canada, foreign investment and government policy.

Hon. Douglas D. Everett: May I have that answer read.

Senator Roblin: I thought you might be interested in this answer. I apologize for not putting it at the top of the list. It will take me a moment to find the answer, so you will have to be patient.

This delayed answer is in response to a question raised in the Senate on December 12, 1984, and the answer is:

> Although Bill C-15 generally exempts from review takeovers of small businesses whose assets are less than $5 million, there is significant exception. The minister responsible for the proposed Act may apply to the Governor in Council for authority to review the takeover of small businesses whose activities are those related to Canada's cultural heritage and national identity, and which have been prescribed in regulations. Examples might be the publication and/or distribution of books or films.
>
> In practice, small businesses in Canada are quite capable of protecting themselves and of making their own decisions in their dealings with foreign investors. The choice of whether or not to sell out to non-Canadian investors is theirs to make. As the Prime Minister noted recently in New York, the Foreign Investment Review Act was "indicative of the misguided belief that regulation by politicians and bureaucrats was superior to the decisions of individuals and firms competing in the global marketplace."
>
> In 1983, in the case of acquisitions of businesses under $5 million, 1.5 per cent were disallowed by FIRA. In 1984, the figure is 1.4 per cent.

Senator Everett: I thank the honourable senator for the answer, but I wonder if he can tell me what my question was.

Senator Roblin: I thank my honourable friend. That is the best question I have had in a long, long time. Isn't it a pity that I do not have an answer. He will have to look that up.

PUBLIC WORKS

UNITED STATES EMBASSY PROPERTY—POSSIBLE ACQUISITION BY GOVERNMENT OF CANADA

Hon. Duff Roblin (Leader of the Government): The next delayed answer I have is to a question raised in the Senate on December 12, 1984 by the Honourable Frederick W. Rowe regarding the United States Embassy property and the possible acquisition of that property by the Government of Canada.

(*The answer follows:*)

> An exchange of this property for two acres of land on Cartier Square was negotiated with the government of the United States in 1979 and approved by Treasury Board on January 25, 1980 *(T. B. Minute 769187)*.
>
> Subsequently, an alternate location for the new embassy, on Sussex Drive, was negotiated with the government of the United States and Treasury Board approval obtained on July 16, 1981 *(T. B. Minute 778055)*.
>
> With the impending arrival of a new American ambassador the exchange was not completed at that time.
>
> Negotiations have since resumed, the design for the new embassy has been submitted to and approved by the National Capital Commission Advisory Committee on design and funds for construction have been committed.
>
> A final decision on the exchange is expected from U. S. officials in the near future.

JUSTICE

QUEBEC—APPEAL OF SPEEDING CONVICTION—DECISION OF MINISTER

Hon. Duff Roblin (Leader of the Government): The next delayed answer I have is to a question raised in the Senate on December 13, 1984 by the Honourable Philippe Deane Gigantès regarding the government's opposition to official languages and linguistic rights.

(*The answer follows:*)

> The Federal Government strongly believes that the requirement of a bilingual summons would be the most desirable policy.
>
> The Attorney General of Canada made it clear during the hearing of the MacDonald case that the concept of natural justice requires that an accused understand the charge and proceedings taken against him or her and that this is now reflected in the *The Canadian Charter of Rights and Freedoms*.

CROWN CORPORATIONS

THE DE HAVILLAND AIRCRAFT OF CANADA LIMITED AND CANADAIR LIMITED—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 13, 1984 by the Honourable Stanley Haidasz regarding government policy with respect to de Havilland Aircraft of Canada Limited and Canadair Limited.

(*The answer follows:*)

> The Government's objective is to sell these two companies to new private sector interests who will revitalize them and create new jobs and new technology in the Canadian aerospace industry.
>
> In negotiations with prospective buyers, the issue of jobs and technology will be given full and proper consideration by Cabinet.

ENERGY

CANADA-NEWFOUNDLAND OFFSHORE OIL AND GAS AGREEMENT

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 13, 1984 by the Honourable Frederick W. Rowe regarding the Canada-Newfoundland Offshore Oil and Gas Agreement.

(*The answer follows:*)

On December 12, Federal Energy Minister Pat Carney and her Newfoundland counterpart Bill Marshall reached agreement in principle on a 62 clause deal that will be approved some time in the new year. Nearly all substantive matters were agreed to and mostly technical points, which required input from other departments, remained to be settled.

Details of the agreement will not be released until the deal is formally signed. It can be said, however, that the draft agreement does not deviate significantly from the Atlantic Accord, reached between the Opposition Leader Brian Mulroney and Premier Brian Peckford last summer.

On the question of Premier Bill Davis' allegedly having been given advance details of the agreement, this is untrue. After the signing of the Atlantic Accord, Minister Carney, in her former role as Opposition Energy Critic, did phone Premier Davis along with representatives from other provinces.

Miss Carney makes it a point of speaking regularly with her provincial counterparts, apprising them of developments and seeking their input. Her conversation with Premier Davis was part of this consultative process.

In sum, then, we have a draft agreement which outlines:

1) The ultimate decision-making responsibility;

2) The role of self-sufficiency in determining the ultimate decision-making authority;

3) The legislative means by which to enact the agreement;

4) The nature and structure of the joint management agency; and,

5) The fundamental principles for establishing the royalty regime.

ENERGY, MINES AND RESOURCES

DIRECTOR GENERAL OF COMMUNICATIONS—TERMINATION OF EMPLOYMENT

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 19, 1984 by the Honourable Jack Austin regarding the termination of employment of the Director General of Communications, Department of Energy, Mines and Resources.

(*The answer follows:*)

Miss Jamieson was not fired; she was redeployed. Matters concerning the employment of senior personnel fall under the purview of the Deputy Minister.

EMPLOYMENT

EFFECT OF BUDGETARY CUTS ON FEMALE EMPLOYEES

Hon. Duff Roblin (Leader of the Government): The next delayed answer I have is to a question raised in the Senate on December 20, 1984 by the Honourable Lorna Marsden regarding the effect of budgetary cuts on female employees.

(*The answer follows:*)

The budget cuts have eliminated a total if 84 positions in the Canadian Wildlife Service. The number of persons affected is 73. The reduction of person/years in the Canadian Wildlife Service amounts to 21.8 per cent of the total number.

Of the 73 people declared surplus, there are 14 women, of whom 7 are biologists.

The proportion of positions affected, occupied by women: 19.2 per cent.

Within the framework of the budget cuts, it would be impossible to take specific measures to protect the number of positions occupied by women, since it is complete programs that have been cut.

Hon. Duff Roblin (Leader of the Government): Honourable senators, that completes the list of delayed answers. In order to answer a question that I know is on the lips of the Deputy Leader of the Opposition, I will say that there are eight answers to come.

• (1530)

DELAYED ANSWERS TO QUESTIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, one of the comments that is often made in politics is, "Too little, too late," but I am bound to say in this case, "It's not too much; it's quite a lot; it's a bit late." However, someone has been very busy over the recess and I congratulate the Leader of the Government and his office on obtaining answers to those questions. The only senators who are in the chamber and who were referred to are Senators Graham, Marsden, Marchand, Robichaud, Stewart, Gigantès, Haidasz and myself.

Hon. Duff Roblin (Leader of the Government): And Senator Everett.

Senator Frith: But his answer was read.

Speaking for myself, I shall be happy to read the answers and to have the opportunity to ask further questions on them. Senators Graham and Marsden have now left. Senators Marchand, Robichaud, Haidasz, Stewart and Gigantès are satisfied to have the answers incorporated in the record.

Senator Roblin: I find it odd that my honourable friend should find it necessary to call the roll. These ladies and gentlemen are here and they can speak for themselves, as Senator Everett in fact did. If they want an answer read they will ask me. They do not need any prompting from my honourable friend.

Senator Frith: The best method would be for the Leader of the Government to pause after mentioning the question and turn to the senator involved to see if he or she wants the answer read. That is the only reason I did it. I quite agree that the best way, and the way I think we have always done it, is

simply to turn to see if the senator is present. If not, it is taken as read. If the senator is present and says that he or she would like to have the answer read, then it can be read. The only reason I said what I said is because my friend had so much material and ran through it in a rather machine-gun-like manner.

Senator Roblin: Of course, I thank my honourable friend for his instructions. They are always welcome.

Senator Frith: It is just friendly advice, not instructions.

Senator Roblin: I have to say that Senator Everett found no difficulty in intervening when he felt he wished to.

Hon. Peter Bosa: Honourable senators, I wonder if the Leader of the Government in the Senate would be equally diligent in soliciting an answer to a question seeking important information that I put on the order paper on November 15, the answer to which a number of senators are expecting and awaiting.

Senator Roblin: Yes.

Hon. Orville H. Phillips: Honourable senators, as a follow-up to the question asked by Senator Bosa, I should like to ask the Leader of the Government if he would consider going back to 1981 and 1982 to get answers to questions that were placed on the order paper and remain unanswered.

Senator Bosa: We were put out of office because you said we were not as diligent as you are. You are not supposed to do what we were doing.

Senator Roblin: That is what I like to hear.

THE SENATE

RECEPTION FOR NEW SENATORS

The Hon. the Speaker: Honourable senators, before calling on Senator Yuzyk, I am pleased to invite all honourable senators to a reception in the Speaker's Chambers in honour of the three new senators, when the Senate rises.

UKRAINE

SIXTY-SEVENTH ANNIVERSARY OF THE PROCLAMATION OF INDEPENDENCE

Hon. Paul Yuzyk: Honourable senators, today, January 22, marks the sixty-seventh anniversary of the proclamation of the independence and freedom of Ukraine, a beautiful and bountiful country, larger than France, with a population of 50 million, 75 per cent of whom are Ukrainian. This great event is celebrated by some 700,000 Canadians of Ukrainian origin across Canada and by approximately 3 million Ukrainians in various parts of the world, who live in democratic countries. A knowledge of the struggle of the Ukrainian people for their freedom would give Canadians a better appreciation of their achievement of freedom and independence.

Canada, which originally was an integral part of the British Empire, did not choose the revolutionary course of the United States to achieve freedom and independence. Instead, she chose the evolutionary course, coming into being on July 1, 1867, by means of the British North America Act, passed by the British Parliament in London, which, however, had been voluntarily drawn up by the delegates of several colonies. This act recognized representative and responsible government, based on democratic freedom for the citizens. Subsequently, at the end of World War I, Canada gained complete control over all external relations. It was by the Statute of Westminster, passed in London in 1931, that Canada achieved sovereignty, full control over all her affairs. The apron strings still tying it to the British Parliament were finally cut in 1982, when Queen Elizabeth II signed the new Canadian Constitution which was passed by the Canadian Parliament in 1981, providing a Canadian Charter of Rights and Freedoms and an amending formula for the revision of the Constitution.

Thus Canada has evolved constitutionally from colonial status to independence and sovereignty and from an unknown entity to a leader among the middle nations of the world. Today, she is a free state and a voluntary member of the Commonwealth, NATO and the United Nations.

Canada was able to gain her freedom, gradual independence and sovereignty because she had been part of an oceanic empire. Britain was far away. Although the mother country exploited her colonies economically, she brought to them the civilization, culture and democratic forms of government as these were developing in the British Isles. When these colonies matured they won control over their own affairs and proclaimed independence, mostly without bloodshed and with the approval of Britain. This was the case with Canada, who even assisted other British colonies to attain their freedom and independence and who often speaks out in world forums for the recognition of human and national rights of the nations of the world.

Ukraine's situation was entirely different. She had the misfortune of becoming part of a land or continental empire. Tsarist Russia, unlike Britain which gradually developed a democratic constitution, was an autocracy with a totalitarian type of political system, employing terror as an instrument of policy to carry out the economic exploitation of subjugated peoples and their national territories. Ukraine, with her higher culture, civilization, a democratic government and vast agricultural and mineral resources, fell victim during the Cossack era in the seventeenth century to a backward, tyrannical and ruthless Muscovite Russia. Under Russian tsarist domination Ukraine's democratic freedom was crushed and she became a mere Russian province, deprived of her rights and even her name. Ukrainians were forcibly subjected to Russification, and the Ukrainian language was forbidden by the decrees (ukazy) of 1863 and 1876.

The soul of the Ukrainian nation, however, could not be destroyed. From the exploited mass of peasants there emerged a great spiritual leader, the greatest poet of Ukraine—the immortal Taras Shevchenko. He advocated the dignity of the

human being, freedom, truth, equality, justice, the brotherhood of man, the freedom of the Ukrainian people and the restoration of the Ukrainian state. His poetry spread like a prairie fire and was memorized by the Ukrainians. The spirit of Ukraine was thus revived, and the people responded at the appropriate time.

When the tsarist empire came crumbling down under its own over-burdensome weight of tyranny, despotism, bureaucracy and inefficiency, the Ukrainians were the first to break out of the "prison of nations." Ukraine, true to her democratic traditions, followed the course of self-determination. At first, the Central Rada, the Ukrainian Parliament, in Kiev, the capital, in September 1917 demanded a reconstruction of the empire into a free federation of autonomous republics. The so-called democratic Russian Provisional Government of Kerensky outrightly rejected this demand and upheld an indivisible, monolithic Russia. When the Bolsheviks seized power under Lenin, they reluctantly recognized the Ukrainian National Republic in December 1917 and declared:

> "Everything that touches national rights and the national independence of the Ukrainian people, we, the Soviet of the People's Commissars, accept clearly without limitations and unreservedly."

This evidently was duplicity, for when the Bolsheviks failed to take control of the Ukrainian Parliament, they set up what they called a "Ukrainian government" in Kharkiv and called upon the Russian Red Army to help conquer Ukraine.

• (1540)

It was under these difficult circumstances that the Ukrainian Parliament, in the name of the people, proclaimed the Fourth Universal Proclamation in Kiev on January 22, 1918. This act established an independent national democratic republic of the Ukrainian nation. A year later on January 22, 1919, the Ukrainian Parliament proclaimed the union of all Ukrainian territories, as some sections had previously been under Austria-Hungary and other countries. Thus was established a united Ukrainian National Republic, which in reality restored the Ukrainian State of the Cossacks and the original state Rus-Ukraine of Prince Volodimir the Great in medieval times.

The Ukrainian National Republic was a modern state, modelled upon those of the western world. It recognized the highest principles of democracy—freedom of speech, press, religion, assembly, association and personal freedom. All minorities, including the Jews, were granted "national-personal" autonomy and representation in the government. The Ukrainian National Republic was the very antithesis of totalitarianism, despotism, colonialism and imperialism, and, therefore, has much in common with Canada.

The National Liberation Revolution, which first began in Ukraine, spread rapidly throughout the Russian empire to the nations imprisoned by the Russian tsarist regime. One after the other, the non-Russian peoples proclaimed their independent states in the following order: Idel Ural (Tatar), November 12, 1917; Finland, December 6, 1917; Ukraine, January 22, 1918; Kuban Cossacks, February 16; Lithuania, February 16; Estonia, February 24; Byelorussia, March 25; Don Cossacks, May 5; North Caucusus, May 11; Georgia, May 26; Azerbaijan, May 29; Armenia, May 30; Poland, November 11; Latvia, November 18; Far Eastern Democratic Republic of Siberia, April 4, 1920; and Turkestan, April 15, 1922.

This was a democratic, anti-imperio-colonial manifestation. Gradually, however, the Russian communist regime subverted and conquered by force most of these independent states, except the Baltic nations, for two decades, and compelled them to join the Union of Soviet Socialist Republics in 1922. The former Russian tsarist empire was thus transformed by conquest into a totalitarian Russian communist empire, more despotic and reactionary than the previous one, in spite of paying lip-service to democracy and adopting a constitution that is meaningless in its application. In reality, the Soviet constitution, as a guarantor of democracy, is a farce; it is a guarantor of the power of the Russian Communist Party.

The Ukrainian state and the other non-Russian states should normally have received the recognition of the western allies, who unfortunately applied the Wilsonian principle of self-determination of nations only to central Europe, that is, Germany, Austria and Turkey. This principle was not applied to the Russian Empire, except in the case of Poland. The communist régime continued the policy of an indivisible monolithic Russia under the name of the Union of Soviet Socialist Republics and crushed by force the many independent states that emerged after the fall of tsardom.

By failing to support the new national states, the western powers allowed communism to win in the Russian Empire, and the principles of Russian imperialism, colonialism and totalitarianism to continue on a larger scale. Thus, the U.S.S.R. emerged as the largest colonial power in the world and the greatest threat to western life, democracy and freedom. Today we are facing the grim consequences: constant warfare of the Cold War and the "peaceful co-existence and détente" of the Helsinki Agreement which leaves no illusions regarding Soviet Russian hegemony behind the Iron Curtain, disarmament and the realization of peace on this planet.

The Ukrainians, under the domination of the Soviet Russian régime, have been paying a tragic price in defence of their freedom. On the occasion of the fiftieth anniversary of the concealed black famine of 1933 in Ukraine, Mr. Brian Mulroney, Leader of the Opposition, made the following statements to a large audience of over 10,000 people, who were gathered at the Maple Leaf Gardens in Toronto on December 4, 1983, sponsored by the World Congress of Free Ukrainians:

> We mourn for the dead; we grieve for the suppression of human dignity and human life; we lament for the insensitive and deliberate acts of cruelty and slow torture and death of 7 to 10 million bodies . . . The Famine that swept Ukraine in 1933 was man-made, orchestrated and directed from Moscow, and enforced by a regime dedicated to creating a new Soviet order.

> We rejoice that everywhere inside Ukraine and in the hearts of Ukrainians living around the world, the dominance of the human spirit has prevailed, that freedom lives on and that liberty . . . remains an ongoing ideal for Ukrainians.

In this respect, the Ukrainians have much in common with the Jews. In a joint press release, dated Toronto, July 4, 1983, signed by Mr. Milton Harris, president of the Canadian Jewish Congress, and Mr. John J. Nowosad, president of the Ukrainian Canadian Committee, and undersigned by Senator David Croll and myself, the following statement is significant:

> Canadians of Ukrainian and Jewish origin, whose roots go back to similar areas in Europe, are very much aware of each other's losses in the past generation—the murder of six million Jews, solely because they were Jewish, by the Nazis, the denial of religious, cultural and national rights to both Soviet Jews and Ukrainians and to all other minorities in the Soviet Union, in addition to at least six million victims in Ukraine of the forced famine of the early 1930s, whose 50th anniversary is being commemorated this year.
>
> Acknowledging each other's historical losses, we shall continue to work together towards mutual understanding between Canadians of all origins . . .

The acts of January 22, 1918 and January 22, 1919 marked the victory of principles now written in the charter of the United Nations, of which Canada is a signatory. Free Ukrainians and the free people of all the subjugated nations of the Soviet Russian empire and its satellites will continue to celebrate their independence days and impress upon the western world that freedom is indivisible. The principles of the United Nations must be applied by all the other members of the UN to the Soviet Union, which is a member, that self-determination, human rights, freedom, sovereignty and integrity of national territory must also be granted to the non-Russian captive and satellite nations.

The Canadian government, Parliament, legislators, leaders and people in general must constantly reassert their faith in the principles of democracy, human rights, justice, freedom and independence, without which there can be no lasting peace. At the same time, we should proclaim sympathy and readiness to give feasible aid to all those nations who are still struggling for the realization of these, the highest principles of humanity. The blue-yellow flag of free Ukraine is today flying over the City Hall of Ottawa, Canada's capital. Mayor Marion Dewar has issued and read a proclamation with salutations to the Ukrainians. This recognition of the justness of the Ukrainian struggle for freedom and democracy serves to make Ukrainian Canadians proud to be citizens of our great country, Canada.

• (1550)

Hon. Gildas L. Molgat: Honourable senators, I should like to compliment my colleague from Manitoba, Senator Yuzyk, on having brought to our attention this most important date for the Ukrainian people. The date, however, is important to all those who believe in freedom and democracy, and the outline given so ably by Senator Yuzyk of the long struggle of the people of the Ukraine is a signal to all of us that we must be ever vigilant. Senator Yuzyk is particularly well qualified to give that historical background, namely the development of freedom in the Ukraine, and I would not for one moment attempt to trespass on that territory. I am fortunate, however, as are many of my colleagues, in being aware of the tremendous contribution that the Ukrainian people have made to the development of Canada. Starting with those first two settlers in 1896, the Ukrainian people who came to Canada—mainly seeking, like most of us in western Canada, a new opportunity and free land—have made major contributions to every aspect of Canadian life.

While it is true that the largest number of Ukrainian people are in the province of Ontario, it is in western Canada that we have seen the Ukrainian community flourish, and whether it has been in the cultural, economic, professional or political life, those original settlers, starting with that small group, have made an immense contribution. Apart from the English and the French, at the present time the Ukrainian people in Canada represent the third largest ethnic community, and they lead a rich cultural life. My own province of Manitoba is probably a leader in this regard because that province contains the largest percentage of Ukrainians in comparison with our total population. We, as Manitobans, are proud that Canada's national Ukrainian festival is held in our province. Next summer will be the twentieth anniversary of the festival, held annually in the town of Dauphin. Last summer Her Majesty the Queen distinguished the festival with her presence. I know that I speak for all of my colleagues on this side of the house in commending Senator Yuzyk for bringing this important date to our attention, as a reminder to all of us that we must be ever watchful to maintain our freedom, and we must compliment the Ukrainian people in Canada on their participation in that regard.

Hon. Senators: Hear, hear.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Second reading of the Bill C-17, intituled: "An Act to amend the Excise Tax Act and the Excise Act".—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would ask that this order stand until tomorrow in the name of the Honourable Senator Murray.

Order stands.

PUBLIC WORKS ACT
PUBLIC LANDS GRANTS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Walker P.C., seconded by the Honourable Senator Macquarrie, for the second reading of the Bill C-13, intituled: "An Act to amend the Public Works Act and the Public Lands Grants Act".—(*Honourable Senator LeBlanc (Beauséjour)*).

Hon. Roméo LeBlanc: Honourable senators, I join with my colleagues in welcoming the new senators. I would underline in a special way the arrival of my colleague, Senator Brenda Robertson. It is no mean feat that she has survived and stayed on top of a short list, which I suspect is the longest short list in the history of any human institution. Therefore we welcome her and we look forward to her being a strength among the New Brunswick delegation in this institution.

Some Hon. Senators: Hear, hear.

Senator LeBlanc: I regret that Senator MacDonald had to leave, because I have a couple of nice things to say about him. I see him joining the media contingent in this institution, which I suspect is becoming an ever increasing group. In fact, I can see three former journalists sitting across from me. On my immediate right is a distinguished former journalist and there are many others in this house. So if we cannot get the press gallery to cover us, we can at least get them to attend our meetings by joining us.

Hon. Raymond J. Perrault: Hear, hear.

[*Translation*]

Senator LeBlanc: Honourable senators, in May 1982, the then Minister of Public Works, the Honourable Paul Cosgrove, introduced in the House of Commons a bill to amend and update the Public Works Act. The Speaker of the House of Commons, Madame Sauvé, considered this bill as being inadequate to allow certain activities of the Department of Public Works.

[*English*]

As my distinguished colleague, Senator Walker, stated in this chamber before the Christmas recess, Bill C-13 is a housekeeping bill. I would be in an awkward position to oppose today what I supported a year ago. I do not have the habit of some opposition parties of changing points of view when they change from one side of the house to the other. In fact, having read the debate that took place in the other house, I now understand why there were few government speakers when the bill received approval in the Commons before Christmas.

I should like to say a few words about the Department of Public Works in general. I am told that the law of relevancy in this institution is quite elastic, and I will try to be as brief as possible.

Hon. Royce Frith (Deputy Leader of the Opposition): It is tighter than in the House of Commons, but still elastic.

Senator LeBlanc: In fact, the Department of Public Works is asking for more authority and more flexibility in its operations, and, of course, on behalf of our side I would support their request. But the Department of Public Works is a distinguished institution. It is an historic department and one has only to visit the departmental office to be impressed with the sense of history that is provided by a wall of photographs at the entrance. Some of the names are familiar to us. They include the Honourable Bob Winters, the Honourable Howard Green, the Honourable David Walker, the Honourable George McIlraith, the Honourable Paul Deschatelets, the Honourable Maurice Bourget and the Honourable Bud Drury. Modesty compels me to say that the more recent title holders were of more humble stature, perhaps in keeping with the somewhat amputated functions of the Department of Public Works, which, over the years, has seen other departments and agencies assume some of its historical roles. Yet the history of the building of Canada represents the history of the Department of Public Works, with its daring engineers and architects, whose proud record still stands in the existence of many beautiful buildings.

Each member of the Senate and the House of Commons has a Public Works problem. In fact, some of us are meeting this week to try to advance a public works problem in the Victoria Building.

Some Hon. Senators: Hear, hear.

Senator LeBlanc: Many communities have public works involvement, be it an old post office building coveted by a community organization, a basement used for sea cadet training, or a prison water system that is integrated to a community aqueduct. During my short term as minister, I was amazed by the variety of requests from all corners of the house and of the country. I happen to have a naive view of government, that we are elected first to serve the people and not those who make the rules at Treasury Board, that we are elected to help communities.

• (1600)

It was sometimes difficult to resist the requests of those who saw the presence of government as a positive contribution to their community. Cities like Saint John, Halifax, Moncton, Quebec, Winnipeg and Vancouver wanted a say in the location and the appearance of a Public Works building. Small towns especially can be very badly disfigured if a major Public Works building, probably the only one, stands out like a sore thumb. In fact, I overruled some of my officials by saying that where a city has only one public building we have a duty to try and make it a challenge of good taste. So to me Public Works was also public senstitivity. Sometimes it was slightly more expensive to renovate and beautify rather than to put up another pre-cast concrete edifice.

I found immediate and enthusiastic response to my suggestion that the Government of Canada should walk on tiptoes when it proposes to build or to restore buildings in Canadian cities. I suggest that the most cost-effective choice is not always the one that respects the desire of the community. There is a cost to uncontrolled speculative development. If you

doubt this, take a walk for some 15 or 20 minutes down the hill and talk to some of the National Capital Commission staff who have not become completely traumatized by some of the Treasury Board dictates. I hope some day we will have a chance to discuss the National Capital Commission and its role in the capital of this country.

Reading the debate which took place in the other place I was left saddened on one score, and reading some of the press comments which followed the shift of senior officials from different portfolios increased my sense of malaise. In the debate of September 17, 1984—and I am told that I am not allowed to quote from what is said in the other place—some NDP members attacked a Deputy Minister of Public Works at a time and in a place where he could not defend himself. I would like to be on record—and I am sure those who know him will support me—in saying that John McKay was and is a devoted, loyal and competent public servant. No minister was better supported than I was by him. The basic unfairness is that officials of Public Works, including the deputy minister, have thrust upon them impossible and contradictory demands. At one point in the discussion on space requirements in the National Capital Region I discovered that some 20 possible combinations were on the table. Cabinet and beauracrats have always begrudged—and I suspect that this applies to all parties—the authority of Public Works to decide who should go where. The ballet of the Ottawa prima donnas, the uncertainty of legislative timetables—for example when will a building be ready for the Security Service when the legislation is still before Parliament—the uncertainty of decentralization decisions, the removal of asbestos, consolidation, government shrinkage or expansion; all these needs for more or less space fall upon officials and the minister who are supposed to guess accurately the space requirements, the swing space and, of course, to adjust with some mysterious radar to the unknown decisions of Parliament, of cabinet and of senior bureaucrats.

In the real world, which is not always responsive to Treasury Board regulations, space optimization, rug ranking and the absolutist rules of chartered accountants, including the Auditor General, the juggling act which I have described goes on. I am not surprised that sometimes there are mistakes and sometimes there are errors. Journalists, and I happen to be one of them, should try to understand when they write stories about these issues, the inherent difficulties of running a full occupancy bus system with no knowledge of the number, size and fantasies of the passengers, or they should try to make up a timetable without the knowledge of the miles involved and the number of stops to be made.

Honourable senators, I support the substance of this bill because it gives more flexibility to those who are trying to serve their clients which are the people of Canada. This Department of Public Works under the difficult conditions which prevail has done a good job for successive governments. I for one look forward to seeing my picture put up on one of the walls.

Motion agreed to and bill read the second time.

[Senator LeBlanc.]

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting.

CURRENCY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon Nathan Nurgitz moved the second reading of Bill C-21, to amend the Currency Act.

He said: Honourable senators, this bill may set a record in terms of brevity. It adds about two lines to the Currency Act which permit the Royal Canadian Mint to produce a $20 silver coin. It would be the first time that a coin in this denomination has been minted. The purpose behind the minting of the coin is to produce a series which will be known as Olympic Coins.

Hon. Orville H. Phillips: Can I have the first one?

Senator Nurgitz: For $20 you can. There will be ten issues of the $20 silver coin. I would also point out that a 22 carat $100 gold coin will eventually be minted in 1987, but that is not the concern of this bill.

Hon. C. William Doody (Deputy Leader of the Government): Is this your new business?

Senator Nurgitz: Yes. According to the marketing plan of the mint the ten issues of the $20 coin will feature ten of the better known Olympic events. The mint assures me that the idea behind the program is based on the results of extensive research conducted not only in this country but also in the United States, Europe and the Far East where more than 15,000 people have been surveyed. The results of this survey would indicate that interest would be high and there is every reason to believe that the marketing program would be a success.

● (1610)

I suppose the currency part is of less interest than the question of the games. I see sitting in the chamber the Honourable Senator Perrault who, in another life, was the Minister of Fitness and Amateur Sport and, perhaps, one of the early fathers of the Calgary Winter Olympics. There are many in the chamber who would have an interest in these various games and the financing of them. I am thinking in particular of the Leader of the Opposition who was Minister of National Health and Welfare when Fitness and Amateur Sport was within his jurisdiction. I see him walking into the chamber with my leader, Senator Roblin who had much to do with the 1966 Pan-American Games in Winnipeg and, if my recollection is correct, Senator MacEachen represented the Prime Minister of Canada at those games. Introduced today in the Senate was Senator Finlay MacDonald who was the Chairman of the First Canadian Summer Games in Halifax. Senator Buckwold was the Mayor of Saskatoon, I believe, during the 1971 Canadian Winter Games. I think I have now pretty well covered the waterfront for support.

You will recall, honourable senators, that when the Winter Olympics were awarded to the City of Calgary and the costs were disclosed to be in the neighbourhood of $400 million, the government of the day indicated that it would contribute some $200 million. It was certainly the understanding in the former administration—and is so in the current administration—that the $200 million contribution of the federal government would be from non-tax sources. To this end, we are here today talking about the sale of coins. There will also be the sale of stamps and the sale of such things as television rights. Those engaged in the marketing study project a profit of anywhere from roughly $30 million to $50 million and, in fact, if every coin that was minted were sold, the actual contribution that could be made to the Calgary Olympics would be in the vicinity of $52 million.

It is the hope to attract as buyers not only the traditional coin collector but also those who have, over the years, been collectors of Olympic Coins and those who, maybe, have a sports interest. The marketing program extends over two to three years and it is thereby hoped that this would catch every conceivable kind of buyer from those who buy birthday gifts to those who buy for various gift-giving occasions.

I should mention that the theme being advanced on these coins will, of course, be winter sports in Canada. In the past, the same winter sport designs have appeared on other Olympic Coins and it is therefore planned that this new issue of ten coins will be of new designs, and it is believed that if there is originality and interesting designs, combined with the craftmanship and the metal content, which of course is silver, this kind of sales program could be successful.

It may be of interest to senators that the ten selected sports are hockey, curling, ice skating, downhill skiing, acrobatic skiing, cross-country skiing, ski jumping, speed skating, snowshoeing and tobogganing. It should be remembered that both acrobatic skiing and curling, I believe, are demonstration sports in this Olympics. The gold coin will have a general winter Olympic theme.

The question of urgency on this particular bill is that the mint requires as much lead time as possible, not only for the purchase of the vast quantity of silver necessary but also for the completion of design and marketing strategies that must be put in place. Of even more relevancy is the fact that, in 1988, Korea will be the host of the Summer Olympic Games and that country will also be producing a coin. As I understand it, the name of the game is to be in the market first with the coin.

Very briefly, these various $20 silver coins will be offered twice in 1985, four times in 1986 and four times in 1987, with the gold coin appearing at the end of 1987. Honourable senators, that is my very brief and, I believe, pertinent presentation with respect to this amendment to the Currency Act and, as all honourable senators know from having read their copy of *Hansard*, this Bill C-21 passed without opposition and with the agreement of all three parties in the House of Commons.

On motion of Senator Frith, for Senator Hastings, debate adjourned.

BORROWING AUTHORITY BILL, 1984-85 (No. 2)

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-11, to provide borrowing authority.

He said: Honourable senators, I rise today on behalf of the government to present Bill C-11, a bill to provide borrowing authority. At the outset, I should say that I was tempted to unearth one of Senator Frith's speeches from last year to use as a model.

Hon. Royce Frith (Deputy Leader of the Opposition): You could do worse than that.

Senator Doody: That is right. He covered it very quickly and succinctly and never failed to remind us that this was not a borrowing; it was simply permission to borrow and that we should not get the two confused. This bill will not cost the government a red cent; it will not cost the taxpayers a copper. All we are simply doing here, as Senator Frith kept reminding us, is asking for authority to borrow. Whether the government actually uses that authority, of course, remains to be seen.

Senator Frith: Let us not go back into history. I suppose it is possible that I was wrong.

Senator Doody: It never entered my mind. It must be the 2ll seats.

In any event, honourable senators, the government obtains new borrowing powers every year. Since Parliament has examined quite a number of borrowing bills in the past, I do not think it necessary to go into a great deal of detail. I would point out that I am not selling any coins.

Honourable senators will note that in order for the government to continue with its regular debt program to meet its financial requirements, statutory borrowing authority must be obtained from Parliament. Specifically, Part IV, Section 36 of the Financial Administration Act states that: "No money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of Parliament." That, however, does not exclude Letters of Comfort. This refers to new money only because, pursuant to Section 38 of that act, the government has continuing authority to raise funds to repay maturing debt, commonly known as the rollover.

As honourable senators will recall, the previous government's estimate of financial requirements for the 1984-85 fiscal year was $25.5 billion and Parliament granted borrowing authority for $24.6 billion, an amount slightly less than the financial requirements. However, as the Minister of Finance pointed out in his economic and fiscal statement, our government's inherited financial requirements for the present fiscal year have increased to $29.9 billion. Moreover, the financial requirements for 1985-86—the coming year—are now projected to be $29.2 billion; an increase of almost $6 billion from last February's estimate.

In light of our inherited increase in financial requirements for fiscal 1984-85, Part I, Clause 2(l) seeks additional borrowing authority for the remainder of this fiscal year of $7.3 billion. Of this total, $5.3 billion represents the difference between the revised cash requirements of $29.9 billion for fiscal 1984-85 and the $24.6 billion of authority already granted. The remaining $2 billion represents a reserve. I notice that the verbiage has changed. Last year it was called a contingency; this year it has been called a reserve. This may be a symbol of the new régime.

● (1620)

Clause 2(2) states that all borrowing authority conferred by the above section that remains unused to the extent that the unused portion exceeds $2 billion shall expire on March 31, 1985. The purpose of this clause is to enable the government to carry forward into 1985-86 an amount not exceeding the $2 billion reserve.

This reserve is intended to cover contingencies only. It does not permit spending beyond what has been approved by Parliament or has been given ongoing authority by acts of Parliament. The reserve amount is designed to accommodate the possible impact of the large unpredictable changes in financial requirements caused, for example, by foreign exchange operations designed to maintain an orderly market in the Canadian dollar. When the Canadian dollar is under upward pressure, Canadian dollars are sold into the market and the Exchange Fund Account accumulates U.S. dollars. In order to finance this increase in official reserves, Canadian dollars must either be taken from cash balances or borrowed and charged against the borrowing authority. On the other hand, when the Canadian dollar is weak, U.S. dollar reserves fall and must be supplemented by drawing on the two standby credit facilities the government has with both the Canadian and international banks, or by other types of foreign borrowings. Any of these borrowings must be charged against borrowing authority. Insufficient borrowing authority could potentially constrain the government's ability to maintain an orderly exchange market for the Canadian dollar. That deals with Part I of the bill, the borrowing requirement for the remainder of this fiscal year.

In Part II of the bill, clause 4(1) requests borrowing authority of $12 billion for fiscal 1985-86. Honourable senators may be aware that the original bill, as introduced in the House of Commons, sought $16 billion of borrowing authority for 1985-86. However, the government, being a very reasonable one, agreed to amend this clause so as to provide $12 billion of borrowing authority for fiscal 1985-86. This amount should be sufficient to cover the government's expected financial requirements through to the end of June. I have no doubt that later this year we will be looking for more borrowing authority. The Minister of Finance will introduce further borrowing authority legislation following his up-coming budget to seek the balance of the borrowing authority for the full 1985-86 fiscal year. As many honourable senators know, the government's financial requirements are unequally distributed throughout the fiscal year. They are very heavy in the first part of a fiscal year mainly because of the large number of income tax refunds issued at that time of year. Thus, we expect the $12 billion to be used up fairly quickly.

Clause 4(2) states that all borrowing authority conferred by clause 4(1) which remains unused by the end of the 1985-86 fiscal year shall expire on March 31, 1986.

Finally, clause 5 states that Part II of the bill shall come into force on April 1, 1985, the date on which the next fiscal year begins.

Honourable senators, I should like to outline how the government has utilized the borrowing authority already granted by Parliament for the current fiscal year. As you are aware, the total amount of authority provided for 1984-85 was $24.6 billion. To the middle of January domestic borrowing operations used about $23.4 billion of borrowing authority; $8.2 billion through the issue of treasury bills; $10.4 billion through the sale of marketable bonds; and net sales of Canada Savings Bonds in the amount of $4.8 billion. I would like to advise honourable senators that the sale of marketable bonds includes the government's recent bond issue which was sold on January 15 and which will be delivered after February 1. Foreign borrowing has added a further $470 million net to the use of borrowing authority. As a result of these domestic and foreign financing operations, the total use of borrowing authority to date in this fiscal year has been $23.9 billion, leaving only $700 million of unused borrowing authority remaining.

Hon. Royce Frith (Deputy Leader of the Opposition): There was a time when you would not have used the word "only" to describe that.

Senator Doody: It is amazing how the perspective changes when one changes position in this chamber. I can remember a time when I would have fallen off my seat in Newfoundland even mentioning one of those figures.

As honourable senators are aware, the government has an ongoing debt program and the amount remaining will be used up very quickly. In order to achieve the government's goal of minimizing public debt charges, it is imperative that a regular debt program be carried out. Thus, honourable senators, I ask for your support of this bill on second reading, and I would suggest that the bill be referred to the Standing Senate Committee on National Finance.

On motion of Senator MacEachen, debate adjourned.

CHRISTMAS

BUREAUCRATIC AND POLITICAL COMMENTS—INQUIRY WITHDRAWN

Hon. Philippe Deane Gigantès rose pursuant to notice of Tuesday, December 11, 1984:

> That he will call the attention of the Senate to certain bureaucratic and political comments concerning Christmas.

He said: Honourable senators, in order to save the time of honourable senators I mailed that small Christmas story to

them with my best wishes, and I see no reason for reciting it now.

FOREIGN AFFAIRS

GIFT OF WAR PLANES TO TURKEY

Hon. Philippe Deane Gigantès rose pursuant to notice of Tuesday, December 18, 1984:

> That he will call the attention of the Senate to the question of the gift of Canadian war-planes to Turkey.

He said: Honourable senators, I should like to bring to your attention certain facts concerning the gift of 20 war-planes by Canada to Turkey.

On December 12, 1984, the Minister for External Affairs, Mr. Clark, said in the other place: "We would not be entering into those kinds of arrangements if we thought they would cause a heightening of tension or making the situation more dangerous." Moreover, the Department of External Affairs has stated that in Ankara, the capital of Turkey, the Minister of Defence, Mr. Robert Coates, said with regard to these war-planes: "The matter is still under study. Canada intends to assist in every way possible to strengthen NATO's Southern flank. The Greek option is therefore not closed, but we are nonetheless aware that Turkey wants the transfer of the entire fleet."

I do not doubt for one moment the good faith of Mr. Clark and Mr. Coates when the first says we do not want to heighten tension in the Aegean and the other says that Canada intends to assist in every way possible to strengthen NATO's southern flank.

But distant situations are not easily understood and, I submit, that with all the goodwill in the world, the Government of Canada will, inadvertently, heighten tensions in the Aegean and weaken NATO's southern flank if those 20 planes are given to Turkey. Greece is right to feel alarmed. Its fears of a possible Turkish attack against Greek islands are not fanciful. They are based on Turkish acts and on threatening statements by Turkish personalities. Let me give you a few examples.

The islands of the Aegean "constitute a part of Anatolia—of Turkey in other words—and for centuries have belonged to the state which was sovereign over Anatolia," said Mr. Demirel in June 1974. He had served as Prime Minister of Turkey, and at the time he spoke he was Leader of the Opposition.

• (1630)

On January 18, 1975, Mr. Irmac, then Prime Minister of Turkey, said: "Half the Aegean belongs to us."

We all know that the press in Turkey is controlled by the state. Therefore, Greece could not fail to be alarmed when it heard Mr. Pelek, President of the Turkish Union of Journalists, say in February 1982:

> The Islands of Lemnos and Lesvos which are at a distance of a few miles from Anatolia, which were for centuries capital cities of Turkish provinces, are lands necessary to us not only as part of the heritage of the Ottoman State but for our security as well. We want these islands which are owned by the Greeks unjustly.

On January 18, 1975, Mr. Sadi Irmak, then Turkey's Prime Minister, said: "The Aegean belongs to us. This is something that must be understood by all."

The Turkish foreign minister at the time, Mr. Melih Esenbel, said, "Cyprus is the first step towards Aegean." He was referring, of course, to the invasion of Cyprus by Turkish forces in 1974. Since then, Turkey has stationed 150,000 troops along her western shore, facing the Greek island. Among other NATO equipment this Turkish army has are 150 landing craft.

In view of what happened in Cyprus, can the Greeks safely assume that Turkey is not planning to attack the Greek islands or the Aegean? These islands were declared to be Greek by the Treaty of Lausanne signed on July 24, 1923. Turkey was one of the signatories. This treaty followed the Greco-Turkish war in which Turkey was victorious. Therefore, the conditions of the treaty were not and could not have been imposed by Greece on Turkey.

What has changed since then? Why are they disputing the terms of that treaty which they accepted in 1923? Mr. Esenbel said, in 1975, when he was foreign minister:

> In the Aegean, we must necessarily follow a dynamic policy. Conditions today are different from those of 1923. Turkey has grown in strength.

And, indeed, Turkey has grown in strength and population. There are 45 million Turks against only nine million Greeks. By and large, Turkey has between two and three times more planes, more tanks, and more warships than has Greece. It is, therefore, highly unlikely that any Greek leader would think of attacking Turkey. Yet, in 1978, Turkish defence minister, Hasan Isik, said:

> The entire nation depends on Greek pressure which is trying to strangle the country, encircling Turkey from the west and preventing access to the Mediterranean Sea . . . The Turkish nation must unite, face the problem of the Aegean and of Greek pressure which will encircle western Turkey with the aim of strangling it.

One cannot help thinking of Lafontaine's fable in which a wolf accuses a lamb of polluting the stream from which both drank. At the end of the fable, the wolf, of course, eats the lamb.

The official Greek position is that the Aegean does not belong to Greece or anybody else. It is an international waterway. Greek islands in the Aegean are surrounded by territorial waters that extend six miles from the shore, no more. Ships of all nations pass through these territorial waters as they pass through international waters in the Aegean, without any interference from the Greeks.

Inevitably, as with any body of water between two nations, there can be two differing interpretations of who owns which part of the continental shelf. Greece has repeatedly offered to let this issue be decided by the World Court. Turkey refuses.

In the matter of who controls air traffic over the Aegean, the International Civil Aviation Organization decided in 1952 and in 1958 that the Aegean is subject to air traffic control from Athens. Turkey was present when this decision was taken and accepted it. Now Turkey rejects it.

It is understandable, under the circumstances, that Greece should feel nervous about Turkey's intentions in the Aegean. Turkey already enjoys military superiority. Adding to this military superiority is likely to make Turkey less restrained, the Greeks fear.

This increase of tensions is contrary to the objectives of the Right Honourable Mr. Clark not to heighten tensions in the Aegean or make it more dangerous. Giving these planes to Turkey will also go counter to the laudable objective of our Minister of Defence to strengthen NATO's southern flank.

If Greek islands were invaded by Turkish forces—and I have read some of the threats which at no time have been repudiated by any official of Turkey—there would be war between two NATO partners. The southern flank of NATO would crumble, and an opportunity would be given to communist countries to attempt some interference in the dispute. If Turkish troops cross the Greek border in Thrace, there is no guarantee that Bulgarian troops would not intervene, possibly with Soviet support. It would be an excellent opportunity for communist mischief.

Such scenarios may seem farfetched to some honourable senators, but in early 1974 many NATO leaders scoffed at the idea that Turkey would possibly invade Cyprus, using NATO weapons. Yet, that is precisely what happened in the summer of 1974.

I would strongly urge the Canadian government not to go through with this gift of war-planes to Turkey. I recognize that this gift might be a sweetener so that Turkey will buy a nuclear reactor from us rather than from another country. Such international deals often require sweeteners. But I should like to submit, in all humility, that, at this time, our choice of sweetener is the wrong one.

Again, let me repeat that I have no doubt at all about the good intentions of the Canadian government, of our Secretary of State for External Affairs and of our Minister of Defence, but the situation in the Aegean is one in which the Greeks feel threatened by the vast Turkish army facing their islands and by the aggressive statements of Turkish politicians and journalists.

Instead of strengthening NATO we run the danger of weakening it by increasing the tensions and the dangers in the Aegean.

We have been told that the reason these planes were given to Turkey is that Greece did not show interest when they were first offered in 1981, but in 1981 it was not made clear to Greece that the planes Canada was offering would be reconditioned and made fighting-fit. In 1981 the Greeks assumed that Turkey would be given disused air frames.

Canada, as both Mr. Clark and Mr. Coates have said, is interested in reducing tensions in the Aegean and strengthening that part of NATO. Canada enjoys considerable credibility in the Aegean because of the fairness and good judgment our troops have displayed in Cyprus where they act as peacekeepers.

Greco-Turkish tensions in Cyprus and in the Aegean would be considerably reduced, or even eliminated, if each member of NATO solemnly undertook not to attack any other member of NATO. Currently, as the treaty stands, an attack by one member against another member is not prohibited. Back in the sixties, George Papandreou, who was then Prime Minister of Greece, said that this was tantamount to an agreement which prohibits murder but does not prohibit fratricide.

Greece has repeatedly declared that it is willing to sign an undertaking not to use its armed forces against another member of NATO. Let Canada's diplomats try to obtain a similar undertaking from Turkey. Then, both Turkey and Greece could greatly reduce the forces they have facing one another in the eastern Aegean. Part of these forces would then be available for their basic NATO duty, which is to protect the members of NATO against a possible attack from communist countries. Should Turkey stop threatening the Greek Islands, it could reduce its expenditures on armaments, thus improving its economy which is in crisis. Similarly, Greece could cut its military expenses and improve its economic situation. This is a worthy mission for Canadian diplomacy. If successful, such a mission would greatly contribute to the success of Canada's other mission in the eastern Mediterranean, the achievement of some solution to the Cyprus crisis which would be satisfactory to both the Turkish and Greek communities on that island.

• (1640)

I believe that both the Right Honourable Mr. Clark and the Honourable Mr. Coates care about preserving Canada's enviable record as a peacemaker. They could enhance this record and receive the credit they deserved if they convinced Turkey to forswear any designs on Greek territory.

Hon. Orville H. Phillips: Honourable senators, we have heard an interesting inquiry in which the Honourable Senator Gigantès has regretted and refuted actions of the previous government. It was that government which initiated the program of military aid to Turkey and made a firm commitment to supply that aid.

In moving his inquiry, Senator Gigantès has moved me into an unenviable position. As he well knows, I would much rather criticize the previous government than defend its action. It is much easier and much more enjoyable.

Senator Gigantès: Would the honourable senator suggest that the present government do something better?

Senator Phillips: I will come to that in a moment, if the honourable senator will hold his enthusiasm.

Senator Gigantès: I am trying to make my enthusiasm boil over.

Senator Phillips: In 1981, when Canada acquired the F-18A fighter, it declared its CF-104s, based in Europe, to be surplus,

and, in accordance with NATO policy, offered the aircraft to the less advantaged countries in NATO—namely, Portugal, Greece and Turkey. As the honourable senator stated, only Turkey expressed an interest.

In 1982 the then Minister of National Defence, the Honourable Gilles Lamontagne, made a firm commitment in writing to the Turkish Minister of Defence committing the aircraft to Turkey when Canada no longer had use for them in 1985. I am sure that the then Secretary of State for External Affairs, the Honourable Allan MacEachen, was well aware of that agreement. I cannot imagine a situation where defence ministers would deal with another country and not make the Secretary of State for External Affairs aware of the situation. Again, NATO was notified of that action and no further objections were received from Greece or any other country within NATO.

Since the new government has assumed office, there has been a meeting between the Minister of Defence and the Greek Prime Minister in Brussels. There has also been a meeting between our Secretary of State for External Affairs, the Right Honourable Joe Clark, and his counterpart in Greece. At neither meeting was the subject raised, which indicates that Greece does not give the matter a high priority.

As my honourable friend stated in his inquiry, Greece did make a request for aircraft frames during the summer of 1984. I emphasized that the Canadian government had by then made a firm commitment. I would ask honourable senators what can be done in this situation. If Canada rescinded its agreement, what would that do to the previous government? It would destroy an already tarnished reputation. Let us imagine the concern throughout NATO—for all subjects, not just aircraft—if Canada were to repudiate the agreement made by the previous administration. Therefore I do not believe that Canada really has a great deal of choice but to keep that firm commitment.

I do not believe that Greece should worry unduly about Canada's commitment. I had a certain trust in the Honourable Allan MacEachen when he was in External Affairs, but I did not trust him in Finance. I thought that in External Affairs he was in a relatively harmless position. Obviously my honourable friend, Senator Gigantès, does not agree with me. However, if he reflects upon the situation, I am sure he will feel that he is able to trust his present leader in his former position.

Senator Gigantès expressed some concern about changing the balance of power between Turkey and Greece. I can understand that from a Greek viewpoint. But the honourable senator knows Greek history far better than anyone else in this chamber. He would know that in the tradition of the history of Greece, the Greeks would not consider it to be a fair fight unless they were outnumbered; and if he were to consider the matter from the Turkish side, I am sure he would want to have a superiority on that side or he would be worried about the Greek Air Force.

Perhaps I should explain to honourable senators the proposed use of the CF-104s that Canada will be transferring to Turkey. They will be stationed on the Russian border for approximately two years and they will then be replaced by Mirage fighters from France. Senator Gigantès was quite right in saying that Turkey did use some NATO equipment during the invasion of Cyprus. That was indeed unfortunate and it was contrary to NATO policy. Consequently many NATO nations, particularly the United States, cut back on military and economic aid to Turkey as a member of NATO. That aid to Turkey is now being restored, and I am sure that Turkey has suffered because of its action in using NATO equipment during the invasion of Cyprus and will think very seriously before using NATO equipment in any invasion of Greece or in any dispute arising with Greece.

Senator Gigantès surprised me when he suggested that Canada was using the transfer of aircraft as leverage in persuading Turkey to buy a Canadian nuclear reactor. It is my understanding that the commitment to Turkey was made prior to negotiations for the purchase of a nuclear reactor. I am sure that if the honourable senator were to reflect upon it he would want to keep the nuclear reactor and the transfer of CF-104s as separate items. Senator Gigantès seems to find a Trojan horse in this transfer. The Greeks are familiar with that tactic because they learned it centuries ago. Therefore, I am sure that if they were concerned about this matter they would have mentioned it in 1981.

The Government of Greece has contacted the Government of Canada regarding the possibility of the Greek air force receiving certain aircraft. They have received assurances from the government that the remaining CF-104s will be made available to the Greek air force should they desire them when they are removed from service in Canada. Those negotiations are proceeding at the present time on what is known as a best-effort basis and I am sure that if we keep cool, calm and collected this matter will be resolved to the satisfaction of both Greece and Canada. We should not attempt to make a narrow, partisan issue out of this matter and that is why I have gone to such great lengths to defend the previous government.

Senator Gigantès: Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Gigantès speaks now his speech will have the effect of closing the debate.

Senator Gigantès: Honourable senators, I would like to thank Senator Phillips for his solicitude toward the previous government. I hope he pursues his interventions in that vein and continues to feel protective toward the reputation of the Liberal Party and to show the previous government the affection and respect he has manifested today. I suggest to him also that we call a truce on horses. The last time he referred to Caligula's horse and now it is the Trojan horse. I know that he loves horses for that is what his name means.

What I was trying to say is that there is inevitably in Greece a certain anxiety. Greece is an ally of Canada. There is a problem in Cyprus. Canadian troops are contributing to keeping the peace there and we are negotiators in good faith with both sides, a referee. A referee must not only be fair but must

be seen to be fair. This transaction looks different to Senator Phillips, to the Canadian government and to all of us in the Senate from the way it will look to Greek military men contemplating the fact that Turkey can now put 20 planes from Canada on the Soviet border and take 20 planes from the Soviet border and put them on the Aegean Coast as part of its forces that are menacing Greece. I have not suggested that the present Canadian government or the previous one were acting out of any ill intent toward Greece. All I am saying is that this is a very difficult situation. It goes back a very long time. It creates anxiety and it could possibly handicap the efforts of Canada as a peacemaker, if Canada is seen by Greeks who might not know all the information, as favouring Turkey over Greece. We do not want to give the appearance that we are favouring one of our allies over another. I am quite sure that this is far from the thoughts of the Secretary of State for External Affairs or the Minister of Defence, but that is how it might be interpreted in Greece. Therefore, it might strain Canada to maintain its excellent record as a peacekeeper. That is all I want to emphasize on this issue.

I would like to conclude, since this matter refers to Greece—and not to bring into the discussion my new colleague of Greek descent Senator Barootes, for he can speak for himself—but to say that I am delighted he is here. He is living proof, better proof than I, of what people of Greek descent can bring to this country and what they can derive from it, for he has prospered and become an authority not only in his chosen field of medicine but in the political field. I would like to warn Senator Phillips, who is his whip, about the real meaning of Efstathios Barootes which is, a well placed explosive charge.

Hon. C. William Doody (Deputy Leader of the Government): He is certainly well placed.

Senator Gigantès: Let me now express my welcome to Senator Finlay MacDonald whose career I have followed for many years with great admiration. I think he will be an ornament to the Senate. I have read about Senator Robertson and it has been said that there is only one of her. I think we should clone her. The Senate will be totally tolerable and desirable only when half the members are women.

FINANCE

ITALIAN AND NEWFOUNDLAND VOTERS—COMMENTS OF MINISTER

Hon. Philippe Deane Gigantès rose pursuant to notice of Tuesday, December 18, 1984:

> That he will call the attention of the Senate to the comments made by the Honourable Michael Wilson, Minister of Finance, about Italian and Newfoundland voters.

He said: Honourable senators, this matter is painful to me, although I am in no way involved. I would like to quote some excerpts from a recorded statement made by the Minister of Finance last December. He said:

> The election campaigns that we fight in downtown Toronto are, 'Don't vote for the Tories or they are going to send you back to Italy' . . . that's the politics of fear. That's the politics that people will play . . . And they, the Liberals are still playing the politics of fear . . . If we said we're going to cut back on the IRDP (Industrial Regional Development Program) in Toronto, you know what people would be saying in Newfoundland? They're going to cut back on the IRDP, period.

This statement was made by the Honourable Michael Wilson in answer to questions as to why his party had not talked about cutting expenses during the election campaign. What is sad about the whole episode is that it is insulting to all Canadians, especially to Canadians of Italian descent and to the wonderful people of Newfoundland. Why should anyone assume that Canadians of Italian descent are so stupid that they could believe that they would be sent back to Italy if they voted the way they wanted to vote. Are these Canadians of Italian descent so ignorant, so uneducated, so unsophisticated that they could be so easily frightened? Does not Mr. Wilson know that the Italian-Canadian community has among it able-bodied lawyers who cannot be intimidated and who would assure any immigrant that Canada does not expel people for voting the way they want to vote?

Italian-Canadians have brought to this country their ability to work hard, their enthusiasm, their gaiety and their fine brains and Canada is the richer for having them here. Nor have they come from a country where politics and politicians are unknown. After all, Italy is the land of Machiavelli. A Canadian of Italian descent would treat any threat of deportation for exercising his right to vote as a preposterous idiocy and that is what it would be, a preposterous idiocy. Nor are the people of Newfoundland less intelligent or less informed than the rest of us. The Newfoundlanders I know are not only adorable, hospitable and witty but they are intelligent and canny. They cannot be fooled. They know when they are being conned. They may elect politicians with the gift of the blarney, but they are not fooled. To say such a thing as Mr. Wilson said so as to avoid revealing his agenda—and this is, in effect, what he said—is hiding the facts from the voters. It is a manifestation of contempt for the people. It diminishes the stature of elected politicians. It rots the foundations of democracy. If it was an inadvertent slip of the tongue, then Mr. Wilson should apologize. He has been asked to apologize; the Prime Minister has been asked to seek whether such an apology could be made even in a benign form if it was a slip of the tongue, but no such apology has come and personally, I think that is a shame.

The Hon. the Speaker: As no other senator wishes to participate in the debate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, January 23, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HON. FREDERICK W. ROWE

FELICITATIONS ON PUBLICATION OF "THE SMALLWOOD ERA"

Hon. Henry D. Hicks: Honourable senators, with your leave, before we begin the business of the day I should like to call your attention to an event of which I am sure all of us can be proud.

Our colleague, Senator Frederick W. Rowe, has just had published a book entitled *The Smallwood Era.* Although I have only had a copy in my hands for little more than 24 hours, I have read a good portion of it. It starts off very briskly. It is a factual and, Senator Rowe assures me, completely unbiased account of the years from 1949 to 1971 when Joe Smallwood dominated the political scene in Newfoundland and exercised a tremendous influence on the political scene throughout Canada.

I have been an admirer of Senator Rowe and his publications in relation to Newfoundland for some time. He has written a book on the Beothuks, the early Indian tribe of Newfoundland which is now extinct; he has written a book on education and culture in Newfoundland, with which I am familiar; and he has written a history of Newfoundland and Labrador. This account of the Smallwood era must be one of the most interesting political commentaries published in Canada in our generation.

I wish to commend Senator Rowe for his enterprise, for his good writing, for his sound research, and, yes, so far as I can tell, for his apparent objectivity in this work.

Hon. Senators: Hear, hear.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would like to take just a minute or two of your time to join in the congratulations expressed so eloquently by my esteemed friend, Senator Hicks.

Although I have not yet read it, I am sure this latest laudable work by my friend and fellow Newfoundlander, Dr. Rowe, is well done. However, I have some reservations as to whether it is impartial and unbiased, but perhaps I am a little biased in another direction.

Hon. Royce Frith (Deputy Leader of the Opposition): You are probably mentioned in it.

Senator Doody: I hope not. If I am, it is undoubtedly in the context of Mr. Smallwood's referring to me as a "Liberal," which, to my embarrassment, he invariably did.

Senator Frith: If you are not referred to, it may be because of the laws of libel.

Senator Doody: Yes, or censorship.

Although Fred Rowe is best known as a most able and productive contributor to the political life of my province, I think his contribution to the scholastic, academic and literary life of Newfoundland is at least as great. From my point of view, I would like to think of it as being much greater.

I remember well Fred Rowe's career in Newfoundland public life. I think it is fair to say that, for at least a large part of his 20 years in the House of Assembly of the Government of Newfoundland, he was recognized as Mr. Smallwood's strong right arm. I think it is fair to say that he was considered by many of us in Newfoundland as the logical successor to Mr. Smallwood. Mr. Smallwood, however, deemed that the only logical successor to Mr. Smallwood would be Mr. Smallwood, and so the regime came to an end. That is not an unknown phenomenon in Liberal circles—the wish to succeed oneself. The result appears to be the same.

Dr. Rowe held many portfolios in Newfoundland most competently, but in the minds of many of us he is best known for his work in the field of education.

Hon. Senators: Hear, hear.

Senator Doody: In the post-Confederation years the most notable achievements of the Smallwood government—and I say this in all sincerity—were the great leaps forward in education and in public health services in our province. Up to that point we were badly behind the rest of North America. The successes in the field of education were in large part attributable to Fred Rowe. His fellow Newfoundlanders, among whom I include myself, thank him for that and for his many years of service to the province. I am pleased to note his latest accomplishment. I congratulate him and say we are proud of him. I look forward to reading it.

Hon. Senators: Hear, hear.

NATIONAL DEFENCE

SECOND REPORT OF SPECIAL COMMITTEE TABLED

Hon. Paul C. Lafond, Chairman of the Special Committee of the Senate on National Defence, tabled the following report:

Wednesday, January 23, 1985

The Special Committee of the Senate on National Defence has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Tuesday, November 27, 1984, to hear evidence on and to consider matters relating to National Defence, has, in obedience to its Order of Reference, proceeded with a study and now tables an interim report, entitled: "Canada's Territorial Air Defence".

Respectfully submitted,

PAUL C. LAFOND
Chairman

He said: Honourable senators, I beg leave to make a few brief remarks in explanation of this report.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Lafond: Honourable senators, when I tabled the second report of what was then your Subcommittee on National Defence entitled *Canada's Maritime Defence,* on June 15, 1983, I said—and here I quote myself:

> It seems to me that of equal priority in peacetime as in time of conflict are the preservation of Canada's sovereignty and the creditable fulfillment of her commitments to her allies.
>
> Honourable senators, sovereignty is more than a concept to be repetitively proclaimed. It must be continuously asserted and exercised in tangible and visible fashion. Our geography dictates that this be done, particularly in our Arctic and our extended sea frontier.

I concluded my remarks by saying:

> Your subcommittee now wishes to pursue its inquiries by examining Air Command, with particular attention to continental air defence, detection and resistance, and strategic and tactical transportation of personnel and equipment.

The first phase of this study has now been completed and is tabled before you today under the heading *Canada's Territorial Air Defence.*

May I at this time express my gratitude to the members of the committee who laboured so assiduously and successfully on the study and in the production of this report. That applies equally to the highly competent staff of the special committee.

In this report your committee focused on one specific point; the approach that Canada should adopt toward territorial air defence until the turn of the century, against the background which I outlined a moment ago of preserving Canada's sovereignty and fulfilling our commitments to our allies.

We reviewed the development of the threats and of the measures taken to counter them since the mid-1950s. We have been made aware of the growing obsolescence, inefficiency and cost of the systems now in place, and of the options available to Canada in seeking their modernization. We have recognized the need for Canada to maintain defence arrangements with the United States that will permit this country to promote its own interests and policies as well as to participate effectively in the common defence. We have been updated on the main features and components currently being negotiated with the United States to that end.

We recommend some courses of action which should be taken by Canada in the transitional years which will take us to eventual space-based systems. As has been our custom, we have costed our recommendations. I would like to caution honourable senators and all who may read and comment on this report not to be startled by large sums, and dismiss its recommendations out of hand. In this, as in our previous reports, the expenditures recommended are spread over a decade or more and we have satisfied ourselves that Canada can afford them without undue stress.

• (1410)

The report lifts a part of the curtain on the types of military activity that might characterize continental aerospace defence in the space age and the eventual relationship between Canadian military space policies and U.S. strategic postures and doctrines.

Honourable senators, there are many more facets of Canada's defence requirements and policies I would like to discuss at length, from uniforms to cruise testing via interpretation of some of the Auditor General's observations with respect to the administration of defence matters. We hope there will be opportunities to do so after we have seen the green or white paper announced by the government. The committee is gratified that one of its initial recommendations is finally being acted upon.

Whether these documents will bear on foreign policy and defence jointly or separately is not clear to me yet. I do hope that defence matters will not be buried in many long dissertations on foreign policy. Territorial defence of our country can and must stand on its own. This is one thing that your committee has tried to establish. This third report has attempted to analyze and expose a pressing problem. All Canadians should be made aware of its nature and of its possible solutions.

Honourable senators, I move that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

[Senator Lafond.]

QUESTION PERIOD

[*English*]

THE BUDGET

PREPARATION—ALLEGED NEGOTIATIONS BETWEEN GOVERNMENT AND INDEPENDENT PETROLEUM ASSOCIATION OF CANADA

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the

Government in the Senate. We heard today that the President of the Independent Petroleum Association of Canada has been privy to negotiations that took place with reference to energy pricing. He is reported to have said that the industry has known for some time the intended plans, that an agreement between the oil producers and the government party has been in existence for some time and that negotiaitons started a year or so ago. Of course, it is no surprise that the Conservative government—and I can congratulate them for being true to their colours and traditions—do their business on the basis of what big business wants. However, when it goes so far as the IPAC president is reported to have said, namely, that the agreement has been in existence for some time and that he expects that it will be reflected in the budget, does the Leader of the Government not think that if IPAC and the government know about the agreement perhaps the Canadian public, including honourable senators, should be enlightened on it.

First, what is the agreement, and, second, does the leader not think that it is going too far to have an agreement with this one group of businessmen as to what is going into the budget?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can assure the house that there is no secret agreement or deal of any kind between IPAC and the government, as my honourable friend has alleged.

Senator Frith: Or the oil industry?

Senator Roblin: Nor the oil industry. There is simply no agreement of that kind.

Senator Frith: So he is wrong?

Senator Roblin: The gentleman's remark, according to him, has been misquoted. It is his contention that he did not say that, and he is in the process of making a statement which will clarify the situation insofar as he is concerned. That is his business.

However, insofar as the government is concerned, I can say that there is no secret agreement of any kind and no understanding of the sort that my honourable friend has mentioned. Any agreements that are to be made are to be made between the federal government and the provincial governments, not with the industry. The industry will be consulted; they have a lot to say, but that does not constitute any secret arrangement.

Senator Frith: Would my honourable friend agree with the second part of my question, that it would be improper for such an agreement to exist—that is, an agreement, the terms of which would be reflected in the budget?

Senator Roblin: I can simply tell my honourable friend that there is no such agreement. Therefore, it is not possible to reflect such an agreement in the budget. The budget will be established entirely on the basis of the negotiations that the federal government undertakes with the provincial governments. There is no secret agreement to be reflected in the budget. Secret agreements, of course, are quite out of bounds.

Senator Frith: Honourable senators, that still does not answer my question. My honourable friend will remember that when Walter Gordon was Minister of Finance there was a good deal of criticism about the fact that some three persons were hired as consultants and knew what was going into the budget. At that time, a good deal of fuss was made about that situation and a good deal of criticism was levelled at the government of the day because of it. This is why I want again to ask my second question, or a corollary to it: Does my friend agree that it would be improper for such an agreement to exist—that is, a private agreement that will be reflected in the budget, and an agreement that it be so reflected?

Senator Roblin: I would certainly agree with my friend that secret agreements of this kind are not the way in which we do business in Canada. They do not exist, and I do not approve of them.

PREPARATION—USE OF CONSULTANTS

Hon. H. A. Olson: I have a supplementary question for the Leader of the Government in the Senate. May I ask him if there are people other than senior officials of the bureaucracy who are involved in the preparation of the budget, which is what Mr. Morgan seems to be implying?

Hon. Duff Roblin (Leader of the Government): Insofar as the oil industry is concerned?

Senator Olson: Insofar as any part of the budget is concerned, and particularly taxation in the oil industry.

Senator Roblin: The only person I am aware of who has entered the minister's office as a consultant is a gentleman who has come to the government under the general aegis of the exchange of personnel between the government and the private sector. He may have some studies to make in respect of general taxation policy. I really have no means of knowing what they are. However, the way these things are managed is that the person concerned takes the oath of secrecy. He submits all of his assets to a blind trust and, in other words, conducts himself in the way that a senior civil servant would.

Senator Olson: I have a further supplementary. Can the Leader of the Government in the Senate assure us that the person he is referring to—and I am assuming that he was an officer in the Bank of Nova Scotia—has submitted to all of the stringent requirements that are applied to senior officials in the government with respect to a situation such as this?

Senator Roblin: Yes. The gentleman's name, as I recall, is Mr. Mackness, and he has complied with all of the regulations respecting this matter with which senior civil servants are expected to comply.

My further information is that he has also taken some further steps, details of which I do not have on the tip of my tongue, that go beyond what is required by the guidelines in order to make sure that the situation is perfectly clear.

Senator Olson: I have a final supplementary. Could the Leader of the Government articulate for us within the next few days what those restrictions are? The preparation of the budget is a very sensitive area, and if anyone outside of the government has access to that, then, of course, all of the

questions that were raised with Walter Gordon will come to the fore in this instance as well.

Senator Roblin: Yes, I shall be glad to obtain for my honourable friend a statement on the restrictions that apply. However, I want to emphasize that this gentleman is not outside, in the sense that that word is sometimes used. He is, in fact, inside; he is part of the civil service mechanism which is examining various aspects of budget policy.

• (1420)

Senator Olson: I thought the last supplementary was going to be the final one, but I have one more.

I understand that that person is on what is termed the "exempt staff", which is significantly different from the senior bureaucracy. I wonder if the leader could look into that and also tell us whether his salary is being paid by the bank.

Senator Roblin: I suppose one could say that in some respects he resembles the dollar-a-year men who proved to be so useful in the operation of the Government of Canada in bygone days.

I can ascertain whether or not he is on the exempt staff at the present time, but I want to underline the fact that, whether he is or is not on the exempt staff, he has complied with the guidelines with respect to integrity that we expect of senior civil servants in the matter which my honourable friend mentioned.

Hon. Royce Frith (Deputy Leader of the Opposition): But you will obtain those two items?

Senator Roblin: Yes.

UNEMPLOYMENT

ARMED FORCES—SUGGESTED RECRUITMENT

Hon. John B. Stewart: Honourable senators, yesterday I was prompted by newspaper reports to ask a question concerning the government's policy on the armed forces. I asked for assurance that the matter of our armed forces was not being combined, confused or assimilated with the solution to our unemployment problem. The Leader of the Government in the Senate seemed to share my view that these two problems ought not to be assimilated or combined, and he gave me a very reassuring answer, which is to be found at page 426 of *Senate Debates*.

As I said, I found that answer very reassuring. However, I did not sleep so well after I read the newspaper again, because in the *Chronicle Herald* of January 11, 1985, I read a top line story in which the Honourable Minister of National Defence is said to have committed the Conservative government to "combining defence recovery with economic recovery."

The third paragraph of the story is a direct quotation from the minister, and reads as follows:

> It (the defence dollar) can be invested to increase economic activity and thus it can create more employment opportunities for Canadians.

[Senator Olson.]

Honourable senators, what I said yesterday was that we know the results of that kind of thinking from what happened during the 1930s; we know what the results of a buildup of armed forces to solve unemployment problems, grave though they are, can be.

Honourable senators, I must repeat my question of yesterday to the Leader of the Government, which was:

> Will the leader give us assurances that these two serious matters will be kept quite separate? Will he insist upon that with his colleagues?

I ask now whether he will insist upon that particularly with his colleague, the Honourable Minister of National Defence.

Hon. Duff Roblin (Leader of the Government): I think my honourable friend's concern arises out of a question of definitions with respect to the problem. When I listened to him yesterday I was under the impression that he was talking about increasing the armed forces by recruiting unemployed youths, for example, when he used the phrase "to build up the armed forces". I thought he was talking about enlisting a group of young men and women as a means of alleviating unemployment among them, or giving them an opportunity to learn some constructive trade while so enlisted. My reply was to the effect that I had no personal knowledge that that was going on. I do not think it is.

I have a habit, though, that I think is a prudent one: When honourable senators ask me questions on a wide variety of subjects, I think it must be quite obvious to all that it is not likely that I have direct personal knowledge on all points raised that would enable me to answer with perfect confidence. So, while I give the best answers I can with the information available to me, my staff have a practice of sending those answers to the department concerned to see if, by any chance, I have misstated the situation. That being the case, I have an opportunity to be told about that and, consequently, an opportunity to inform the Senate of any change in what I had said on the first occasion.

So, that process goes on, and I would like honourable senators to know that I do that with all questions in the hope that it will prevent me from making too many errors in that respect.

What I think the Minister of National Defence was talking about was military procurement of equipment and particularly the sharing of defence contracts between Canada and the United States. There has been an effort, as my honourable friend knows, in the last few weeks to bring to the notice of Canadian manufacturers the opportunity for the sharing of defence production between our two nations which has been the policy between Canada and the United States for many years. The present minister has perceived an opportunity to increase the amount of sharing that comes to the Canadian manufacturing sector, and I think that is what he was referring to when he talked about using military expenditures as a means of improving the Canadian economy. I believe that is what he meant and not the point that my honourable friend was concerned about yesterday.

Senator Stewart: Honourable senators, I was not complaining just now about the reply that the Leader of the Government in the Senate had given yesterday. I understood perfectly well what I remembered having read, but the response that the Leader of the Government has given now, I think, is quite alarming. On reflection he might agree with me. Years ago President Eisenhower talked about the danger of industrial considerations shaping defence policy. I suppose that today we might talk about unemployment considerations shaping defence procurement. I am not suggesting that anyone would be so sinister as to make the connection directly, but surely the Leader of the Government in the Senate will want to insist with his colleagues that the impact of defence procurement on the Canadian economy shall not be a reason for a buildup of the Canadian Armed Forces either in men or matériel. Surely he will agree that history has demonstrated that that is a very slippery slope for a nation to embark upon.

Senator Roblin: I find it a problem to agree with my honourable friend because it has been the settled policy of several Canadian governments to use the possibility of defence-production sharing as a means of providing the equipment that our forces require. In fact, one of the factors taken into account when placing defence contracts is this very issue, as to whether or not there should be a spinoff of production to the advantage of the Canadian economy. For example, when the F-18 was chosen as the aircraft for the Canadian Air Force, one of the reasons that enabled a successful bidder to get the contract was his specific undertaking to ensure that a substantial volume of production in respect of that particular machine was placed with Canadian firms. That is what is continuing to happen these days. That is what the Minister of National Defence was talking about, and I do not really see the basis of my honourable friend's fear that this is going to land us on some slippery slope of militarization of the country, because I doubt that it is. I simply reassure him that the policy being followed now has been a consistent policy of Canadian administrations over time.

Senator Stewart: I am not arguing with the notion that the buildup of the armed forces might have an incidental effect upon the economy. I think that is pretty obvious. What I am concerned about is when the cart starts pushing the horse—when the reverse relation sets in. One has only to read this story to see that the Minister of National Defence, contrary to what the Leader of the Government has just said, is proposing to charter a new course for the expenditure of defence dollars. The clear implication of the story, as I read it, is that defence spending is to be used to re-energize the Canadian economy. that this is one of the explanations given for what the Solicitor General refers to as "the great miracle" that happened south of the border.

● (1430)

Senator Roblin: I think my honourable friend has the argument completely reversed. We do not spend defence dollars because doing so has satisfactory economic consequences; we spend defence dollars for the defence of the nation. That is not to stop us, it seems to me, from making the best use of that expenditure in terms of the Canadian economy. I do not regard that as a bad policy; I regard it as a good policy. It is a natural policy.

I would assure my honourable friend that, if he is concerned that economic considerations will decide what defence policy is going to be, I think he is right in saying that that should not be the way it goes, and it is not the way it goes. Defence policy is established and then whatever economic advantages can be gained from that follow; not the other way around.

Senator Stewart: I have one last supplementary. Will the Leader of the Government insist that the Minister of National Defence listen to the enlightened position the Leader of the Government has now put forth?

Senator Roblin: I will do better than that; I will make sure the Minister of National Defence reads not only what I have had to say but what my honourable friend has had to say.

SPORT

TORONTO—PROPOSED DOMED STADIUM—GOVERNMENT ASSISTANCE

Hon. Stanley Haidasz: Honourable senators, in the spirit of freedom of information and the great need for further clarification of press reports, would the Leader of the Government in the Senate inform this chamber what amount of Canadian taxpayers' money the federal government has committed, through the CN and in other ways, to the construction of the domed sports stadium in Toronto, even though there is a greater priority and need for housing, emergency shelters for youth and for daycare centres?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I cannot assume any responsibility on behalf of the federal government for the decision that has been made to build a domed stadium. I think that decision was made by other competent authorities, namely the Government of Ontario and the Metropolitan City of Toronto.

The contribution that Canadian National may make is something clearly within the purview of that corporation to decide. If my honourable friend would like me to find out what they are going to do about it, I will do my best to get that information for him.

Senator Haidasz: I very much appreciate the Leader of the Government's intention to provide us with this information. However, while he is doing that, would he also find out to what extent the federal government, through the CN or in other ways, is going to cross-subsidize the private-investor sector in the construction of the domed stadium?

Senator Roblin: Honourable senators, I think that is a hypothetical question. I know of no cross-subsidization.

I will adhere to my undertaking to bring the honourable senator an answer to the first question, and that may clarify the situation for him.

FOREIGN AFFAIRS

MEXICO—REPORTED NUCLEAR PACT WITH CANADA

Hon. Stanley Haidasz: Honourable senators, earlier this month, while soaking up ultraviolet rays in Mexico, I came across a headline in the *Mexico City News* stating that Mexican and Canadian lawmakers had signed a nuclear pact which they referred to as the Declaration of Querétaro. Would the Leader of the Government inform us what commitments this Canadian delegation made on behalf of senators and members of the House of Commons?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can accept no responsibility for a news report in a Mexican newspaper. I cannot accept any responsibility for news reports in Canadian newspapers.

If my honourable friend is asking me to find out whether there is such an agreement, based on whatever information he suggests, I will do my best to do so.

Senator Haidasz: I would very much appreciate it if the Leader of the Government would not only tell us about this agreement but also give us the details. Would he also let us know whether the Minister of National Defence and the Secretary of State for External Affairs knew about what was being signed for and on our behalf by the Speaker of the House of Commons and Senator Orville Phillips?

Senator Roblin: Good gracious, my honourable friend is full of interesting information today. I did not know that my colleague was in Mexico signing agreements on behalf of the Government of Canada. Although he may not like to hear me say this, I very much doubt that he was given that responsibility. However, I will check my honourable friend's information. I would again refer to the fact that often news of Canadian interests appearing in foreign publications strays somewhat far from the facts.

Hon. Robert Muir: Honourable senators, while the Leader of the Government in the Senate is investigating the situation regarding Senator Haidasz' question, would he double-check and try to find out what government officials Senator Haidasz contacted, while in Mexico enjoying the sun, to ascertain how many more thousands of tonnes of the best rails produced in Canada by Sydney Steel we could sell to the Government of Mexico?

Senator Roblin: I do not think Senator Haidasz will confide in me. If I wanted to sell steel rails to Mexico, I know darn well whom I would send to do it.

THE SENATE

RETIREMENT OF MEMBERS—STATISTICS

Question No. 3 on the Order Paper—**By Hon. Peter Bosa:**

Since the constitutional amendment in 1965 made compulsory retirement of Members of the Senate at age 75:

1. (a) How many Senators have been appointed since 1965, and (b) how many of them have retired?

2. How many of those Senators that have retired are still living?

3. Of those Senators that are still living (a) how many of them have qualified for a Senate pension, and (b) how much are their pensions?

4. What is (a) the average length of time, and (b) the amount of pension that has been drawn by retired Senators who have died since 1965.

Reply by the Leader of the Government in the Senate:

1. (a) 127; (b) 24.

2. 19.

3. (a) 16; (b) 2,023.32; 2,848.44; 6,082.56; 6,410.76; 7,042.68; 10,350.48; 10,982.28; 11,167.08; 12,770.28; 13,132.68; 13,682.64; 14,621.76; 14,796.96; 16,241.28; 39,617.52; 49,156.32. Total $230,927.04 per annum.

4. (a) Two senators, an average of 2.65 years; (b) $26,570.44.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING

Leave having been given to proceed to Order No. 4:

Hon. Lowell Murray moved second reading of Bill C-17, to amend the Excise Tax Act and the Excise Act.

He said: Honourable senators, Bill C-17, which I have the honour to present on behalf of the government, would, among other things, amend the Excise Tax Act in a way which will realize a net gain to the federal treasury of $295 million in the fiscal year 1984-85; $815 million in the fiscal year 1985-86; and $915 million in the fiscal year 1986-87.

Of the various tax measures in this bill, the biggest and best revenue raiser is, of course, the increase of one percentage point in the general rate of federal sales tax. This measure will have raised some $300 million in 1984-85; approximately $900 million in 1985-86; and approximately $1 billion in 1986-87.

I may say that the tax, which was originally introduced as a "special recovery tax" by the Honourable Marc Lalonde, is to expire on December 31, 1988.

This increase of one percentage point in the general rate of federal sales tax will bring the tax on construction materials to 6 per cent; on wines, alcohol and tobacco products to 13 per cent; and on all other taxable products to 10 per cent.

Having been announced in the Lalonde budget of 1983, this increase in the sales tax took effect on October 1, 1984. I hasten to acknowledge, because we will no doubt be reminded in the course of the debate, that when the tax was announced by Mr. Lalonde, it was opposed by Progressive Conservative members of Parliament and for very good reasons.

Hon. Royce Frith (Deputy Leader of the Opposition): Of course.

Senator Murray: However, the situation that faced the present government, when it took office, was as follows: Our predecessors had committed funds in the 1983 budget that they counted on recouping—

Senator Frith: Mother Hubbard.

Senator Murray: —by levying this tax increase. As Mr. Wilson said shortly after taking office, when he announced that we had no option but to proceed with the tax increase:

> In effect those funds have already been largely spent. They have left us to pay the bills and the cupboard is bare.

Senator Frith: We have a Mother Hubbard fairy tale. That's all it is, a fairy tale.

• (1440)

Senator Murray: Honourable senators, there are several other revenue measures that I would mention in passing. There is a 6 per cent tax on telecommunications programming services, cablevision, pay TV, and so on, which came into force on April 20, 1983. That also was a measure originating in Mr. Lalonde's budget of that date. That tax is payable by the retailer, but the bill provides that the retailer may pass on the cost of the tax to the subscriber. The tax applies to amounts charged on or after April 20, 1983 for services delivered on or after July 1, 1983, and I may say that the tax will have raised some $40 million in 1984-85, some $50 million in 1985-86, and some $55 million in 1986-87.

There is one important revenue measure in this bill that originates with the present government. Indeed, it was announced by our former senatorial colleague, the Honourable Robert René de Cotret, the President of the Treasury Board, as part of the revenue-raising program announced last November. That is the increase in the air transportation tax from 8 per cent to 9 per cent on domestic flights, to a maximum tax of $30, and on international flights from $12.50 to $15. Those increases will be effective on April 1 of this year and are to raise some $35 million in 1985-86 and some $50 million in 1986-87.

There are several amendments in the bill that will cost the treasury money. That is why I used net figures at the beginning of my remarks when I stated the global figures for the impact on the treasury.

The change in the federal tax on motor vehicles, for example, will cost the treasury approximately $20 million in each of 1984-85, 1985-86 and 1986-87, as from March 1, 1984. That again is a measure that originated in the Lalonde budget of April 1983.

The federal tax on motor vehicles is imposed at the wholesale level or on the importation by a retailer. This had always been the case for Canadian-made cars, but imported cars had been taxed on the duty-paid value at the border and were sold to the retailer as tax-paid vehicles. When he made his budget speech, Mr. Lalonde presented this measure as one that would remove a tax advantage that was enjoyed in respect of cars imported from Europe and Japan. He reckoned that under the old system the tax paid on Japanese and European cars could be $100 to $200 lower than the tax on comparable cars made in Canada or the United States.

The biggest cost item to the treasury in this bill will come from the fuel tax rebate proposed for farmers, fishermen, loggers, trappers and mine operators. That is a sales tax rebate of three cents per litre on gasoline or diesel fuel purchased for off-highway use. Honourable senators will be aware that many of our primary producers are in some difficulty because of interest rates, markets, and the relative devaluation of the currencies of many of our competitors and customers, except for the United States, vis-à-vis the Canadian dollar. Therefore it is hoped that this sales tax rebate will provide some relief to them from increasing costs. It is a temporary measure to help the primary producers. It expires on January 1, 1987. It is expected to cost the treasury $25 million in 1984-85, $160 million in 1985-86, and $170 million in 1986-87.

There are a number of other provisions and technical amendments contained in the bill, but I will mention only three of them. First, the air transportation tax sections of the Excise Tax Act are being amended to prevent the double incidence of the tax in cases where more than one ticket is issued at the same time for a journey that is regarded as a continuous journey. Secondly, henceforth interest will be paid on refunds and overpayment of taxes from 60 days after a valid refund application has been filed. At the same time, the penalty for late payment has been changed from 1.5 per cent per month to one-half per cent per month effective when the bill receives Royal Assent. Taxpayers will be able to apply for a refund of federal sales and excise taxes paid in respect of sales that become bad debts. That will apply to sales after February 15, 1984.

Honourable senators, I trust that I have touched on the most important points contained in this bill. If not, no doubt honourable senators opposite will draw my attention to those that I may have neglected to mention. They are eminently well qualified to do that, since they share a large part of the paternity of this bill. I trust there will be no false modesty on their part with regard to it.

Senator Frith: That is an interesting theory—mixed parentage.

Hon. Douglas D. Everett: Honourable senators, on your behalf I thank Senator Murray for his, as usual, lucid explanation of the bill. First, I wish to welcome the new senators who joined us yesterday. We are more than delighted to have them here. No doubt they will contribute a great deal to the deliberations of this chamber.

As Senator Murray has said, Bill C-17, which started as Bill C-12, is an act to amend the Excise Tax Act and the Excise Act. In many of its provisions it is almost identical to legislation that was proposed by the previous government in the budgets of April 1983 and February 1984, and in a motion in respect of the Excise Act in May 1984. The present government has added certain provisions to the original proposed legislation. I suppose the most important is the fuel tax rebate to which Senator Murray has referred. That allows a rebate of

three cents per litre to primary producers, specifically farmers, fishermen, loggers and mine operators. There is also the continuing relief that was in the act before, of the 1.5 per cent rebate on excise tax. As I understand it, the three cents per litre rebate will be given from bulk plants by way of a lower price, but the 1.5 per cent rebate will still require the application by the primary user. It seems to me that if it is possible to have this new system, that does not require an application for the three cents per litre rebate, then it should be possible for the government to figure out how to do the same thing for the 1.5 per cent rebate.

● (1450)

Honourable senators, in their fight for power, the Conservatives promised to remove the sales tax from primary producers. In fact, this is a very conditional removal. While the three cents is virtually equal to the sales tax, nonetheless it is not exact and it will expire after a certain length of time. They also stated that they were prepared to include the same rebate for the oil and gas sector. I would be interested to know why the upstream oil and gas sector was excluded from the benefits of this tax rebate. There is also a change to the air transportation tax, as Senator Murray has mentioned, which will go from 8 per cent to 9 per cent or a maximum of $30 from $23 for domestic flights and up to $15 from $12 for international flights. Senator Murray has mentioned the telecommunication programming service tax of 6 per cent. Those are the items introduced by the present government.

The previous government made some proposals which are now included in this bill. It proposed that the tax on highway motor vehicles be moved from the manufacturers level to the wholesale level. Senator Murray explained how it works, but the net effect will be that foreign importers—those other than Canadian and American manufacturers—face a rise in the price of their vehicles in Canada by an average of $250. The Liberal government also proposed a sales tax increase of 1 per cent to offset the cost of special recovery capital projects. It is to run from October 1, 1984 until December 31, 1988. The resultant rates will be 13 per cent on alcohol and tobacco products, 6 per cent on construction materials and building equipment and 10 per cent on all other taxable goods.

As Senator Murray has stated, the government will pay 1 per cent interest on all outstanding refunds 60 days after a valid claim has been made, a measure introduced by the Liberal government. Under this legislation sales and excise taxes are also recoverable on bad debts which have been written off. The Liberal government introduced a system of formal assessment and appeals. What that means is that the right of the taxpayer to appeal an assessment would be entrenched in the legislation. This measure has been excluded from the bill.

Senator Frith: Shame.

Hon. Raymond J. Perrault: Shame.

Senator Everett: After all the racket made by the Conservative Party in the last Parliament about the rights of taxpayers, one cannot help but be a little mystified as to why they would leave out the entrenchment of the taxpayers rights to appeal.

Senator Frith: What perfidy.

Senator Perrault: Shocking!

Senator Everett: Senator Murray has stated that the Conservatives were somewhat against this legislation while in opposition but, having assumed power, they decided that they should introduce the legislation. I thought that he played this opposition down and from what he said it did not seem to be very serious opposition to the legislation at the time.

Just to refresh his memory I would like to read some excerpts from speeches by the Honourable John Crosbie, who was at that time the finance critic, in respect of the sales tax increase. On December 31, 1983 Mr. Crosbie is reported to have said:

> This . . . is a huge regressive tax bite, far greater than the hospital insurance premiums collected by Ontario or any other province, that this Government has now introduced legislation to try to stop. Hypocrites, cynics, manipulators guilty of deviousness, deviates; this is what the Government is composed of.

Hon. C. William Doody (Deputy Leader of the Government): That could not be the same John Crosbie.

Senator Everett: That is the mild criticism.

Senator Doody: That is not the mild-mannered Crosbie I remember.

Senator Frith: Those were their constructive suggestions.

Senator Everett: He reconsidered the word "devious", I guess. On February 16 he said:

> The Minister calls it the special recovery tax. He should rename it the special recession tax. There is no recovery. This tax is not going to help it, this special recession tax—
>
> Where does the Minister help domestic demand in this Budget? . . . He might help consumer demand if he did away with the 1 per cent increase in the federal sales tax that is coming in October. It is a regressive tax that bears more heavily on lower income people.

Again, on March 30, he said:

> One thing I would not have done is to bring in the tax increases which the Minister of Finance brought in in April and which he confirmed again in February. How could this be the right time to have tax increases when there is not any kind of vigorous recovery going on in the economy? I would not impose another 1 per cent increase in the sales tax on the Canadian people in October, and I would not have made the changes in the Child Tax Credit and the other changes which were introduced in the Budget last April.

Senator Perrault: Shocking. By their words you should know them.

Senator Everett: And again on June 28 he still has not repented:

> In the next three years the Government is going to take $2.4 billion from Canadian consumers through the new special recovery tax, a 1 per cent increase in the sales tax. This year the Government will take $300 million. How can the Minister justify these increased taxes on Canadian consumers whom he is crucifying with increased interest rates at the same time? How can he justify that, the unemployment it will bring, and the recession that will follow it?

Senator Perrault: Oratorical bounders.

Senator Everett: That is the mild criticism that was directed against this bill when the Conservatives were in opposition. Of course, they come into power and change their minds immediately. I have no objection to the government doing what it sees as being the right thing. However, what I and so many Canadians object to is that the Conservative Party went to the people and said they would do one thing and then, when they become the government, they do exactly the opposite.

Senator Perrault: Shame.

Senator Everett: You have created a feeling of cynicism amongst the Canadian people, that they just cannot trust anything the government says. I think that what the government has done here is a great tragedy.

Honourable senators, it is true that what we are doing here is raising taxes to support government spending on unemployment. I am not in favour of this kind of policy. I think raising taxes has the effect of slowing the economy, and the jobs which are often created by government intervention are not long-term jobs. To determine what perhaps should be done, we should look at today's economy. We are now enjoying a very low inflation rate. I think it was 4.4 per cent in 1984 and in December it was as low as 3.8 per cent over the rate for the same month in 1983. I believe that was the effect of a long-range application of monetary policy.

● (1500)

Senator Frith: By the previous government.

Senator Everett: I recall how much we were criticized at the time for that policy, and I recall the protestations from the other side that the monetary policy applied by the Central Bank was not working. However, now we do have the benefit of low inflation; we do have a certain rate of growth. It is not sufficient to sop up the unemployment, but there is some growth. We have high interest rates which are impeding further growth, a low exchange rate, which is aiding our exports and our export industries, and a deficit of $34 billion to $36 billion.

Today, the deficit is what is getting the greatest attention from everybody. I wonder what the effects of a deficit really are. Certainly, in terms of fiscal policy, they are stimulative. They do have an effect on interest rates, given that when the economy does grow to a certain extent, there is a demand both from the private sector and from the government sector for borrowed moneys, and that does have an effect on increasing interest rates.

Deficits of this magnitude have an effect on expectations. For some, they look at the deficit and assume that interest rates will remain high. For others, they see the deficit as contributing to long-range inflation. In both cases, the effect is, again, higher interest rates. However, the real issue with respect to the deficit is none of these things. The real issue is whether or not that deficit is monitized. The real danger of deficits is that, in order for them to be met, the Central Bank must increase the rate of growth in the money supply at a rate faster than it would otherwise do so. In other words, the options to control the growth of the rate of the money supply are, to an extent, removed from the Central Bank, and that is the important issue with respect to deficits.

If the Central Bank is determined to increase the money supply to meet the deficit, then the long-range effect is increased interest rates and increased inflation. Up to this time, the Central Bank has not reacted to the deficit. The growth of the money supply is very much under control and it is that control over the growth of the money supply that has brought down inflation over the last few years.

What can we do about the deficit? We can raise taxes, or we can decrease spending. Alternatively, we can embark on policies that will result in a real growth in the economy. However, to achieve real growth, it is likely that we must lower taxes and raise spending. So we have that dilemma: If we want to get rid of the deficit, then we raise taxes or we decrease spending; if we want real growth, we must look at lowering taxes or raising spending.

The question is whether or not that dilemma can be resolved. I believe it can, but in a slightly different way. I believe that it can be resolved by the application of a steady and controlled growth of the money supply; by a commitment from the government to middle and long-term growth and the willingness and the guts to eschew any quick fixes. That is, an increase in the money supply to lower interest rates in the short run, but then to have interest rates rise again in the long run and also to see inflation increasing once again.

Present monetary policy is proscribed by the deficit and by the exchange rate but, interestingly enough, at this stage not by the rate of inflation. It seems to me that that particular condition now permits the steady, controlled growth of the money supply. If that happens, then regardless of the deficit, interest rates will drop over a period of time; the increase in the money supply will largely translate into real growth and the result will be a reduction in the deficit. However, beyond that policy of a reasonable and controlled steady growth in the money supply, we must have policies which will encourage the growth of the economy itself.

As far as government policy is concerned, our options are to increase government spending or to reduce taxes, as I have said. I would opt for lowered taxes over increased spending, the reason being that I believe that lower taxes will encourage an increase in investment and in private sector activity, while government spending so often has a short-range effect which wears out. I have seen studies where it was said that an investment by the government would produce 70,000 jobs at a

cost of $13,000 per job, as compared to the private sector where they would produce 11,000 jobs at a cost of $60,000 per job. I really doubt what is in that type of study and how well it is done. One of the difficulties with government jobs is that, while they can be produced, they rarely last. They are a short-term palliative, and then you are back in the same situation and faced with the same problem. Far better to encourage the investment by the private sector in new facilities because that is what creates long-term employment.

At this stage I think the problem with increasing government spending or reducing taxes is, of course, that they will exacerbate the deficit and, once again, we are faced with the dilemma. I suggest to you, honourable senators, that there is a third way, and that third way is to be found in a neutral tax system. Sometimes it is called a flat tax system. I am not sure that the term "flat tax" is the most descriptive term for it. I would prefer to call it a neutral tax system. Such a system would permit decisions to be made on economic reality. It would also allow the government to increase its revenues and yet not have the deleterious effect that increasing marginal tax rates would have under the system that exists today. The system that exists today is a system of high rates that are reduced by incentives and by concessions.

● (1510)

To give you some idea of the magnitude of those concessions and incentives, I would like to read to you some material I have on tax rates paid by two or three of the larger firms in Canada. In 1982, TransCanada PipeLines Limited, with $4.7 billion in assets and pretax earnings of $182 million paid an effective tax rate of 7 per cent; Husky Oil, with assets of $561 million and pretax earnings of $22 million paid an effective tax rate of 5 per cent; Consolidated Bathurst, with pretax earnings of $79 million paid no tax in 1982, and in fact claimed a tax credit of $3.6 million; Shell had a tax credit in 1982 of $47 million.

I am not decrying that. There is nothing wrong with that; they made their investments under the rules of the Income Tax Act, and they were able to defer their taxes, and their rates were brought down to those levels. But the size of the deferred tax account in Canada will perhaps stagger you: In 1978, deferred taxes totalled $2.78 billion; in 1980, they had risen to $24.24 billion. As any good tax accountant will tell you, a tax deferred is a tax saved. Beyond that, the Economic Council of Canada has pointed out that the total of the tax reductions and tax incentives to corporations in Canada is approximately $18 billion a year.

There has been a transfer of the burden of tax from corporations to individuals which is really quite astonishing. In 1974, individuals paid $1.17 billion in taxes and corporations $1.05 billion, just about the same amount; in 1982, individuals paid $26 billion and corporations paid $8 billion, less than a third of the amount.

Again, there is nothing wrong with what corporations are doing. Those incentives were granted to them so that they would go out and make investments and do things, and they have simply taken advantage of those incentives, and that is why their tax rates have been lowered. Individuals do the same thing.

What we have actually done is created the impression that we have a high tax rate system, that corporate rates, other than the low rate for small businesses, are roughly in the 50 per cent level, and that individual top marginal rates are in the 50 to 55 per cent level. But through a series of incentives, we have encouraged certain investments and, thereby, have distorted the economy.

I cannot feel that government has such precise knowledge or omniscience about where the economy is going that they can create an incentive and say that that is in the best interests of the economy. I would have thought it was a lot better if governments decided to leave the matter to the decisions of investors and individuals and not tell them that they ought to be able to lower their taxes by investing in MURBS—where, for the most part, what people have done is overpaid for a minority interest in a housing or apartment development that is now illiquid. That is not what we want government to do; what we want government to do is to create the right climate for investment.

That is why I espouse the idea of the neutral tax system. I think it would be possible to lower rates substantially for corporations and for individuals and to get away from all of these tax incentives which so distort the economy and the decision-making that they create a non-growth situation rather than a real growth situation. So, I suggest to the present government that they give some real consideration to that, and I want to warn them that it will not be easy. People do not like to give up the right to throw their money away on cockamamie oil deals or on movies. The present Leader of the Opposition in the Senate, you will recall, tried in a budget to reduce the overall tax rate in Canada to a maximum of 50 per cent. While he succeeded in that, the *quid pro quo* was to get rid of many tax concessions and tax incentives. The fact of the matter is that we ended up with a tax rate around 50 per cent, but we still have the concessions. People love the concessions; corporations love the concesssions, and the more money you have the more you seem to love the concessions, and that is what is really wrong with concessions. The concessions are taken advantage of by people who have bigger incomes; people with smaller incomes do not take advantage of them. Now, would it not be far better to have a tax rate that was low, was fair, and was as neutral as possible and, at the same time, allow people to make their own decisions?

It was reported that five or six thousand people with incomes over $250,000 a year did not pay a cent in tax in Canada last year or the year before. You cannot tell me that people do not look at that and say that the tax system is unfair, and if those people earning $250,000 a year can beat the tax system, then sure as hell they will try to beat the tax system, and that is what has happened.

The former government took the first step when the Honourable Senator MacEachen was the Minister of Finance to move towards a lower rate and a more neutral system and tried to remove some of these incentives that are in the system.

I hope the present government does something to move in that same direction, because through that there is the opportunity for real growth. You are not going to get growth in this country by raising government spending; you are not going to get growth in this country by raising taxes; however, I think you will get growth in this country through a neutral tax system and, at the same time, you will reduce the deficit.

Senator Murray: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Murray speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Murray: Honourable senators, I have a few words to say in closing the debate.

Having listened to a brilliant and somewhat devastating analysis of the gerry-built taxation system which we have inherited in this country, I wondered whether Senator MacEachen might feel moved to spring to the defence of the system which he and his colleagues are responsible for putting in place over these many years.

Little did I think when I was given the assignment of introducing this bill to amend the Excise Tax Act and the Excise Act that I would be confronted with a challenge to deal with such exotica as the proposed flat tax rate. The honourable senator will forgive me if I am not prepared to present a detailed argument today on such a matter as that. I will say, however, that as usual the honourable senator has combined his discussion of this particular bill with a very interesting and sound analysis of the economic situation of the country for which we are all grateful. I believe he correctly identified many of the questions, indeed, the dilemmas that are confronting the Minister of Finance and his colleagues today as they prepare their budget. I did notice that while he called upon the government to give consideration to attacking in an organized, coherent and comprehensive way such matters as distortions in the system that are caused by so many tax expenditures, incentives and so on, he cautioned us that it would not be easy. He would have noticed, as most of us have, that within the past few days the Minister of Finance was at some pains to make it clear that while corporate tax reform is certainly on his agenda, it is not going to be found in that comprehensive fashion without consultation and it is not going to be found in the budget that will be presented in the spring of this year.

● (1520)

In stating his own preference for lower taxes over increased spending as a way of stimulating economic growth, I thought that the honourable senator effectively disowned the philosophy espoused by his party when in government and the programs that lead us today to implement this increase in taxation. We are implementing an increase in taxation precisely to pay for a philosophy on the part of the previous government that held that the way to stimulate economic growth was to spend more government money on it.

In any case I was very interested in everything he had to say about the state of the economy and the effect of the policy of the Bank of Canada in recent years on the rate of inflation which, as he noted, has been going down. Real interest rates, I think he would agree, are still too high if you look at the level of interest rates over the rate of inflation, but it is to be noted that in the past 19 consecutive weeks the bank rate has fallen. Even there the indicators seem to be moving in a healthy direction. I continue to think, and some of us continue to insist, that the previous government made the situation much worse than it need be. There is some argument whether the Governor of the Bank of Canada was following a monetary policy or an exchange rate policy during most of that time. I think that the argument can be validly put forward that the previous government implemented policies which had the effect of putting downward pressure on the dollar, and that one of the reasons for high interest rates is that the Governor of the Bank of Canada felt impelled to take measures that had the effect of keeping interest rates high in order to stabilize the Canadian dollar and to protect it from falling further.

To come back to the bill which is before us, and without foreclosing the opportunity which, I trust, will come to us one of these days for a longer and more organized debate on many of the interesting points that the honourable senator has put forward on the economy, economic policy and monetary policy in general, I should like to deal with some of the specific points that he made concerning the bill. I thank him for enlivening our afternoon in the Senate by quoting so copiously from the Honourable John Crosbie, although I must observe that he has a lot of work to do on his accent. Quoting John Crosbie, I kept thinking, is to imagine the devil quoting scripture. One could quote John Crosbie in favour of or against almost any proposition. Everything depends upon the context in which the statements were made. In any event, it was a very entertaining episode in the debate this afternoon.

I repeat that the situation that faced the new government was as follows: Mr. Lalonde in his budget of April 1983 set out a spending program which he called a special recovery program. He stated very directly that he proposed not to impose the tax to raise the revenue to pay for the program until October 1984 so that his spending program could have its full effect and work its way through the economy, and so that the increased taxes would not impede economic growth. The funds were either committed or spent. We were left to pay for the programs and, as the Minister of Finance pointed out, he had very little choice but to proceed with the scheduled increase of 1 per cent in the general rate of federal sales tax.

Senator Everett asked about the new appeals system. I am aware that the previous government proposed, as Senator Everett pointed out, that a new appeals system be incorporated in the Excise Tax Act. I simply remind him that the Minister of Finance in his economic statement last November indicated his intention to deal with the administration and appeals proposals relating to the Excise Tax Act at a later date and after further consultations. The position of the minister is that some private sector groups have expressed concern about certain aspects of the proposed system. His statement is that the government will be reviewing these concerns together with

proposals made by the Progressive Conservative task force on Revenue Canada before proceeding, but our commitment to introduce a new appeals system stands. I am confident that in the life of this Parliament that new appeals system will be put in place.

The honourable senator also referred to the rebate of 1.5 cents per litre on the excise tax on gasoline and asked why we could not put in place a system similar to what we are putting in place for the sales tax rebate. In that respect I am informed by the government that a similar system will be put in place with respect to the excise tax on gasoline to enable retailers to recover the excise tax on behalf of customers holding bulk permits.

Finally, Senator Everett pointed out that we, the Progressive Conservative Party, had undertaken to remove the federal sales tax from gasoline and diesel fuel for the primary producers. That is the case. Implementing this undertaking is something else again. There is a technical problem with its implementation, and it is our contention that the rebate consists of an amount approximately equal to the tax. The explanation that is given by the minister is, of course, that this *ad valorem* tax is imposed at an earlier stage than at the point of sale to the end user. As Senator Everett has pointed out, the customer obtains the rebate through a lower price. The minister stated that the amount of tax paid is not readily determinable by either the end-user, that is, the purchaser, or the vendor at the time of sale, and that these factors affect the design of the rebate program: First, since the exact amount of the tax is not known in many cases, a rebate of a specific amount, approximately equal to the tax, is administratively simpler for both vendors and purchasers; and secondly, the minister said that, since the tax has already been paid by the manufacturer or wholesaler, it is necessary for either the retail vendor or the purchaser to file a refund claim. In terms of Bill C-17, it would be the retail vendor who would file the claim.

● (1530)

The position of the government is that we have gone as far as possible to facilitate recovery of the rebate to primary producers by allowing a direct rebate where the fuel is purchased from a person with tax-free inventories and by allowing bulk sellers to credit the amount of the rebate to primary producers and apply for the rebate where the retailer wishes to do so. In other cases, the only method remaining is for the primary producer to file a rebate claim and recover the amount directly from Revenue Canada.

One final question raised by Senator Everett had to do with a commitment which was made with respect to the fuel tax rebate program for the upstream oil and gas sector. I may say that the position of the government is that, given limited resources and the need to obtain the maximum benefit possible from any expenditure program, the government believes that other new initiatives, specifically related to the problems currently being experienced in the petroleum industry, are a more appropriate response to the needs of this sector at this time. That is the position of the government in reply to the point raised by Senator Everett.

[Senator Murray.]

Again, I thank the honourable senator for a most interesting contribution to this debate and a most interesting commentary on economic and monetary policy which, I hope, before too long, we will have an opportunity to pursue in debate. I note that the Standing Senate Committee on National Finance, of which Senator Everett is a former chairman, proposes, unless I am mistaken, to do quite a thorough study of the effects of deficit financing and of the public debt on the economy. Certainly, some weeks ago that suggestion was raised in that committee, and I believe it is being actively pursued by the committee. I might, therefore, suggest that Senator Everett may wish to return to his old stomping grounds and make the kind of informed and valuable contribution we know he is capable of making.

In thanking him, I have no hesitation in commending this bill to the support of honourable senators on second reading.

Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

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

On motion of Senator Murray, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

PUBLIC WORKS ACT
PUBLIC LANDS GRANTS ACT

BILL TO AMEND—THIRD READING

Hon. C. William Doody (Deputy Leader of the Government) moved third reading of Bill C-13, to amend the Public Works Act and the Public Lands Grants Act.

Motion agreed to and bill read third time and passed.

CURRENCY ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Barootes, for the second reading of Bill C-21, intituled: "An Act to amend the Currency Act".—(*Honourable Senator Hastings*).

Hon. Raymond J. Perrault: Honourable senators, I appreciate the opportunity to speak in place of Senator Hastings on a bill which is, perhaps, one of the shorter ones to come before the Senate in recent years.

Before I discuss the bill, may I join with the others who extended their warm congratulations to our new colleagues in the Senate. Senators MacDonald, Robertson and Barootes bring to this chamber excellent credentials, and I am sure they will make a distinguished contribution to our deliberations. All of us on this side join in these congratulations.

Honourable senators, I have a particular interest in this bill because, at one time, I was Minister of State for Fitness and Amateur Sport. I was, in a sense, one of the federal "founding

fathers" of the effort to bring the Winter Olympic Games to Calgary.

Some Hon. Senators: Hear, hear.

Senator Perrault: This is certainly a bill worthy of the support of all of us. Senator Nurgitz ably and eloquently described the detail of the bill yesterday. The fact is that Olympic Games cost money. Indeed, some people look on the vast expenditures involved in Olympic Games as nothing but a wasteful outlay of public funds. The fact is that a well-run Winter or Summer Olympics can realize, in net, a great deal of money for the host country. Witness the Summer Olympic Games is Los Angeles.

I have had the privilege of working with the Calgary Olympic Organization, a group of able, responsible and dedicated people who know what they are doing.

The proposal to be found in Bill C-21 calls for the addition of only two lines to the Currency Act to permit the Mint to produce a $20 silver coin which would form the basis for an Olympic series. There would be ten issues of this $20 coin honouring ten Olympic events—two in 1985, four in 1986 and four in 1987.

There is not only a domestic market for these coins, but a market in the United States and throughout the world. The sooner these coins are on the market, the sooner they will realize needed revenue for the Calgary Winter Olympics. Senator Nurgitz pointed out yesterday that time is of the essence, and it certainly is. We should not delay in giving our approval to this measure.

It is suggested that the potential revenue from the coin program could amount to over $50 million. Honourable senators, because of the high domestic and international interest, I have no doubt that that will be the case.

Already, the people associated with the Calgary Olympics have demonstrated their skill by virtue of the fact that they have negotiated the largest television contract in the history of the Winter Olympics, an agreement calling for over $300 million from the ABC television network. This was substantially beyond the original anticipated figure.

The people organizing the Calgary Winter Olympics are determined that the games will be a financial as well as an artistic success. The games are an opportunity to attract thousands of visitors to Canada. It is also an opportunity for Canada to showcase the finest athletic talent we are able to offer, and to showcase the finest talent the world is able to offer in Winter Olympic sports.

In conjunction with the Calgary Winter Olympics is a major "excellence" program designed to improve greatly Canada's showing at the Olympics. I believe at Lake Placid we finished in thirteenth place. At Calgary, we hope to move up to third or fourth place, at least. The efforts of some of our athletes in Sarajevo would indicate we are making splendid progress toward that goal.

We have a federal commitment to the Calgary Olympics of $200 million, and I am delighted to hear that the new government is going to honour that commitment. When we were in office, we said that we hoped to draw that revenue from non-tax sources and through stamps, coins and lotteries. I presume that is also the intention of the present government. I know that these are not easy times for any government. Money is in short supply. But I am sure that through ticket sales to these events, through stamp and coin programs, through television and radio revenues, and, if needed, through a special Olympic lottery to help pay the cost involved—the Canadian people will respond positively.

• (1540)

Before I resume my place, I wish to suggest something that I believe requires the attention of all of us regardless of party. When I was minister it was a source of continuing concern to me that many smaller Canadian communities have never had the opportunity of sharing significantly in any federal or provincial funds to build sports facilities of any kind. Existing policy means that if Canadian cities are large enough—and cities such as Montreal, Winnipeg, Edmonton, Toronto, Calgary or Vancouver are large enough—to host international events, then they automatically qualify for major programs of financial assistance from federal and provincial governments in hosting such events. World's Fairs, Olympics, Pan-American and Commonwealth Games are included.

During my time as minister I felt, and I still feel that we should put in place, if at all possible, a program to help some of the smaller Canadian communities to build facilities—a program to help amateurs in the first instance, but which, in an auxiliary way would assist even some professional teams and thereby help the economies of many communities across Canada through leases and rentals and game revenues. Such a program is needed. For example, the maritime provinces do not have a team in the so-called national Canadian Football League. I recall the negotiations that were held in Dartmouth and Halifax when people said "Can't you provide us with some loan money or some guarantee to help build a stadium?" But we had no mechanism in place then and we have none now to help the maritime provinces build a stadium, yet, they like the rest of us pay their taxes, are good Canadians, and have contributed richly to the athletic development of this nation. But those maritime communities are automatically disqualified from being in the CFL, because they require some kind of assistance to build the necessary stadium, and they are not in a position to host multi-sport world events.

Edmonton, of course, built the Commonwealth Stadium with federal and provincial help because it hosted the Commonwealth Games. That stadium represents a vast investment by Canadian taxpayers. I supported that investment, as did all of us. But I ask myself: Should there not be a program in place to help people in Saskatoon, for example, and through loans or guarantees, or even partial matching grants to enable them to have a facility to accommodate curling, amateur hockey and other athletic teams as well as trade fairs and conventions, and even ultimately to have an NHL franchise? Why should Saskatoon or Regina be excluded? Why should programs be only for the big "have" cities and not for the "have-nots"?

An Hon. Senator: Right on!

Senator Perrault: A few months ago I attended the World Junior baseball tournament in Kindersley, Saskatchewan, and I have never seen a better community effort in my entire life. The whole community and surrounding towns turned out to host "the world" at this fine event. They did it through that splendid community initiative that we find in the great province of Saskatchewan. One town would host a team from Puerto Rico, another would do the same for a team from the United States, and another for the team from Taiwan. All participating national teams were similarly hosted. It was the greatest outpouring of community co-operation and support that I have seen. Yet, Kindersley did not receive any major help from the federal government, because it did not qualify under our stringent federal standards that somehow a centre must be in the "big leagues" before it can qualify for meaningful federal grants. So in Kindersley they have a deficit of $100,000. I saw that tournament and the people of Kindersley and district do not deserve to be burdened with that kind of deficit, which is significant for them but which is minuscule in comparison with some of the other deficits that have been faced by other federally assisted cities across this country in their hosting efforts

There should be a program to assist such smaller centres. There should be a program in place whereby we can help the smaller Canadian communities on a matching grant basis, or through loans, grants or guarantees. We should help as many Canadians as possible, regardless of where they live, to have an opportunity to develop their athletic potential. If such a program went ahead—and I urge it on the government—I believe it would be a way to reduce substantially antisocial behaviour on the part of all age groups and it would be a constructive way to channel activities through athletic endeavour.

At the present time consideration is being given to building a domed stadium in Toronto. We built one in Vancouver, which did not involve one federal dollar bill. But Vancouver is a large centre and we were fortunate to be able to build that facility with provincial resources. We could not have done it had Vancouver been a small town. At some point in time we hope to have a major league baseball team there, which will bring in at least $85 million per year to the community. In its own way, a CFL football team in the Atlantic provinces would generate substantial economic activity and would help Atlantic communities such as Halifax, Dartmouth, Saint John, St. John's, Moncton and others. It would attract many tourist dollars and would benefit amateur sport. A stadium built with provincial, local, private and federal resources would be a great asset. I support this bill, as I know all honourable senators will. The support will be unanimous, as it should be.

Following the Olympics in Calgary we will have a legacy of fine hockey, bob-sledding, speedskating and skiing facilities to train Canadians from coast to coast. Let us help to provide opportunities for everyone in this country regardless of where they live. If it means helping to build a small arena to seat 2,000 people, that will develop the athletic potential of many of our young people, then let us consider such a program.

[Senator Perrault.]

Honourable senators, I do not advocate what is merely another big giveaway program, ladling out cash. At the present time we cannot afford to do that. But if there is community initiative to construct new sports facilities—construction that will mean jobs and thereafter a better community, then let us go ahead and support those initiatives.

Some Hon. Senators: Hear, hear.

Senator Perrault: Let us remember the smaller communities from coast to coast such as St. John's, Saint John, Moncton, Saskatoon, Red Deer, Halifax and Dartmouth and many others.

Hon. Duff Roblin (Leader of the Government): What's the matter with Brandon?

Senator Perrault: Yes, Brandon, and a nearby even smaller community—Pearson—where some of my family originated. My comments on this bill have been prompted by my experience at the Kindersley baseball tournament, when that small Saskatchewan town hosted the world and did a wonderful job for Canada. They were superb ambassadors for Canada and they have received not one federal dollar bill to assist them in their present dilemma. I urge honourable senators to support this measure.

Hon. Nathan Nurgitz: Honourable senators—

The Hon. the Acting Speaker: I wish to inform honourable senators that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Nurgitz: Honourable senators, I wish to thank Senator Perrault for the confidence he expressed in the marketing program, and, more importantly, in the success of the games. I particularly thank him for pointing out, as I obviously failed to do yesterday, the long-term benefits that will follow from the games being held in Calgary. In this connection I am thinking, in terms of my own province, of the Pan-Am pool, which is a reminder of the 1966 Pan-Am Games, which has facilitated the training of many Canadian athletes. I thank the honourable senator for that.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Nurgitz, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

BORROWING AUTHORITY BILL, 1984-85 (No. 2)

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Macdonald (*Cape Breton*), for the second reading of the Bill C-11, intituled:"An Act to provide borrowing authority".—(*Honourable Senator MacEachen, P.C.*).

• (1550)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, no one would describe a bill seeking authority to borrow a creative act emanating from the imagination of a new government with a fresh mandate to bring about change. Bills like this are hardy perennials, sometimes biannuals. Of course, we know that necessity itself drove the government to introduce this bill to finance its program. All that was required was to include these spectacular amounts in a standard form that rests on the desks of the officers of the Department of Finance. I had intended to take a somewhat technical approach to this question but the highly partisan approach of the previous speaker, Senator Murray, induces me to emulate his example and to make a few political comments.

Senator Murray talked about the former government. I would like to talk about a more relevant and current subject, namely, the present government. We know that the government has been in office for better than four months. We also know that even after that period of time it is still without a legislative program. Honourable senators need only look at the order paper of this chamber. Every item, apart from this standard proposal, is the work of the former government.

I suggest honourable senators also take a look at the order paper that was presented in the House of Commons on the first day of this week when Parliament returned after its Christmas break. There were four items under Government Orders. There was Bill C-15 dealing with investment in Canada. This is a new bill. There was Bill C-19 dealing with the re-organization of Bell Canada—old stuff! Bill C-20 is to amend various communication acts, also old stuff. What was surprising was the appearance of Bill C-22, a bill to establish the International Centre for Ocean Development in Halifax. That centre is in operation. It is unnecessary to bring in a bill. It is clearly an effort to fill the pages of the order paper in the absence of a legislative program. There have been a few odds and ends brought forward since Monday of this week and we shall see later whether they too are not old stuff!

Honourable senators, the fact is that the government is paralyzed either by indecision or inactivity.

Hon. Royce Frith (Deputy Leader of the Opposition): Or both.

Senator MacEachen: It passes my understanding why a new government with a fresh and impressive mandate should have lost its momentum so early, why it has wasted its time, these past precious four months, on surface matters and has virtually neglected the substance of policy formulation. Policy momentum and policy decisions are implemented through legislative action, and we do not have any legislative programs. The clear signal from this legislative unpreparedness is that the government is stalled. I have not seen anything like it since the Diefenbaker era when Gordon Churchill brought the House of Commons together to deal with a blank order paper. Of course, the public is not yet aware of the situation. Certainly the government has shown us that it has no agenda, let alone an agenda for change.

In addition to that, there is increasing confusion in important areas of public policy. The handling of the question of social programs has been an epic farce. Defence and foreign policy is also in a state of confusion. The Secretary of State for External Affairs pushes for peace and the Minister of National Defence pushes for a defence build-up. The Secretary of State for External Affairs extols the peace movement and the Minister of National Defence scorns it. He ingratiates himself with his counterpart in the United States by belittling Canadian citizens who hold views different from his own. I have been asking myself, "Who speaks for the government in the field of foreign policy and defence?" Is it the Secretary of State for Foreign Affairs, the defence minister, the Ambassador for Disarmament, Mr. Roche, or the Ambassador to the United Nations, Mr. Lewis? Who really speaks for the government, because each holds and expounds views different from the other? If I had time I would document them.

I want to tell the Leader of the Government that we are prepared to deal with this item but we want more than a borrowing bill. We want a legislative program here and in the House of Commons, but we have not had it yet. In fact, this bill carries a number of messages. First, it reveals, standing as it does as the only genuine government bill before us, that the lack of preparedness on the legislative front is acute. Of course, the second message is that the government is prepared to disregard almost blithely the policy positions and the commitments it espoused while in opposition. In fact, it is prepared, as we have seen in a number of instances, to treat with contempt its past approaches and positions.

Senator Doody reminded us that when this bill was introduced in the House of Commons it sought additional borrowing authority not only for the current fiscal year ending on March 21, 1985, but in addition it made the bold request that authorization be given now for borrowing of $16 billion for the fiscal year 1985-86. That was a brazen ploy. Brazen because the government embraced a course which it fiercely condemned and resisted when its members were in opposition. Brazen because the minister and the senator who introduced the bill provided no economic or financial information for the fiscal year for which the $16 billion was requested. Of course, the amount has been reduced to $12 billion. Honourable senators will recall that in 1978 the then Minister of Finance, the Honourable Jean Chrétien, sought borrowing authority to cover two fiscal years. The Conservative members of the House of Commons, in minority, forced the government. I would like to read to the senators on the other side of this chamber the motion in amendment to the bill which was put forward by the members of the opposition on that occasion, since it summarizes better than I can the objection which still prevails against seeking borrowing authority for a subsequent fiscal year. The amendment, moved by Mr. Stevens, who is

now the Minister of Regional and Industrial Expansion, was and I quote:

● (1600)

> This house holds the opinion that the granting of an authority for massive borrowing in a future fiscal year in advance of any budget presentation for that year is objectionable in principle.

Yesterday, Senator Doody asked us for $12 billion for the next fiscal year, in the absence of any budget presentation.

What happened in 1978? The opposition, which was in minority in the House of Commons, persisted until the bill was subsequently amended and the reference to the subsequent fiscal year, which was 1979/80, was totally dropped. I have been asking myself for some time now, as I have been considering this bill, whether we ought not to take a leaf from the book of the opposition of that day—then the minority—and request that the granting of borrowing authority for the subsequent fiscal year be reconsidered by the government. We know, as Senator Doody pointed out, that because of the strong opposition voice in the other place, the amount sought for the next fiscal year was reduced from $16 billion to $12 billion, but the taint is still there. It is a request for borrowing authority in a subsequent fiscal year, a procedure which members of the opposition found objectionable and succeeded in purging from the bill in 1978. Senator Doody comes forward, I think, with a great show of brazenness in saying: "Give us $12 billion for 1985/86. On the other hand, we will not give you any financial or economic information upon which your judgment should be reasonably based; we will not give you a fiscal plan; we will not give you a budget."

Honourable senators, I suggest that the government is flouting the rights of Parliament in order to meet its own dilatory timetable. The government has been in office already for four months. We have not yet had a budget and none is expected until April. Why the delay in the presentation of a budget when, as the Conservatives said, the situation cried out for correction and change? This delay causes this predicament. Why is it not possible for us to have a budget in February, for example, in order that we could have the necessary information before approving the $12 billion estimated for borrowing for the first three months of 1985/86? I say, honourable senators, that an earlier budget than now proposed would satisfy urgent national requirements; it would satisfy parliamentary requirements and, in my opinion, it would permit the government to avoid the cynical repudiation of its former views. We intend to press for that in order to discharge our responsibilities in an informed manner.

I do not object to the government coming forward and seeking parliamentary approval for its borrowing requirements in a timely manner. However, the government has put itself and Parliament in a predicament by its unjustified delay in producing a budget and by taking an inflexible and uninformed approach. I doubt whether any of us thought that the government, with a fresh mandate, would ever delay for seven months in bringing in a budget.

[Senator MacEachen.]

The defence of the government's case in the other place was left to the Minister of State for Finance. She argued basically that debt management factors made the passage of the bill mandatory and, by inference, that the rights of Parliament to adequate information were a secondary consideration. I suggest to you, honourable senators, that good debt management requires good political management. They go hand in hand. Good political management required that the relevant information, both economic and financial, should be available for the fiscal year 1985/86 and in the hands of members of Parliament before they were asked to authorize $16 billion in additional borrowing.

In this case, we have had bad political management. The fact of the matter is that the government argued that the rights of Parliament must be subordinated to the principles of good debt management. I suggest that both should be respected, and they can be respected by the presentation of a budget which is justified on that and other grounds. It is Part II of the bill which I find as objectionable as the Conservative opposition found in 1978 and which they fought to the point where the provision was dropped. Would they now object if another opposition stood on principle and asked that a similar provision be dropped for the same arguments?

I would like to turn to Part I of the bill, because it shows how unreasonable members of the present government really could be in opposition. I hope that I shall never be as unreasonable. If the Conservative Party had behaved reasonably in opposition, there would be no need for the government today to be asking for additional borrowing authority for the current fiscal year. Here again, the government created its own problem. We know that the Minister of Finance told us that the total financial requirements for this year are $29.8 billion, a very large amount. That is the sum in the statement of the Minister of Finance. The former Minister of Finance sought borrowing authority for the current fiscal year in the amount of $29.5 billion. At that time, he made a reasonable case, but the unreasonable opposition insisted that that amount be reduced by $5 billion. That mistake is haunting them today. If they had accepted that amount, they would have found it unnecessary to come to Parliament today for additional borrowing authority for 1984/85.

I ask them again to take a look at the $2 billion non-lapsing contingent in the bill. I think that is all right. Mr. Lalonde, the former minister, had a $4 billion non-lapsing contingent in his former bill which was deleted at the request of the opposition because they found it outrageous. However, once again they have swallowed themselves by initially having opposed the $4 billion non-lapsing contingent and now by coming themselves and asking for $2 billion. It was not the amount that was in question. It was the principle of the thing.

● (1610)

I would like to move on now to discuss a number of other considerations quite apart from the legislative considerations. The Minister of Finance projects the deficit for this fiscal year to be $34.5 billion. That is $5 billion higher than that projected by the previous Minister of Finance for the same year. That

is a very large discrepancy, and we have had no adequate explanation from anybody as to why that discrepancy exists, and we need explanations. We have not received any from ministers or from officials. We do know one thing, that while ministers take the flak, officials prepare the projections.

I want to know how they could have been so wrong back in February, and that leads to another question, which is: If they were so wrong in February, then could they have been right in November? Can we have any more confidence in the projections and the economic data upon which the Minister of Finance prepared his proposals to Parliament in September than we had in those of the preceding February?

Of course, when one turns to the next fiscal year, one knows that the budgetary deficit forecast for that fiscal year, 1985-86, is $37.1 billion. The former Minister of Finance, for the same fiscal year, projected a deficit, but the new deficit projection is $9 billion higher. It increased by $9 billion from February to November, and we have not been given any explanation for that. We have been told, however, that these abrupt and massive changes in the amount of the deficit emanated from an updated set of economic assumptions.

I want to quote to the Leader of the Government in the Senate, as I believe I did before, a few sentences from the document entitled "A New Direction for Canada" tabled by the Minister of Finance on the evening he made his financial statement. At page 95 the following appears:

> The projections are based on an updated set of economic assumptions, and can be viewed as status quo projections assuming no change in government policy. They reflect the "state of the books" as the government found them and do not reflect the policy changes announced in the Economic Statement of November 8.

I have been asking, without success, since November 14 for the date of the updated set of economic assumptions. I noticed that yesterday the Leader of the Government in the Senate made a good effort to table responses, but absent from that series of replies was information on when the government received those updated economic assumptions.

I think that now is the time to insist upon answers. What is the date of the "updated set of economic assumptions"? When were they first conveyed to the new government? That reluctance to provide information is only matched in the pursuit of secrecy by the refusal of the Minister of Finance to give information on the impact of his so-called new policies on jobs and growth. I must say that we are going to ask for this key information. Evasion is no longer credible. Even worse is the minister's plea that increased confidence is not measurable. I agree with that because there has been no increased confidence in the form of new investment since the new government took office.

We will be asking the ministers and the officials when the bill is before committee for the impact on growth and employment arising from the policy changes introduced by the Minister of Finance on November 8. We want to know what is the impact of the withdrawal of $4.2 billion from the economy in the form of reduced expenditures and revenue recovery measures. We know that that kind of a withdrawal from the economy will reduce economic activity, and will reduce the number of jobs in the country. We want to know by how much. We want to know from the officials the projections which they have prepared and which they have said they have on jobs and growth as a result of the impact of these policy changes.

The minister will not tell us now. We may hope that the full confession will come when the budget comes, but we cannot wait that long because we have been confronted with a bill that asks us to provide borrowing authority for the Government of Canada for the fiscal year 1985-86.

I must say that the Minister of Finance has developed what I consider to be a one-dimensional economic policy; it is to achieve economic growth and jobs through expenditure cuts and deficit reduction. Before one can embrace unreservedly that one-dimensional economic policy of the Minister of Finance, one must know what impact the pursuit of that policy will have on social programs, on foreign policy, on defence policy, and on all of the components of the total spending system of Canada. We have not had that yet. The Minister of Finance told us on the evening of his economic statement that he intended to seek savings in the area of social programs in order to effect deficit reduction. In fact, he said that the government could focus more money effectively on those who need it and also "save some money for the federal treasury in order to contribute to the overall goal of deficit reduction." He had in mind the erosion of universality in order to achieve reductions in the deficit.

We know that over the past weekend the Minister of Finance was repudiated by his colleagues, and we are now assured that no encroachment whatsoever will be made on total expenditures in the social envelope, and that there is nothing in there for the Minister of Finance in order for him to implement his one-dimensional economic policy.

Where will it come from if it does not come from the social envelope? Will he implement his policy through reductions in the defence budget? But we have been assured that there will be a defence buildup. Will he achieve his policy by a reduction of transfers to the provinces? Will the Prime Minister permit any breach in the party-driven harmony that exists between the provinces and the federal government in order to achieve savings that will permit the Minister of Finance to achieve his one-dimensional economic policy? Time will tell.

I think the Minister of Finance has put himself in a box, and he has been kept in the box by his colleagues in government because they have shown their first reaction by rejecting his proposal that he would achieve savings through reduction in the social programs area. What we need now, honourable senators, is a comprehensive economic policy. We need a budget. We need leadership that will show the country that somebody is in charge and knows where this government is going. At the present time every indication is that the government is in confusion and that it is adrift four months after it

has received such a spectacular mandate from the people of Canada.

● (1620)

Hon. Senators: Hear, hear.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doody: Honourable senators, I have little to add to what was said earlier in our discussions. I thank the Leader of the Opposition for his comments. I should like to assure him that we take no pride or pleasure in this bill. It is an ongoing tradition in Canada, and has been for some time, that a large and unfortunate borrowing bill is necessary to finance the ongoing maintenance and sustenance of our country and our economy. The money must be found to finance the programs and policies that are in place. This government has absolutely no choice but to borrow money to finance its debt management program and to help finance its programs.

I take some pride in saying that this country is blessed with a tremendous social support structure. I am pleased to see that the government has made a commitment that it will not be tampered with. However, we must be prepared to face the fact that in paying for this social support structure we will have to pay the price somewhere along the line, and sacrifices will have to be made in some areas. We have been living high off the hog for quite a while. This government has pledged itself to come to grips with this.

The Leader of the Opposition outlined with some clarity the terrible dilemma that the Minister of Finance finds himself in in trying to establish a coherent, sensible, logical and sane economic climate in this country out of the chaos that he inherited when he took office. It is not a pleasant or an easy task. It can be said with a great deal of assurance that the population of Canada felt that the time had come for change. They made that decision abundantly clear on September 4. A legislative program is being put together and an economic policy is being developed.

The honourable gentlemen opposite are asking that this resolve itself in the four to six months that the government has been in office, and that answers should be found to all the problems that the honourable gentlemen opposite busied themselves with in creating over the past twenty years. I think that that is quite unreasonable.

I think that the anguish and the frustration that the Honourable Leader of the Opposition expresses with this government is quite understandable. Being in opposition is a new role for him and is not one that he finds himself comfortable in. I can only ask him to be patient. He is going to have to learn to live with it, because it might very well be that he will be in that situation for quite a long period of time.

I have a great deal more difficulty in trying to understand the attitude of the opposition toward the government in terms of information, policy outlines and budgets. An economic statement was brought forward a short time ago in which the Minister of Finance outlined the position of government. He laid before the people of Canada the economic situation as we see it. He explained it, and he assured us that a budget would be forthcoming. In a few months' time that budget will be presented and it will chart a course which this government will follow during the coming year. In order for that to happen, of course, money has to be found to finance the ongoing programs and to clear this huge debt that we are saddled with. This borrowing bill attempts to address that problem.

I can only commend the bill to you. As I said, I take no pride in it. I have had occasion to sponsor many borrowing bills of a minute nature compared to this one, but I have always been worried about them and I never did like them. I must say that the surprise that the honourable leader shows at the difference in the actual deficit and the projected deficit amazes me. All of us at one time or another have been victims of projections of officials and finance departments and occasionally, but rarely, do you come out on the right side of it. I know that from time to time it has happened that the projections will be wrong in the right direction but more often, unfortunately, they are wrong in the wrong direction. Whether that trend will change, I cannot say. Sometimes I am too cynical for my own good. At any rate, I doubt very much that perfection will be found in estimates or in projections. However, I am sure the struggle is ongoing.

This bill will be referred to committee. I understand that the committee is meeting tomorrow morning and that the Minister of State for Finance announced that she will be available with officials from her department to answer questions of a technical or policy nature. I commend this bill to the Senate for second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Doody bill referred to the Standing Senate Committee on National Finance.

HEALTH

ILL EFFECTS OF SMOKING—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Peter Bosa: Honourable senators, I give notice that tomorrow, Thursday, January 24, 1985, I will call the attention of the Senate to the ill effects of smoking on smokers and non-smokers alike.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, January 24, 1985

The Senate met at 2 p.m., the Hon. Rhéal Bélisle, Acting Speaker, in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF COMMITTEE PRESENTED

Hon. Nathan Nurgitz, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the following report:

Thursday, January 24, 1985

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

SECOND REPORT
(*Statutory Instruments No. 29*)

Your Committee submits again to both Houses of Parliament the criteria it will use for the review and scrutiny of Statutory Instruments:

Whether any Regulation or other Statutory Instrument within its terms of reference, in the judgment of the Committee:

1. (a) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law, or

   (b) does not clearly state therein the precise authority for the making of the Instrument;
2. has not complied with the provisions of the *Statutory Instruments Act* with respect to transmittal, recording, numbering or publication;
3. (a) has not complied with any tabling provision or other condition set forth in the enabling statute, or

   (b) does not clearly state therein the time and manner of compliance with any such condition;
4. makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;
5. trepasses unduly on the rights and liberties of the subject;
6. (a) tends directly or indirectly to exclude the jurisdiction of the Courts without explicit authorization therefor in the enabling statute, or

   (b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;
7. purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;
8. appears for any reason to infringe the rule of law or the rules of natural justice;
9. provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;
10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;
11. without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;
12. imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any licence or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;
13. is not in conformity with the *Canadian Charter of Rights and Freedoms* or with the *Canadian Bill of Rights;*
14. is unclear in its meaning or otherwise defective in its drafting;
15. for any other reason requires elucidation as to its form or purport.

Respectfully submitted,

NATHAN NURGITZ
Joint Chairman

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

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

OFFICIAL LANGUAGES POLICY AND PROGRAMS

STANDING JOINT COMMITTEE—QUORUM

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g):

> That the quorum of the Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented; and
>
> That a Message be sent to the House of Commons requesting that House to unite with this House for the above purpose.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps the motion could be put again.

The Hon. the Acting Speaker: The motion is as follows:

> That the quorum of the Standing Joint Committee of the Senate and the House of Commons on Official Languages Policy and Programs be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition, are represented, and that the Joint Chairmen be authorized to hold meetings to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition, are represented;—

Hon. John M. Godfrey: Honourable senators, that certainly has not been the practice in the past in the case of the Standing Joint Committee on Regulations and other Statutory Instruments, where we have always acted in a completely non-partisan way. We have always resisted and have never in 11 years had the requirement that you had to have the government and the opposition represented. That was one of the reasons, I might say, why we were able to carry on during the bell ringing episode because the government side could not, in effect, veto the committee meeting by not attending. I should like to inquire whether this is the way it has always been in the case of the Official Languages Committee. Do they act in a partisan way and, therefore, have to have this in? Or why do they not follow the same practices as the Regulations and other Statutory Instruments Committee?

[The Hon. the Speaker.]

Hon C. William Doody (Deputy Leader of the Government): Perhaps the honourable senator would let the joint chairman of the committee respond to that.

Hon. Dalia Wood: Honourable senators, the same motion has been passed for the last four or five sessions.

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

[*Translation*]

Hon. Eymard Corbin: Honourable senators, I want to say a few words about this motion.

The honourable senator opposite has just said that this motion is necessary so that a review of the Official Languages Policies may be undertaken. He mentioned the bell ringing incident at the other place. The honourable senators might recall that I was at the time co-chairman for the House of Commons while my honourable friend, Senator Murray, was co-chairman for the Senate on the Special Joint Committee on Official Languages.

I listened carefully to the wording of the motion. Of course, I would rather have the text before me, but as I understood it both co-chairmen must be present for the committee to operate.

I listened to the English version, and I thought, Mr. Speaker, that you said "chairmen" and not "chairman". Could I have some clarification on this point? I shall continue my comments afterwards.

The Hon. the Acting Speaker: If you wish, honourable Senator Corbin, I can read you the French version to help you understand it better.

> That the quorum of the Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented; and
>
> That a Message be sent to the House of Commons requesting that House to unite with this House for the above purpose.

Senator Corbin: Thank you, Mr. Speaker.

The French version is much clearer than the English version. I must say that I am completely satisfied. In my opinion, the joint committee of the Senate and the House of Commons should not sit, whether there is a quorum or not, unless the co-chairmen are in agreement. The bell ringing incident concerned the fact that the co-chairman representing the Senate had decided, against the wishes of the co-chairman for the House of Commons, to hold a meeting of the committee even though the bells were ringing to call in the members for a vote.

No matter how long the bells ring, that is not the point. When the bells are ringing to call in the members, they have to be there for the vote.

I presume that the same rule would apply to the Senate. When the senators are called in for a vote, they should leave the committee room. This is not a question of partisanship, but rather a question of properly organizing the affairs of the committee so that everyone will know where he stands.

I wanted to make this comment about these past incidents, but I take this opportunity to say that I find today's motion completely satisfactory. I submit that both co-chairmen must be in agreement for a meeting to be held. In fact, I think that both co-chairmen should be present.

Thank you, honourable senators.

● (1410)

[*English*]

Senator Godfrey: Honourable senators, Senator Corbin has noticed something I overlooked. If he is correct, it means that, in addition to agreement, both chairmen have to be physically present at a meeting. That could be very awkward.

There have been many occasions when, with the complete agreement of both of the joint chairmen, the Regulations and other Statutory Instruments Committee has met with one of the joint chairmen present. I am sure Senator Nurgitz would be most unhappy if a precedent were established whereby both of the joint chairmen had to be physically present in order to hold a meeting of his joint committee. Apart altogether from the other considerations, I think this matter should be clarified.

Senator Doody: Honourable senators, I do not have the copy of my text with me, since I surrendered it to the page. Nevertheless, as I read it at the time, it meant that both of the joint chairmen had to agree that the meeting take place. I do not think it says that both of the joint chairmen have to be present. I stand to be corrected because I do not have the text with me.

Senator Frith: I do have the text, and the honourable senator is right.

[*Translation*]

Senator Corbin: Honourable senators, because of past incidents, I think it is important that we agree on the scope of such implications.

If one of the co-chairmen were to tell his colleague that by reason of events occurring in either house of Parliament, a meeting cannot take place, it seems to me that his opinion would have to be respected. This is what is at stake in this case.

Where, for any reason, one of the co-chairmen cannot attend and there is agreement for the meeting to take place under the other co-chairman, it goes without saying that there is no conflict, no difference of opinion. The meeting can then take place. But if there is any valid reason—and I think that the bell-ringing incident was a valid reason—then the members of both houses should respect the important events going on in the other place, and thus the MP's privileges will not be infringed upon. It seems to me that a summons for a vote is fundamental. The privileges of the members of the other place are being infringed upon if the other house decides to proceed notwithstanding.

Senator Godfrey referred to the non-partisan spirit prevailing in the committee he has the good fortune of co-chairing. To my deep regret, the bell-ringing incident was indeed, an occasion for partisanship to seep in. For that I take part of the blame. But I also blame my colleague at the time. Both of us allowed ourselves to introduce an element of partisanship, by reason precisely of all the aspects surrounding the bell-ringing incident.

Furthermore, I want to stress the fact that if in the future any such incident were to happen again, I would ask that the comments I am making today be referred to. If one of the co-chairmen has some objection to the holding of a meeting, then let his opinion be respected, and let not the meeting be held.

Senator Frith: I think that Senator Corbin's concerns should be lifted by the very wording of the motion itself. In the English text, there is—

[*English*]

that the joint chairmen—

"chairmen" is plural. It was hard to hear, but perhaps it should be "chairperson." However, perhaps I should not pursue that at this moment. The wording continues

—be authorized to hold meetings

It seems very clear that both of them have to agree.

[*Translation*]

And in the French text:

Et qu'on autorise les coprésidents à tenir . . .

As Senator Corbin pointed out, the French text is very precise, and the English text also because there is the word "chairman".

[*English*]

Senator Wood: Honourable senators, may I add that a similar motion was adopted in 1980 and 1983, and it goes without saying that joint chairmen are authorized to hold meetings, but they do not both have to be there. That had been agreed to by ourselves and the joint chairmen.

Senator Godfrey: Honourable senators, I am completely satisfied with the explanation. From the discussion we have had it is understood that we can go ahead.

Hon. Lowell Murray: Honourable senators, I agree completely that it should take the two joint chairmen to convene a meeting. But I would insist also, in the light of the incident to which Senator Corbin has referred, that it should also take both joint chairmen to cancel a meeting that has been duly called.

[*Translation*]

If I remember well, the problem arose when my friend tried to cancel a meeting that had been duly called by the co-chair-

men, without my having been consulted as co-chairman for the Senate.

Senator Corbin: Honourable senators, my colleague Senator Murray is partly right. This is how things happened. The main thing is that when the bells are calling in the members in the other place—especially where they could ring indefinitely—the co-chairman has no other choice but to cancel the meeting, in consultation with his colleague. The co-chairman representing the Senate should bow to the obligation for Members of Parliament to be in the House of Commons for a vote, no matter how long the bells have to ring. I was guided by that in those circumstances.

Motion agreed to.

[English]

AUTHORIZATION TO MEET DURING SITTINGS AND ADJOURNMENTS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it is with some trepidation that I rise to move another motion. Cognizant of the fact that I possess neither of the two official languages, I shall endeavour to speak far more slowly! With leave of the Senate and notwithstanding rule 45(1)(i), I move:

> That the Standing Joint Committee on Official Languages Policy and Programs have power to sit during sittings and adjournments of the Senate; and
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

I do not know what that motion will provoke, but there it is.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 5th February, 1985, at two o'clock in the afternoon.

● (1420)

The Hon. the Acting Speaker: Is leave granted, honourable senators?:

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am not opposing the motion, but I imagine that it is motivated partly by the very thin order paper that we have here and that they have in the other place. Could the deputy leader tell us what the government has in mind for when we come back on Febuary 5? I was looking at the Speech from the Throne the other day. Perhaps during this adjournment the government can try to give us some idea as to when all the things that were promised in the Speech from the Throne will happen.

I draw your attention to the following: "During this session, you will be asked to consider an innovative employment strategy." Perhaps we can look forward to that. "You will be asked to consider a number of important legislative initiatives, including removal of the discriminatory clauses in the Indian Act." Might we expect something on that? When can we expect the "amendments to the Divorce Act and measures to control pornography and sexally abusive broadcasting"? It says that we will be asked:

> to establish a Parliamentary task force on the future of child care in Canada . . . to consider legislation to extend the income tested spouse's allowance to widows and widowers aged 60 to 64 regardless of the age of their spouse at death. My Ministers will introduce measures to improve the financial situation of Canada's war veterans . . . Legislation will . . . be placed before you to eliminate certain problems and abuses in the corrections system.

Hon. Orville H. Phillips: Dispense.

Senator Frith: Thank you for asking, but no. "Parliament will be asked to consider amendments to the Criminal Code."

Senator Doody: Hear, hear.

Senator Frith: The Speech from the Throne was delivered on November 5 and the government has been in power for some time. As the Leader of the Opposition in the Senate pointed out, we are hearing a lot more talk and posturing than we are seeing legislation, which is one of the reasons for this lengthy adjournment. So I am asking if, when we come back, the deputy leader will tell us more about the legislative program relating in particular to the promises the government made during the election campaign and then enshrined in the Speech from the Throne. This adjournment gives them a good opportunity to get their legislative act together.

Senator Doody: Honourable senators, in the interest of nonpartisan management of the house I am only too happy to assure the honourable gentleman that the universe is unfolding as the voters have dictated it should. The programs and policies of the government are being put together, and carefully thought out legislation with due consultation with the public, as was the commitment, will be introduced from time to time. The parts of the Throne Speech that are pertinent will certainly be dealt with and honourable gentlemen and ladies of this chamber will have the pleasure of dealing with the legislation as it comes forward.

Senator Frith: It seems to me we have heard that song before.

Senator Doody: And you might hear it again if you ask questions with preambles of the kind you just gave.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

MEXICO—REPORTED NUCLEAR PACT WITH CANADA—CORRECTION TO STATEMENT BY LEADER OF THE GOVERNMENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, a lively sense of self-preservation prompts me to rise on an egregious error that I made yesterday in response to a question by Senator Haidasz in reference to the activity of my colleague, the government whip. I thought that the honourable senator was talking about the government whip signing papers on behalf of the Government of Canada, and I made the perhaps offhand remark that I did not think he possessed the authority at this particular time, that he was not in the signing mood. I find on examination that he did sign a document in Mexico, but it was not a government document. It was the communiqué issued by the Canada-Mexico Parliamentary Association and it is a communiqué which is the responsibility of that association alone. However, I would like to say how pleased we are with the contribution made by my colleague as co-chairman of that important meeting in Mexico a little while ago, and before the matter got out of hand, I thought I had better let the Senate know what the actual situation was.

• (1430)

Hon. Royce Frith (Deputy Leader of the Opposition): Did he sell any Cape Breton rails?

Senator Roblin: We are planning to send Senator Muir down. With all due respect to the Leader of the Opposition, he is the best salesman for Cape Breton.

Hon. H. A. Olson: In thanking Senator Roblin for his explanation, I would like to ask if we can expect, at the next sitting of the Senate, a tabling of that document which was signed by representatives of both houses of Parliament?

Senator Roblin: I am sorry, but that particular communiqué does not fall within the ambit of the authority of the Government of Canada. Perhaps if my honourable friend were to address himself to the association concerned, they would be happy to give him the information.

ENERGY

PETROLEUM AND GAS REVENUE TAX—GOVERNMENT POLICY

Hon. H. A. Olson: Honourable senators, following up on some questions that were asked yesterday, I would like to ask the Leader of the Government in the Senate whether or not there is a deal, an agreement, a commitment, or whatever it might be called, that the government is intending to replace the PGRT.

Hon. Duff Roblin (Leader of the Government): There is no deal. That I can report to this house in respect of this matter. I stated the situation clearly yesterday: There is no deal. Any deals that are going to be made in connection with taxation of the oil industry are matters that must be discussed and decided between the two levels of government in this country, namely the federal government and the provincial governments. It is only after those discussions are concluded that one will know the details of policy.

Senator Olson: Honourable senators, the Minister of Energy, Mines and Resources is reported to have said yesterday that it was true that she and the Prime Minister always made it clear that, if the Tories formed a government, the PGRT would be replaced. Therefore, someone is wrong if the minister now says that there is no deal, agreement, commitment or whatever to replace the PGRT. The reason I am raising it again now is that it was revived yesterday, but I think the Leader of the Government in the Senate will recall that I asked him several weeks ago whether or not there was a commitment on the part of the government to replace the PGRT, and I believe he replied at that time that there was not.

It is clear that we have to understand whether or not the Prime Minister and the minister responsible are stating the position of the government, because apparently some people seem to think they know this position, including the President of OPEC—

Hon. Royce Frith (Deputy Leader of the Opposition): IPAC.

Senator Olson: I am sorry, IPAC. However, there are a great many other people who have a direct, vested and very keen, vital interest in whether or not PGRT is to be replaced. If that is so, we would like to know. We have a right to know.

Senator Roblin: I can tell my honourable friend that I think everybody in the oil industry in the whole length and breadth of this great nation, and anyone else who chooses to read the newspapers will know what the policy of the government is with respect to oil taxation, because it was very clearly set out in Prince Albert in the course of the election campaign. Perhaps I will read the clause to my honourable friend:

> We will implement a taxation system which recognizes bottom line profits as the basis for assessing taxes in order to stimulate the investment needed to bring on new energy resources. We will reduce the excessive front-end loading of taxes on large projects in favour of a system which is sensitive to long-term payout of them.

That clause was drafted because the party in opposition at that time was much impressed with the failure of the National Energy Program to encourage adequately the oil industry and to treat it fairly, and therefore that pledge was undertaken. Within the four corners of that pledge, there may be many changes in oil taxation in the country, and when agreements are reached with the provinces and when the budget is presented to the nation, these facts will be disclosed.

However, to say that, in the meanwhile, there is some under-the-counter or secret deal with somebody, or some

special information that is not available to the world at large, would be, I think, a mistake.

Senator Olson: Honourable senators, I am very familiar with that statement, and obviously we filed it away on the day it was made by the then Leader of the Opposition. However, what I am curious about now is whether or not there is a commitment to remove the PGRT. As far as I am concerned, you can use other terminology such as front-end taxation and so on, but we need to know whether or not there is a commitment, because there are a great many people in the industry who interpret that statement as being a commitment that PGRT is to be removed, or at least replaced. Is there a commitment or not?

Senator Roblin: I have to tell my honourable friend, as he quite well knows, that changes in taxation are budgetary matters and whatever changes are agreed with the provinces will be disclosed to the country, probably at the time of the agreement and certainly no later than the budget. However, beyond that I am not authorized at this time to indulge in any further speculation.

Senator Olson: I have a supplementary question, honourable senators. May I ask the Leader of the Government in the Senate when it will be announced so that the rest of the people in the industry will know that it is going to happen? Secondly, will it be included in the budget? Also, is this a problem related to the so-called energy pricing agreement that was supposed to have been reached by January 31 to replace an existing agreement that expires on that date? If so, could the rest of the industry be told if that is a frustrating matter with respect to an agreement? If what the minister told us yesterday is true, that is that if no agreement is reached by January 31—and she seemed to indicate that that was a high possibility—then what kind of régime will we be under afterwards? Also, is it related to failure to make an agreement related to the PGRT?

Senator Roblin: I think I can candidly tell my honourable friend that the whole of this taxation and price question in connection with natural resources and energy in particular is like a bowl of jelly. If you push one part of it, the whole thing shakes. Therefore I think it fair to say that the question of the PGRT, and all other aspects with respect to prices and taxation, are in one area of policy and decision-making.

Senator Frith: One bowl of jelly.

Senator Roblin: I think they are all part of the range of discussions that are going forward with the provinces now.

I am giving that merely as a general, philosophical statement. I have no particular knowledge of the details of the discussions that are taking place, but common sense tells me that one would expect that to be the case.

Senator Olson: Honourable senators, if that is true, can we take it from that interpretation by the Leader of the Government in the Senate that the government has no intention of announcing a new energy pricing agreement until the budget comes out, because of what the Leader of the Government in the Senate has just described as the very direct inter-relationship between the two?

Senator Roblin: I think that the first opportunity that will be available to announce policy on these questions is when an agreement is reached between the two levels of government concerned. I am not in a position to say whether the government will take the opportunity of that occasion to announce policy, but I think it is highly likely.

Senator Olson: I have a final supplementary question, honourable senators. It seems to me that the Leader of the Government in the Senate ought to convey to his colleagues, particularly the Minister of Energy—and indeed the Prime Minister—that there is a very fundamental element of justice and fair play involved, and that everyone who is affected, indeed all Canadians, should know at the same time. There should not be implications that there will be changes to taxation but that the government will wait until some appropriate time to make the announcement, even though there are some people in the industry who, like Mr. Morgan, claim that they have known for a long time that these changes will be in the budget, as he stated yesterday, or in both the budget and in the new oil pricing agreement which we have every right to expect to be announced within the next few days.

Senator Roblin: I give my opinion that I do not think my honourable friend has correctly characterized the statements made by Mr. Morgan. I think that they are not what my honourable friend has said. In saying that, I realize I am not authorized to speak for him; he speaks for himself.

On the question of fairness, it is the question of fairness in taxation which has brought about this whole policy review. It follows from the unfairness of the previous taxation which was based on the question of front-end loading; that is, taxation before profits were realized; that is the root of the problem and one of the serious drawbacks of the present policy. I am acquainted with the concept of fairness. I assure my honourable friend that the government will do its best to be fair to all the industry.

• (1440)

Hon. Philippe Deane Gigantès: Honourable senators, would the Leader of the Government instruct us, especially me, because I am not very knowledgeable in this field, about the decision to reduce the export price of oil going to the United States which makes it about $10 cheaper than oil going to Ontario or Quebec? Was there an agreement reached between the provinces to do that?

Senator Roblin: I hesitate to offer to instruct my honourable friend, because it is the field of policy which I can hardly claim to be completely familiar with. I can tell my honourable friend that in this instance these prices are set by the National Energy Board, and that board is instructed in its terms of reference to take into consideration all aspects of the matter that affect the welfare of Canadians. The board is moved, I believe, at the present time by the fact that if it wishes to sell the oil at all, it has to sell it at a competitive price. That is an important matter. There is a very strong feeling in the oil

industry in Alberta that if these supplies are available for export and, indeed, the National Energy Board has decided that they are, then they have to be exported at a price which is commercially obtainable

Senator Frith: The point is made. The policy is a bowl of jelly.

Hon. Earl A. Hastings: Honourable senators, I have a supplementary. My question is directed to the Leader of the Government in the Senate. I should like to ask him with respect to the suggestion that the petroleum and gas revenue tax would be replaced by one more profitable to industry whether he concurs that that is a commitment on a specific change?

Senator Roblin: I really am not able to expand on the answers that I have already given. The question of taxation and pricing and all these important matters are on the table in the discussions between the two levels of government, and I will await the outcome of those negotiations before I make any statement on a matter of that sort.

Senator Hastings: I am not asking about any change of taxation; I am asking does he not agree it is a commitment to a specific change.

Senator Frith: The minister says it is.

Senator Roblin: Senator Hastings is asking me for my opinion. I think the best source of information on this matter is the minister concerned. If my honourable friend wishes me to pursue this question with her, I will be glad to do so.

Senator Olson: We would like the Leader of the Government to do that, and also to ask her whether or not she said there was a commitment to the industry that the PGRT would be replaced.

Senator Roblin: I will acquaint her with my honourable friend's observation.

Senator Hastings: I would like to make the observation to honourable senators and the Leader of the Government that the industry has accepted it as a commitment to change and, obviously, Mr. Gwyn Morgan, who worked with Mr. Mulroney and the minister before and probably during the election campaign, has accepted it as a commitment. He has accepted it and the industry has certainly accepted it. They anxiously await their payoff from this thing of a government for services rendered.

Hon. Gildas Molgat: Honourable senators, I have a supplementary question to address to the Leader of the Government in the Senate. It refers to a statement he made earlier on this matter. Did I understand correctly that it is his view that the companies are not getting an adequate share at this time?

Senator Roblin: I am not going to make any statement on this matter. It is a question of policy which is under consideration. I do not think I can expand on the information that I have already given.

SPORT

FUTURE OF CANADIAN FOOTBALL LEAGUE

Hon. Keith Davey: Honourable senators, as someone who is delighted that the 1988 World Series will be played in our new domed stadium in Toronto, I have a question about the future of Canadian professional football. Would the Leader of the Government agree with me that this new stadium, combined with the Prime Minister's no-holds barred invitation to American investment in this country, could, in fact, spell the demise of the Canadian Football League and, hence, the demise of the Grey Cup, a national institution in a country which has far too few national institutions and, indeed, the demise of professional football in Regina, Hamilton, Ottawa and Winnipeg, all of this through a possible incursion by either the National Football League or the United States Football League into Canada?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that the subject that my honourable friend refers to has been in the area of public discussion before now. There have been serious concerns expressed by other people in days gone by, and we have been able to ensure that the football clubs to which my honourable friend referred to continued to exist. I confess to being absolutely no authority on this matter whatsoever. My opinion is not worth mentioning to this chamber because it is entirely out of my area of expertise, if even I have one. All I can say is that if the Blue Bombers don't win the Grey Cup next year there will be hell to pay in Winnipeg.

Senator Davey: As a supplementary question, my concern is that the Blue Bombers won't play football at all next fall. As I am sure the Leader of the Government will recall, the most recent attempted American incursion into Canadian football came from the late unlamented so-called World Football League. That incursion was thwarted by prompt action by the government of the day. In particular, the Honourable Marc Lalonde indicated to the World Football League that steps would be taken to prevent the league from entering Canada. What then will be this government's attitude to the inevitable attempt by either the National Football League or the United States Football League, or both, to move into Canada? I have reason to believe that this is about to become an urgent problem.

Would the leader, therefore, undertake to draw this matter to the early attention of his cabinet colleagues and to provide all concerned with some early indication of the government's attitude to this pressing problem?

Senator Roblin: I recognize an expert when I see one, and I say to my honourable friend that if he wishes to share his expertise with me, giving the reasons that he referred to, to believe that this matter might become an urgent question, I will be glad to do what he asks.

Senator Davey: I should like to ask a further supplementary question. I am not at liberty to disclose my source, for which I apologize, but I can simply tell the leader, and I hope he will take my word, that this is a problem which is very real. The

NFL and the USFL are poised to move into Canada. The government will have to take some action, I believe, to prevent that, if, indeed, the government wants to prevent it. I believe that the CFL is a national institution, and we have too few such in the country, so it is a very real problem. I would urge the Leader of the Government to look into this matter soon.

Senator Roblin: Honourable senators, I agree with my honourable friend about the National Football League being a national institution, but I think we will have to await developments because policy cannot be formulated in a vacuum. We have to know what the facts are before we can expect the government to deal with it.

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, confusion continues to reign among the people of this country about what it is that the Conservative government means by the term universality and social benefits. In today's *Gazette* we have Mr. Stan Darling, the Honourable Jake Epp and Mr. Alan Redway in contradiction with one another about whether or not Family Allowances will be surtaxed. Mr. Epp is reported to have made three or four points on that subject, namely, that at no stage will benefits be taxed away; then, that they will not be totally taxed away; and then he is reported to have said that if you gave it to everyone and taxed it away that would not be universality, so that will not happen. He also said that if a portion of it is taxed away, it is a budgetary matter. All of the MPs are reported to be quite firm on the fact that the government has taken a decision about what it is going to do.

I ask the Leader of the Government in the Senate if he will clarify for us which of the three Conservative people speaking on this issue is correct and would he please restate the official position of the government.

• (1450)

Hon. Duff Roblin (Leader of the Government): If my honourable friend will be kind enough to look at the morning or evening edition of the newspaper of next Monday, which I am sure will be on her desk in any event because it will be distributed to all honourable senators, she will find the government's position with respect to these interesting matters.

A position paper will be available on Monday, and I commend it to my honourable friend for her information.

Hon. Philippe Deane Gigantès: Honourable senators, I should like to address a supplementary question to the Leader of the Government in the Senate.

According to reports in the papers today, what this paper will contain, said Mr. Epp, is a series of options. We have on the one hand Mr. Alan Redway saying that no decisions have been taken and, on the other hand, we have Mr. Epp saying that they will present a series of options.

Is the Leader of the Government telling us the facts or is he telling us "mullrunes?"

[Senator Davey.]

Hon. Royce Frith (Deputy Leader of the Opposition): What?

Senator Gigantès: "Mullrunes." It is a combination of two words from the *Oxford Dictionary:* to mull, meaning to make confused or make a muddle; and "rune" as in "runic" which means a mysterious character.

Senator Roblin: I would refer my honourable friend to the answer I gave to the previous question.

Hon. Allan J. MacEachen (Leader of the Opposition): With respect to the reply the Leader of the Government gave to Senator Marsden earlier this week about the paper to be released by the government, he was good enough to give us a definition of a green paper and a white paper. Will the paper be green or white?

Hon. C. William Doody (Deputy Leader of the Government): Blue, Tory blue.

Senator Roblin: I am waiting with keen expectation to see what colour they choose.

Senator Frith: Yellow, no doubt.

Senator MacEachen: Will it contain options or will it contain government policy?

Senator Roblin: If my honourable friend will look at his mail on Monday, he will have the full story in front of him.

ENERGY

GAS PRICING POLICY—ADVISORY COMMITTEE STUDY

Hon. Earl A. Hastings: Honourable senators, my question to the Leader of the Government in the Senate relates to a question I asked in this chamber on December 6 and the reply of the government.

The question was precipitated by the news that the Minister of Energy, Mines and Resources had asked the committee that advised her while she was in opposition to come up with recommendations on how to implement a new pricing system. That group was headed by Mr. Vern Horte, Chairman of Progas Limited of Calgary.

I simply asked the Leader of the Government to provide a list of the members of that committee and their qualifications, because it would be of interest to all senators to know who were the members of this committee because they seemed to have access to the minister by way of this advisory committee.

The reply I received, for which I am grateful to the leader, is:

> The Committee referred to by Senator Hastings is not a government committee, neither does it have a mandate to implement a gas pricing policy in Canada.
>
> Rather, this is a private, informal consultative group, made up of representatives of the oil and gas industry who are offering their suggestions on a new natural gas pricing policy to the Minister. The Committee will receive no public funding nor will it have access to any confidential information.

> In this sense, this committee is similar to other committees which advised Miss Carney when she was energy critic and which continue to do so today.

In addition to this source, she has others.

I suggest that it is not a committee like any other committee; it is a committee which advised this minister when she was opposition energy critic and, if we accept the word of Mr. Gwyn Morgan, he participated with Miss Carney before and probably during the election.

Honourable senators, I have asked for the names of the members of that committee, and this government, which is dedicated to open government, does not want to produce the list.

I would appeal to the Leader of the Government again. If he will not produce the list, would he, at least, please answer the question as to whether or not Mr. Gwyn Morgan is on this committee, and is this the same committee he referred to when he said he was working with the minister and prime minister prior to the election?

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): I have to tell my honourable friend that, if he is concerned about advisory committees, he has a lot to be concerned about because there are a great many advisory committees, not only dealing with oil, but with fisheries, agriculture, economic development, monetary policy and others.

One of the features of this administration is its desire to consult more widely than has ever been the case before with people who are outside the political arena in order to get the widest possible input. The reason for that is not to make special deals or to show favouritism; it is to obtain the widest spread of opinion and of good suggestions that may be offered for the government to consider.

It seems to me that rather than being critical of this endeavour to consult more widely, my honourable friend might really approve of it.

Hon. Royce Frith (Deputy Leader of the Opposition): He is not critical; he just wants an answer.

Senator Roblin: It seems to me that I still cannot convince him that this is not a question where special privilege is being offered to any group of people. That is the gravamen of the charge that is being made, and that is false; it is wrong; it is not correct. I want to assure my honourable friend that that is the case.

Hon. H. A. Olson: Honourable senators, I should like to know if, as Miss Carney is alleged to have said yesterday, commitments were made by any member of the government during those committee meetings.

Senator Roblin: I am not able to comment on what Miss Carney may have said if it is not in front of me. I think it would be unwise for me to make any comment because, so far as I am concerned, my honourable friend's statement is really his statement and not Miss Carney's.

If my friend does not think that in the course of elections and in the course of political activities, parties do not take positions, he is wrong. He knows it because he himself, in the course of election campaigns, as every politician in this house has done, has taken positions in respect of matters which affect particular industries. I would not accuse him, however, because of that fact, of having made some special, improper arrangement. I would think that, in doing so, he was expressing the policy he intended to follow, and that is what is being done in this case.

Senator Olson: Honourable senators, if any insinuation is made that I or any of my colleagues made commitments that there would be certain things contained in a budget, he is absolutely wrong.

Now, allegations and statements are being made—and there are tapes in existence—that some members of the committee Senator Hastings referred to have a commitment that certain things will be contained in a budget, because it is only in a budget where tax changes are made.

Senator Roblin: I do not know whether I want to answer that question because it has been dealt with a number of times. All I can say is that, on the basis of pure logic, when most of these matters have to be dealt with on the basis of agreement between two levels of government, it does not seem likely to me that anyone has made undertakings which are obviously dependent upon the agreement of more than one level of government.

I reject my honourable friend's statement.

Senator Hastings: Will the Leader of the Government in the Senate undertake to answer my question as to whether or not Mr. Gwyn Morgan is a member of this private informal consultative group?

Senator Roblin: I do not think I will. If it is a private group, it is his business; it is not the business of my honourable friend opposite.

Hon. Philippe Deane Gigantès: As a supplementary, would the Leader of the Government assure us that, apart from consulting a committee of oil company executives, the chairman has also consulted such groups as the consumers of oil and other related products?

Senator Roblin: I would tell my honourable friend that the Minister of Energy, Mines and Resources is well aware of the interests that consumer groups have in the price of energy in this country.

The whole thrust of the government's policy is to make sure those prices are as low as possible under the circumstances and that equity is dispensed, regardless of where you live in the country.

Senator Gigantès: Are there any representatives of consumer groups who are part of this committee which advises the Minister of Energy, Mines and Resources?

Senator Roblin: I have no information on that point, but I can assure my honourable friend that there are consumer groups who make representations to the minister.

FOREIGN INVESTMENT

REPORTED STATEMENT BY PRESIDENT OF THE TREASURY BOARD

Hon. Azellus Denis: Honourable senators, I should like to ask the Leader of the Government a question regarding FIRA which has now been replaced by Investment Canada.

In a television interview, the Honourable Robert de Cotret was asked what he thought about the fact that approximately 94 per cent of requests by foreign investors had been accepted. He answered that this did not take into account the many corporations or persons who did not make such requests because the restrictions imposed by FIRA were too tough.

Would the Leader of the Government in the Senate ask Mr. de Cotret if he has any figure in mind with regard to those who did not dare ask for an opportunity to invest in Canada when FIRA was in existence?

Hon. Duff Roblin (Leader of the Government): I am not sure that my honourable colleague is doing any more than expressing his view. However, I have no hesitation in saying that I will ask Mr. de Cotret what answer he would give to this question.

Senator Denis: I personally heard Mr. de Cotret say on television that the 94 per cent does not take into account the many requests for investment that were never put forward to FIRA.

STATUS OF WOMEN

EQUAL PAY FOR WORK OF EQUAL VALUE—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, on November 28, I asked a question of the Leader of the Government in the Senate concerning equal pay for work of equal value. I asked what steps were being taken to implement this policy in Treasury Board, and the reply given by the Leader of the Government on January 22, was, in part, that the Treasury Board was conducting an overall review of policy in this regard. My original question was based on a statement made by Mr. Mulroney during the election campaign—that is, on August 15 last—at which time he said it was imperative that clear directions be given to the Treasury Board to implement equal pay for work of equal value in a positive fashion.

• (1500)

Does the reply given by the Leader of the Government on January 22 mean that Mr. Mulroney's declaration of Conservative Party policy on this matter is being reviewed, or that the President of the Treasury Board is reviewing the Conservative Party's policy on the implementation of equal pay for work of equal value? Can he tell us just what the review of policy in the Treasury Board involves, when the statement of policy had previously been so very clear?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe the Treasury Board is endeavouring to find ways and means within its control to implement the policy stated by the Prime Minister.

Senator Marsden: As a supplementary, are there guidelines available that could be tabled in this chamber concerning that review of ways and means?

Senator Roblin: I have no such document available at the present time, but I imagine that when the Treasury Board has decided what it should be doing in this matter, it will be a matter of public record.

THE ECONOMY

MANITOBA—CONSTRUCTION OF WINNIPEG RESEARCH CENTRE

Hon. Gildas L. Molgat: Honourable senators, my question, which is for the Leader of the Government, follows on one that I asked some time ago regarding the proposed research centre in Winnipeg. At that time the matter was still under discussion. Can he now advise me as to the situation? Has the government made an official decision not to proceed with that centre?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe my honourable friend knows that the policy of the government is to proceed with completing the project in Winnipeg in the hope of developing an alternative policy for its use, which would involve the private sector to a greater extent than the plan that was originally produced. While I can make no announcement at the present time that would be concrete in this respect, I can tell my honourable friend that, in my opinion, hopeful negotiations are proceeding and I am optimistic that a satisfactory agreement will be reached between the public and private interests in this matter respecting the future of that institution.

Senator Molgat: As a supplementary, presumably it is not to become a national research centre under the federal government?

Senator Roblin: We will have to wait to see what the negotiations produce before I can answer that question in a positive way.

DISARMAMENT

DEPLOYMENT OF NUCLEAR WEAPONS—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to return to the subject matter I raised with the Leader of the Government earlier this week. I must say that I continue to be greatly concerned about the unthinking embrace by the Secretary of State for External Affairs of the strategic defence initiative of the United States, and also by the ambiguity and complacency on the part of the government on the question of the placement of nuclear weapons on Canadian territory. I should like to ask some questions which might provide an opportunity for the Leader of the Government, either today or later, to clarify this situation,

because it is not my intention to do anything but seek some clarification.

My first question is: Is it the determination of the government to prohibit the placement of nuclear weapons on Canadian soil in all circumstances.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has given me some good advice in suggesting that perhaps I should not respond to that question, and perhaps others that he may ask today. Therefore I would like to take his question as notice.

Senator MacEachen: Honourable senators, that is quite satisfactory. I have asked whether it is the intention of the government to oppose the placement of nuclear weapons on Canadian soil in all circumstances, because it is my understanding that if there is any item of foreign policy upon which all parties seem to be agreed, it is that we avoid placing nuclear weapons on Canadian soil. I should like to know whether that is the determined policy of the government, and, indeed, whether there are any circumstances in which the government would contemplate permitting the United States to place nuclear weapons on Canadian soil.

The Secretary of State for External Affairs stated that he had received an assurance from the United States that there would be consultations with the Canadian government in the event of a crisis that might bring about the placement of nuclear weapons. We all know that this week Lord Carrington paid a welcome and valuable visit to Canada and many of us had an opportunity to hear his views on NATO defence policy and foreign policy. He said that the United States should consult Canada and its other allies when drawing up contingency plans for the deployment of nuclear weapons on their soil, and not leave consultation until times of crisis.

Would the Leader of the Government ascertain whether it is the intention of the government to seek those consultations with the United States now, and if, indeed, the government will contemplate concluding an agreement to have the placement of nuclear weapons on Canadian soil? As Lord Carrington pointed out, when a crisis arises it is too late to have meaningful consultations. The gun is at your head.

I am concerned about this question, and I want to know what is the general policy of the government. Are there exceptions to the general policy, and is it a policy of prohibition? If there are exceptions that require agreement, would the government consider early consultation so that we may all know the circumstances or the criteria?

Would the Leader of the Government also consider telling us whether, if the government contemplates entering into an agreement, the terms of that agreement could be made public and possibly debated by Parliament before it could be implemented, because I do not believe there is anything that is of more concern to the Canadian people and the cause of greater anxiety than the whole nuclear question. It would be very good if a clear statement from the government could be brought to this chamber to enable us to base our debate on knowledge rather than on newspaper accounts and speculation. These are the questions I would like the Leader of the Government to deal with when we return.

• (1510)

Senator Roblin: I find my friend's statement refreshing because for the first time in a long time we have a person of leadership in the Senate declaring he is not willing to debate the issue on the basis of newspaper reports. I could not agree with him more. I think my honourable friend has raised a very sensitive, difficult and important matter and I shall consult with my colleague as to what answer can best be provided.

Hon. Joyce Fairbairn: Honourable senators, I have a question supplementary to those of Senator MacEachen. Would it be possible for the Leader of the Government to indicate to us whether this question of contingency planning for the possibility of nuclear weapons in Canada in time of crisis might be one of the issues on the agenda when the Prime Minister meets with the President of the United States in March? Yesterday the Prime Minister indicated that Canada would have lots of input in relation to the arms talks in Geneva, and he noted that this might come into play when the president and he meet in March. Could this other item be suggested as part of the agenda?

Senator Roblin: My honourable friend has asked a very perceptive question. I can assure her that before long there will be a statement as to the agenda of the items to be discussed at the meeting in Quebec City in the month of March.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—THIRD READING

Hon. Lowell Murray moved the third reading of Bill C-17, to amend the Excise Tax Act and the Excise Act.

Motion agreed to and bill read third time and passed.

NATIONAL DEFENCE

SECOND REPORT OF SPECIAL COMMITTEE—ORDER STANDS

On the Order:

> Consideration of the Second Report of the Special Committee of the Senate on National Defence entitled: "Canada's Territorial Air Defence", tabled in the Senate on 23rd January, 1985.—(*Honourable Senator Lafond*).

Hon. Jack Marshall: Honourable senators, Senator Lafond spoke on this second report when he tabled the document yesterday. Therefore, why does the order still stand in his name?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I believe that Senator Lafond indicated yesterday that he wanted to make a few preliminary comments on the tabling of the report and that he wanted to speak more fully on it at a later time. As I understand it, the order stands in his name awaiting his fuller comments.

Order stands.

HEALTH

ILL EFFECTS OF SMOKING

Hon. Peter Bosa rose pursuant to notice of Wednesday, January 23, 1985:

> That he will call the attention of the Senate to the ill effects of smoking to smokers and non-smokers alike.

He said: Honourable senators, the Canadian Council on Smoking and Health declared a national non-smoking week from January 17 to January 23. It is in the spirit of non-smoking week, therefore, that I would like to put on the record some facts on the ill effects of smoking on smokers and non-smokers alike. In doing so I do not wish to leave the impression with members of the Senate that when it comes to smoking I am "holier than thou". Let me share briefly with you my personal experience as a person who was a heavy smoker and then gave it up. You may find this hard to believe but I experienced my first few puffs as early as kindergarten. It is not that I enjoyed it, but together with my kindergarten colleagues we wanted to imitate the grown-ups.

Hon. C. William Doody: (Deputy Leader of the Government): Hear, hear.

Senator Bosa: I cannot say that I have been a regular smoker since I was in kindergarten but by the time I was 10 or 11, I was smoking one or two cigarettes a day. When I stopped smoking on January 3, 1969, at the age of 42, some 30 years later, I was going through more than two large packs a day. But I gave up, not because I was afraid of the effects smoking had on my health but because I was running out of cigarettes all the time, notwithstanding the fact that I used to buy one carton at a time. I would keep one pack in the glove compartment of my car, one or two at my desk and the rest in my apartment. I cannot tell you how many times I got up in the middle of the night and drove for miles in search of a restaurant that was open in order to buy a pack of cigarettes. That historic January 3, 1969, I went home, stretched out on the chesterfield to read the evening paper and reached for a cigarette. To my consternation there were only two in the pack. I immediately checked if I had any additional cigarettes in the apartment but there was none. It was at that time that I made a commitment to myself never to smoke again and, honourable senators, I have kept my word. I have not smoked since.

Hon. Senators: Hear, hear.

Senator Bosa: It was such a wonderful experience giving up smoking that after a few weeks I felt as if I were breathing pure oxygen when I woke up in the morning. The gustative buds could distinguish food flavours much more acutely. I did not have to clear my throat any more. I felt more energetic. My mind was clearer and I did not run out of breath when I ran up the stairs. It was such a wonderful feeling that I almost decided to start smoking once more in order to experience the pleasure of giving it up all over again.

Honourable senators, that was my personal experience. Let me now quote to you what the World Health Organization had to say in 1983:

> Smoking-related diseases are such important causes of disability and premature death in developed countries that the control of cigarette smoking could do more to improve and prolong life than any single action in the whole field of preventative medicine.

This statement has particular relevance to Canada where the proportion of smokers is among the highest in the world, although there has been a decline since the 1960s in the proportion of Canadians who smoke regularly—37 per cent of males and 19 per cent of females still smoke. The decline has been much more apparent among males than females. In fact, teenage girls are now as likely as teenage boys to smoke.

• (1520)

Until recently, the rights of the 66 per cent non-smoking Canadians have been virtually unrecognized. If they were bothered by cigarette smoke, they had to avoid places with smoke or put up with it. However, with accumulating evidence on the ill effects of smoking and secondhand smoke, more people are giving up the habit, and the anti-smoking lobby has gained strength. It is no longer socially acceptable or even lawful to smoke in certain locations, and smokers often are made to feel that they are engaging in unacceptable behaviour.

Reports linking cigarette smoking with cancer began to appear in the 1920s, but it was not until after World War II that deaths from lung cancer became so numerous among men that systematic follow-up studies were initiated. The habit of smoking was often associated with sophistication and glamour, and films and advertising played on these associations. Smoking has always been more common among men than women, and particularly prevalent among men in manual labour jobs. However, the "macho" image of cigarettes has been counteracted by attempts to sell more cigarettes to women since the 1960s when sales began to drop. Slender, low-tar cigarettes were produced, oriented towards the female market, and the suggestion of liberation was used in advertising, with slogans such as "You've come a long way, baby!"

By the early 1960s, the risk of coronary disease, stroke and lung cancer was found to be substantially higher for cigarette smokers than for non-smokers. Cigarette smoking was also associated with increased risks of chronic bronchitis, emphysema and cancer of the mouth, larynx, esophagus, pharynx, bladder and pancreas. Peptic ulcers were found to be more common among cigarette smokers. Smoking during pregnancy was found to retard the growth of the fetus and to lead to increased risks of stillbirth and neonatal death. The accumulating evidence of the ill-effects of smoking were summarized and publicized by the Royal College of Physicians in 1962, Canada Health and Welfare in 1963, and the Surgeon General of the United States in 1964. One of the problems for researchers has been the fact that the most serious ill-effects of cigarette smoking appear only after an interval of ten years or more. However, national anti-smoking campaigns appear to have had a positive effect, as smoking has declined among males since the 1960s. Yet among women, the proportion of regular smokers, especially those who smoke over 25 cigarettes a day, has increased until recently.

Medical doctors and researchers are now much more aware of the addictive nature of smoking. Smokers often start in their teens or twenties when their parents or friends smoke, but later find that they cannot easily stop. Until recently, this addiction has been seen as a personal problem which increased the smoker's chances of illness or death. Now, however, smoking is perceived as a social problem because of new studies on the health risks of second-hand smoke as well as the high public expense of treating avoidable illness.

A recent federal Health and Welfare study published in the *Canadian Medical Association Journal* found that one in five Canadians have serious medical conditions aggravated by exposure to cigarette smoke, such as asthma, emphysema, heart disease and angina. A non-smoker who is exposed to second-hand smoke in the workplace for 20 years has suffered the same ill-effects as a person who smoked ten cigarettes a day during the 20-year period. The authors of the report describe airborne tobacco tar as an occupational health hazard that should be banned or restricted to well-ventilated buildings. Apparently only 10 per cent of the air of most buildings is fresh and the rest is usually recycled. This means that smoky air is being circulated throughout most office buildings, exposing non-smokers to high levels of toxic and cancer-causing chemicals. Second-hand or sidestream smoke contains higher levels of cancer-causing chemicals than smoke inhaled by a smoker. The same study also said that the risk of getting lung cancer is as much as 3.4 times greater among non-smokers married to smokers than among non-smokers who are not exposed to cigarette smoke. Unfortunately, air filters do not remove the toxic substances from second-hand smoke. With good reason then, non-smokers are becoming vehement about their rights to healthy air, especially in public places.

Some municipal councils have enacted by-laws designating no-smoking zones in public places. For example, in November of last year, Toronto City Council voted that restaurants with seating for more than 40 customers must set aside 30 per cent of its seats for non-smokers. Non-smokers are also demanding and receiving substantial reductions in insurance premiums. The 1982 Ontario provincial task force on smoking recommended regulations on second-hand smoke, especially in the workplace, as well as a concerted program to reduce smoking. The recently revised Canada Labour Code contains new occupational health and safety provisions scheduled to come into force this year which will make it easier for workers to refuse dangerous work. Tobacco smoke is not specifically mentioned as a threat to health, but the law is bound to be tested to see if it has any teeth. A complaint has already been filed under the new Health Protection and Promotion Act in Ontario against cigarette smoke in the workplace.

It is difficult to measure the cost of smoking to the employer or taxpayer. In order to do this, we would have to consider absenteeism from illness, higher maintenance and replacement costs of furnishings, higher insurance rates, increased medical expenses, and the involuntary damage to the health of non-smoking colleagues. An American business professor, William Weiss, recently studied the cost to American corporations of smoking and concluded that every smoker on the payroll costs the company an average of $4,789 a year. A World Health Organization study in 1980 looked at the economic consequences of smoking in Canada. Tobacco taxes yield about $1 billion a year, but health care costs were about $2.4 billion. Losses in productivity from smokers' absenteeism were estimated to account for another $1.5 billion.

Many of the discussions of the ill-effects of smoking tend to blame the individual smoker rather than the industry and the government which subsidizes it. Yet tobacco companies have few restrictions placed on their advertising and are not required to warn buyers about the addictive or carcinogenic properties of cigarettes. Recent advertising has been geared to young women, who form a large potential market, linking smoking with leisure, success and happiness. International health workers have reported flashy billboard and television commercials encouraging smoking in developing countries, with no information about health risks.

If the Canadian government were really concerned about the health risks from smoking, a number of changes could be encouraged. Advertising and sales promotion of cigarettes could be curtailed or banned. More stringent warnings could be required on packaging. Maximum tar and nicotine levels could be established. Restrictions could be placed on smoking in public places, particularly the workplace. Efforts to prevent young people from smoking could be augmented, including educational programs on the side effects. Taxes and prices could be raised, and subsidies on tobacco abolished. It is clear that dependence on voluntary initiative from the tobacco companies and from smokers themselves is not enough to protect the health of Canadians.

We know that the longer people smoke, the higher the sickness and death rates. The fact that increasing numbers of smokers are giving up the habit indicates a concern about their health. A study at the University of Western Ontario discovered that the public is not as polarized on this issue as some media reports have suggested. Both smokers and non-smokers, according to this study, would support increased restrictions on smoking. Now that we know that smoking is dangerous to everyone's health and costly to the taxpayer, why not try to reduce these risks through legislation?

● (1530)

To this end I should like to put forward the following recommendations for the government and the Speakers of the Senate and the House of Commons to consider implementing on Parliament Hill: First, no-smoking areas could be designated in the parliamentary cafeterias and dining room which would be properly ventilated and partitioned from the smoking area. No-smoking areas have been legislated in Toronto restaurants already. Secondly, smoking could be prohibited in committee rooms unless more adequate ventilation is provided to extract the smoke from the room. As a minimum requirement, smokers could be segregated to one end of the room near a door or window. Thirdly, the ill effects of second-hand smoke could be publicized and a campaign to abolish smoking in the workplace discussed, since people are no longer required to

work in an unhealthy environment according to federal law. Fourthly, consideration should be given to the federal government's role in condoning a habit which has been shown to be harmful by not passing strong legislation restricting advertising of tobacco products and by not acting against smoking among its own employees in the workplace. Finally, since some places of business have already enforced no-smoking regulations in the workplace, for example the Kingston *Whig-Standard,* the Government of Canada should also provide an example by acting as soon as possible on this issue.

I hope that honourable senators will support these recommendations and convince the Speakers of both houses and the appropriate authorities to come to grips with this major issue that affects the health of so many Canadians.

Hon. John M. Godfrey: Honourable senators, I should like to ask Senator Bosa a question. He proposed that the Government of Canada should act on this matter. I should like to point out to him that the Government of Canada does not need to act on some of the suggestions that he made, and I am thinking particularly of his comments referring to the Parliamentary Restaurant. Surely the Joint Committee on the Restaurant of Parliament should take the appropriate action.

Senator Bosa: I believe that that committee no longer exists. In effect, it does exist, but it does not have any more power to make decisions. Notwithstanding that, I did suggest that the Government of Canada should take action on this matter and also that the Speakers of both houses should ensure that committee rooms, cafeterias and the Parliamentary Restaurant should adopt some of these rules because it is under the jurisdiction of the Speakers that some of the places on Parliament Hill rest.

On motion of Senator Frith, debate adjourned.

AGRICULTURE, FISHERIES AND FORESTRY

MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO STUDY FISH MARKETING IN CANADA—DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of Wednesday, December 19, 1984, moved:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and report upon all aspects of the marketing of fish in Canada, and all implications thereof;
>
> That the Committee have power to travel from place to place in Canada; and
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

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

Hon. Gildas L. Molgat: Honourable senators, is it the intention of Senator Marshall to speak on this subject?

Hon. Jack Marshall: Prior to the end of the session I was prompted to get unanimous consent to move the motion because of appeals made by those who had spoken in the debate on the Freshwater Fish Marketing Board, which I think will be one of the first subjects of our examination. I believe that unanimous consent was given in the chamber. Therefore, I do not think there is any need to speak on the motion.

Senator Molgat: Honourable senators, my concern is that there should be an adequate study of the freshwater fish side of the question. The problem arises with respect to total volume, total dollars and in terms of total people involved. The freshwater fish part is very small by comparison to the two large fisheries on each coast, and it is also a very different type of fishery. My concern is that unless we take some special measures to have a subcommittee of this committee doing a simultaneous study of freshwater fish while the study on the major fisheries on the two coasts is being done, there is a danger that there will not be adequate concern for the freshwater fishery. It affects the native population of the west particularly. Therefore, I am not going to suggest that we delay the inquiry, but I hope that when the committee organizes itself we can have a further discussion on this matter to decide how we can deal with that particular problem.

Senator Marshall: Honourable senators, I think that Senator Molgat was present when we discussed the Freshwater Fish Marketing Board. That discussion prompted my introduction of the motion. I can assure him that that subject will take the highest priority when we investigate fish marketing. I welcome his interest, and hope that he will play an active part in that regard.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, my recollection coincides with Senator Marshall's that there is no opposition to this. On the other hand, I do not remember it being discussed in our caucus. I would like to adjourn the debate provided that it will not excessively delay the matter. We will have a caucus meeting on Tuesday, February 5, and Senator De Bané can convince his colleagues, which I am sure he will do, that we should support it. I have no reason to believe that he will act otherwise. I would like to have the opportunity to ensure that our caucus supports it as I believe they do.

Senator Marshall: There should be no undue delay because we still have to focus some attention on the report previously issued by the committee entitled "Soil at Risk." There has not yet been an opportunity to have a full debate on that subject or to call witnesses. I had a telephone discussion with Senator Sparrow yesterday at his home in Saskatoon, and it would appear that he would need a month to get all the witnesses

together that he would like to hear from and to allow the debate to continue in the chamber.

Senator Frith: Since our caucus meeting at the moment is planned for the afternoon of Tuesday, February 5, when the Senate rises, perhaps we could adjourn this motion until Wednesday, February 6 and I can speak to it then, and I suspect that we will support it.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, February 5, 1985, at 2 p.m.

THE SENATE

Tuesday, February 5, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon. C. William Doody (Acting Leader of the Government), for Senator Roblin, presented Bill S-3, to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for the avoidance of double taxation with respect to income tax.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on National Finance have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps the Acting Leader of the Government could give us a brief explanation why this is necessary.

Senator Doody: Certainly. The National Finance Committee is currently holding meetings to consider legislation, and as of this time no reference has been given to that committee by the Senate which would enable it to hire the necessary staff to carry on its work. That should have been done earlier, but apparently was not. Its budget has been presented and has been approved. That is the purpose of this particular motion.

Senator Frith: Leave is granted.

Hon. Senators: Agreed.

Motion agreed to.

AGRICULTURE, FISHERIES AND FORESTRY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXAMINE ANNUAL REPORT OF FRESHWATER FISH MARKETING CORPORATION

Hon. Jack Marshall: Honourable senators, I give notice that tomorrow, Wednesday, February 6, 1985, I will move:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the Annual Report of the Freshwater Fish Marketing Corporation for the fiscal year ended April 30, 1984, tabled in the Senate on 5th February, 1985.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

APPEAL BY BANK OF NOVA SCOTIA TO SUPREME COURT OF UNITED STATES

Hon. Ian Sinclair: Honourable senators, my question is directed to the Acting Leader of the Government in the Senate.

I think all Canadians have indicated their objection to the extraterritorial application of U.S. law. Recently the United States Supreme Court refused to hear an appeal by the Bank of Nova Scotia from a fine imposed by a District Court of the federal jurisdiction involving an amount of $1,825,000 (U.S.). The bank refused to supply to the grand jury, under subpoena, certain documents from a third country because, had it done so, it would have been in violation of the law of that third country.

The Bank of Nova Scotia, in its application for leave to appeal to the Supreme Court of the United States, was supported by the Government of the United Kingdom, the Government of the Bahamas and the Cayman Islands, and the Government of Canada.

In view of the rapport that exists between the Prime Minister of Canada and the President of the United States, the only way this injustice can now be overcome is by the Prime Minister taking some individual action. Would the government ask that this issue be raised in the agenda for the forthcoming meeting between the President and the Prime Minister, and

that legislative action be taken so that this fine can be remitted?

• (1410)

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I will certainly refer the question to the appropriate authorities in order to get an answer for Senator Sinclair.

UNITED NATIONS

FOOD AND AGRICULTURE ORGANIZATION—CANCELLATION OF APPOINTMENT OF HON. EUGENE WHELAN, P.C.

Hon. Keith Davey: Honourable senators, I should like to draw the attention of the Acting Leader of the Government to the Canadian Press story which appeared in all three Toronto newspapers this morning. The Toronto *Star* headlines the story, "Whelan fired despite advice, papers show." The Toronto *Sun* headlines the story, "Whelan post not just Grit reward." The *Globe and Mail* headlines the story, "Clark ignored External when he dumped Whelan." Documents obtained by the Canadian Press, heavily censored and previously marked "confidential," were obtained by the Canadian Press under the Access to Information Act. The facts are that the Secretary of State for External Affairs, Joe Clark, ignored the recommendations of his own department when he decided to cancel Mr. Whelan's appointment as Canadian Ambassador to the United Nations Food and Agriculture Organization in Rome. The fact is that senior External Affairs officials had recommended in the early 1980s the appointment of an ambassador to the Food and Agriculture Organization.

In other words, Mr. Whelan was quite accurate when he stated after his appointment in July that External Affairs had proposed the post, that his appointment was "not just a Grit reward," in the words of the Toronto *Sun*.

In all of these circumstances, will the government reconsider its decision about appointing such an ambassador? If so, why would it not appoint Mr. Whelan, who so obviously possesses all of the necessary credentials?

Hon. C. William Doody (Acting Leader of the Government): My understanding is that the decision of the government is quite final in this regard, but if the honourable senator wants me to look further into it, I certainly will.

Senator Davey: I am sorry, I could not hear your answer.

Senator Doody: I think I said no.

Senator Davey: You are not prepared to suggest an answer?

Senator Doody: I said that my understanding of the matter is that the government's position on it is quite clear and, to the best of my knowledge, irrevocable. However, I will look into it further if the honourable senator so wishes.

Senator Davey: Yes, I would like you to do that. Thank you.

UNIVERSITY OF TORONTO

MOCK PARLIAMENT ELECTION RESULTS

Hon. Keith Davey: Honourable senators, I have an additional question, which is not a supplementary. I wonder if the Acting Leader of the Government would like to see the detailed results of last Thursday's Liberal Party election victory at the University of Toronto's mock parliament.

Hon. Royce Frith (Deputy Leader of the Opposition): Will the Acting Leader of the Government take that question as notice?

Hon. C. William Doody (Acting Leader of the Government): It is too heavy for me.

CONSUMER AND CORPORATE AFFAIRS

TRADEMARK LEGISLATION

Hon. John M. Godfrey: Honourable senators, I have a question for the Acting Leader of the Government. I asked this question three years ago, without results. Senator Perrault was then the Leader of the Government in the Senate. The question that I asked on February 11, 1982 reads as follows:

> Honourable senators, I have a question for the Leader of the Government in the Senate. On February 13, 1979, I moved second reading of a new trademark bill, and I said at the time:
>
> In 1971—
>
> Note that the year is 1971.
>
> —the Trade Marks Act has been subjected to a thorough examination by the Economic Council of Canada in its report on Intellectual and Industrial Property.
>
> This started the process of serious consideration being given to once again revising the Trade Marks Act. After careful consideration of the various commentaries that have been received by the government in response to the Economic Council's report, the government, in 1974—
>
> Note that year.
>
> —issued a working paper on the revision of the Trade Marks Act and invited comments thereon. Those comments, together with extensive consultation with the private sector and with the relevant government departments, have culminated in Bill S-11, which is before us tonight.
>
> Towards the end of my speech I said:
>
> Certain officials in the Department of Consumer and Corporate Affairs are holding a series of seminars across the country with persons interested in this bill. These seminars commence in Edmonton on February 20 and finish in Halifax on March 8. At these seminars there will be briefings on the contents of the bill, and the changes to the present act—
>
> The real purpose in presenting this bill is so that it can go public, and so that everyone can have a reason-

able length of time to consider its contents and make recommendations both to the department and to the Senate committee.

At that time it was not possible for the bill to be dealt with before the election was called.

Honourable senators, back in 1982 I stated:

This coming Saturday we shall celebrate the third anniversary of my introduction of that bill in the Senate, and we still have not got the bill back. It is 11 years since the process began, and eight years since the government issued a working paper on revision of the Trade Marks Act.

My question is: How many more years do we have to wait? Can anything be done to instil a sense of urgency in the officials of the department who are looking after this matter?

Honourable senators, I must say I was rather unfair to the officials of the department, as will appear from the letter I wrote on November 4, 1982, to Senator Olson who, at that time, was the Leader of the Government in the Senate.

Hon. Orville H. Phillips: Did you get a good reply?

Senator Godfrey: In that letter I stated:

Dear Senator Olson:

Herewith copy of the question which I asked in the Senate on February 11, 1982, and which I think contains all the information you need. I asked a further follow-up question on March 11, and Senator Perrault replied that "at the present time the trademark measure is not a leading matter of priority with the government."

I have spoken to the official in the Department who has been working on the Bill, and he says that everything is ready to go but that they are waiting authorization from the Minister.

Honourable senators, we have been waiting from 1971 to 1985—14 years—and we still do not have a trademarks bill. This is the kind of thing that brings both the government and Parliament into disrepute.

My question is: Will the Acting Leader of the Government in the Senate make inquiries and find out why a new trademarks bill has not been presented? Since, obviously, the House of Commons may have other priorities, I would point out that this is the ideal type of bill to be presented initially in the Senate. It is a techical bill which one of our committees could deal with and do a very good job on. Would the Acting Leader of the Government make inquiries to ascertain the situation and let us know?

Honourable senators, let us hope that the present government will be more expeditious in this matter than was the last one.

Hon. William C. Doody (Acting Leader of the Government): Honourable senators, I appreciate the question and I can assure the honourable senator that this government can hardly be less efficient in terms of the trademarks bill.

I will confer with various past Leaders of the Government in the Senate to ascertain what happened in this regard.

Senator Godfrey: Honourable senators, I was going to threaten to raise this matter again in another three years, but I shall not be around here in another three years.

Hon. Royce Frith (Deputy Leader of the Opposition): Say it isn't so.

FOREIGN AFFAIRS

IRAN—PERSECUTION OF BAHA'IS

Hon. Jerahmiel S. Grafstein: Honourable senators, my question is for the Acting Leader of the Government in the Senate. On January 30, the Toronto *Star* contained a lengthy article on Iran's current practices with respect to the people of the Baha'i faith. The article states:

Iran, whose systematic use of torture and executions without fair trial is under investigation by the United Nations, has become the first country in the world to denounce the 1948 Universal Declaration of Human Rights.

According to this article, the Iranian ambassador to the United Nations said that his country "would not hesitate to violate" the declaration because it derives from "the Judeo-Christian tradition." Apparently, Iran, which voted for the declaration, now claims that it abides only by the "divine law" of its 1979 Islamic constitution. As a result of this domestic Iranian policy, there are over 3,000 Iranians of the Baha'i faith who are being singled out, persecuted and punished.

In light of the current status or rupture of relations between Canada and Iran, would the acting leader inform the Senate what, if any, steps the government is contemplating to isolate and deter this intolerable action and conduct?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I will take the question as notice and attempt to get an answer.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 6, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

[*Translation*]

OFFICIAL LANGUAGES POLICY AND PROGRAMS

STANDING JOINT COMMITTEE—QUORUM—MESSAGE FROM COMMONS

The Hon. the Speaker *pro tempore:* Honourable senators, I have received the following message from the House of Commons:

Tuesday, February 5, 1985

Ordered,—That the quorum of the Standing Joint Committee of the Senate and the House of Commons on Official Languages Policy and Programs be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

MICHAEL B. KIRBY
for the Clerk of the House of Commons

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY CONSULTATION PAPER ON CHILD AND ELDERLY BENEFITS

Hon. Arthur Tremblay: Honourable senators, I give notice that on Tuesday next, February 12, 1985, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Consultation Paper on Child and Elderly Benefits, issued by the Department of National Health and Welfare, tabled in the Senate on 5th February, 1985; and

That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.

[*English*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, can we assume that the explanation for this motion is the same as that given for a similar motion yesterday?

Senator Doody: My understanding is that the explanation is exactly the same. Senator Murray will be here shortly, if the honourable senator wishes to ask him further questions.

Senator Frith: In effect it rectifies an oversight.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Acting Leader of the Government in the Senate. It is prompted, as honourable senators might imagine, by the order paper. We have been here for two days now. There has been committee activity but there has not been very much activity for the Senate as a whole. Yesterday I think we established a record by adjourning before 1430 hours.

Hon. Raymond J. Perrault: Another Canadian record.

Senator Frith: I am glad that the former Minister of State for Fitness and Amateur Sport is here to see that it is recorded in the Guinness record books.

Senator Perrault: That is statistically correct.

Senator Frith: So, can the acting leader tell us whether we can expect any more legislation from the other place?

Honourable senators will remember that when we adjourned on January 24 I asked whether we could look forward to some legislation, particularly in reference to statements made in the Speech from the Throne about what Parliament was going to be asked to do. That speech was made last September. There has been very little legislation, except that which was carried over from the previous government.

Would the acting leader tell us whether we can anticipate any more legislation and, if not, whether we will be sitting here next week? Is there any reason for us to be here next week, or will we adjourn for two or three weeks until the government manages finally to put its legislative program together and gives us something to work on?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, we have before us in committee probably the most important bill on the order paper at the present time, Bill C-11.

Senator Frith: It does not take much to be the most important one.

Senator Doody: I said that it is obviously the most important bill. Nuance is important too. Bill C-11 must be dealt with. If it is dealt with this week, then things are fine. But whether we have to wait and deal with it next week or the week after is entirely up to honourable senators. I do not feel we can adjourn while that important piece of legislation is sitting on the order paper.

As for further business, I have been in contact with people in the other place. They tell me that there is some legislation on the way. They have not been all that definite so I cannot give a specific list of the legislation we can look forward to receiving next week. However, there will be some, and when I get a further update I will pass it on to honourable senators. I point out again that the adjournment plans hinge on the disposition of Bill C-11. We really cannot, in all conscience, show a great deal of responsibility by adjourning while this important piece of legislation is sitting out there.

Senator Frith: Honourable senators, there are two aspects to the need for the Senate to be here to deal with Bill C-11. Agreed, it is important legislation. But it is hard to be convinced that it is very urgent, in view of the fact that it took so long in the other place and in view of the fact that the Leader of the Government in the Senate, the official representative of the government, has been absent this week and does not indicate that there is any great concern. Certainly, his trip to Africa is thoroughly justified but, in light of his absence, it is not justified to say that there is some urgency to this bill or that there is evidence of government concern about it.

The second point is that we should know tomorrow whether Bill C-11 is going to clear the National Finance Committee. However, whether it does or not, there is no need for the Senate to come back next week. If it wishes, the committee can continue to meet in the absence of the Senate, as it did last week. So, I advise the Acting Leader of the Government and house leader that no case has been made out for our coming back next week because of Bill C-11, especially if it transpires that that bill does not clear the National Finance Committee. I suggest he reconsider the question and try to obtain further detail for us tomorrow as to whether there will be any business for the Senate to deal with next week.

• (1410)

Senator Doody: The honourable senator raises a couple of very interesting points, one of which, of course, is the absence of Senator Roblin on official government business. I am sure that all senators are aware of the fact that Senator Roblin is leading an official delegation. His absence from the Senate in no way implies that Bill C-11 is not an important piece of legislation. In fact, if my memory serves me correctly, before he left, an all-party agreement had been reached in the other place to pass that particular piece of legislation. Therefore, Senator Roblin had no way of knowing that the honourable senators opposite were not in accord with their fellows in the other chamber.

Senator Frith: He was at the first meeting of the committee; he knew.

Senator Doody: One would assume that an all-party agreement would be an all-party agreement and that it would hold good for both houses. That is obviously not the case.

Senator Frith: Let the record show "Oh, oh."

Senator Doody: There are obviously two different parties with varying degrees of leadership, and we will see how that develops, as we go along.

On the other hand, I suggest that it would be rather improper for me to assume that Bill C-11 will not be passed this week or next week, or even the following week, by saying that we are going to adjourn until such time as the bill is passed. Obviously, the Senate's responsibility is to the legislation, and to its duties and, as I have said, the major piece of legislation before us now is Bill C-11. I certainly would not be a party to asking this house to adjourn to await the pleasure of the committee. I think we should be at the disposal of the public to pass that bill when the committee sees fit to send it to us.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, reference has been made to an all-party agreement as the reason why this chamber ought to pass this bill quickly, almost without scrutiny. Now that the Acting Leader of the Government has referred to an all-party agreement, perhaps he could tell us who were the participants in this agreement. Who agreed, and to what?

Senator Doody: My information is that the agreement was made at a meeting of the leaders in the other place. However, I can certainly obtain the details if my honourable friend is not aware of them.

My reason for raising the all-party agreement was to demonstrate the fact that there was not a great deal of justification for Senator Frith's saying that Senator Roblin

had treated this bill with something less than urgency by leaving on official business. Senator Roblin had every reason to believe, as we all did, that Bill C-11 had been agreed to in its present context by all of the parties on the Hill and, therefore, Senator Roblin left here with a free conscience.

Senator Frith: Senator Roblin was at the first meeting of the committee—

Senator MacEachen: In my opinion, the Acting Leader of the Government is introducing a principle into the discussion that I totally reject, and that is that arrangements reached among parties in the House of Commons are binding upon the parties in the Senate. That is certainly an objectionable principle, and flouts very directly any concept of an independent Senate.

Hon. Jacques Flynn: It is not so long ago that the former Leader of the Government in the Senate took his instructions from you, directly.

Senator Frith: Never, never; a scandalous suggestion.

Senator MacEachen: Never, never.

The Hon. the Speaker *pro tempore:* Order.

NATIONAL HEALTH AND WELFARE

CANADA-BELGIUM SOCIAL SECURITY AGREEMENT—DELAY IN TABLING

Hon. John M. Godfrey: I have a question for the Acting Leader of the Government in the Senate. You have today tabled an agreement on social security between Belgium and Canada dated May 10, 1984. That tabling was considerably quicker than the introduction of the Trade Marks Act I referred to yesterday. But I would like to ask why there has been a delay in tabling from May 10, 1984 until now. Perhaps the Acting Leader of the Government in the Senate would explain.

Hon. C. William Doody (Acting Leader of the Government): Off the top of my head, I really cannot tell the honourable senator, unless it was coming by Canada Post. I will try to find out for him the reason for the delay.

ECONOMIC COUNCIL OF CANADA

RUMOURED DISSOLUTION

Hon. Lorna Marsden: Honourable senators, I have a question for the Acting Leader of the Government in the Senate.

There are rumours all over Parliament Hill that the government intends to dissolve the Economic Council of Canada. I should like to know if those rumours are true and, if so, could the Acting Leader of the Government tell us why the government is taking that action?

Hon. C. William Doody (Acting Leader of the Government): I thank the honourable senator for the question, but I have not been privy to those rumours. So, since I have not even heard those rumours, it is difficult for me to say that there has been any government policy change in that direction.

If the honourable senator wants me to ask the responsible ministry for some information on that subject, I would be only too happy to oblige.

Senator Marsden: I would be grateful if you would clarify the matter for us. At the same time, I wonder if the government is aware that the Economic Council of Canada, after years of urging, has finally established an advisory council on the relationship of women to the Canadian economy; that it has commissioned a number of research papers, some of which are not yet published; and that it held an important conference last November which was the first time the Economic Council of Canada looked at the relationship of women to the Canadian economy, and various other aspects of the economy affecting women.

Senator Doody: May I take the question as notice and attempt to obtain that information for the senator?

Senator Marsden: Yes. At the same time, could the acting leader ask the officials, if they are planning to disband the Economic Council of Canada, how they plan to carry forward the research program in this area of women and their relationship to the economy that has been established by the Economic Council of Canada?

Senator Doody: The last part of the question may be difficult to answer because it was preceded by an "if", and they may not be in a position to supply that information. I will certainly attempt to obtain that information for the honourable senator.

Hon. H. A. Olson: Everything else is hypothetical.

ENERGY

PRICE OF CANADIAN CRUDE OIL

Hon. Gildas L. Molgat: My question is for the Acting Leader of the Government in the Senate.

My honourable friend, coming from the province of Newfoundland, is very familiar with the high cost of fuel in Canada. Could the acting leader confirm whether it is correct that by acceptance by or decision of the government, Canadian crude oil is now being sold in Chicago at prices lower than those at which it is being sold in Canada and, hence, Canadians, including residents of Newfoundland, are paying prices that are higher than those we expect Americans to pay?

Hon. C. William Doody (Acting Leader of the Government): I cannot confirm that, but I will certainly look into the matter for the honourable senator.

Hon. Philippe Deane Gigantès: My question is a supplementary one. While the Acting Leader of the Government is looking into the matter of the price of crude oil in Chicago, and if it is true that it is being sold for less in Chicago, could he tell us whether that will result in a loss in tax revenue to the various governments that tax that oil, whether it reflects a reduction in the price charged by the oil companies, and

whether the oil companies are making a profit or not? If they are making a profit, why can they not make a profit in Canada selling oil at 18 cents less?

Senator Doody: I will certainly attempt to obtain all the information I can, senator.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved second reading of Bill S-3, to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, the purpose of this bill is to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for the avoidance of double taxation with respect to income tax.

The four tax conventions under review follow the general pattern of the conventions previously approved by Parliament. The number of Canadian tax treaties in force is 34. The conventions with Cameroon, Ivory Coast, Kenya and Sri Lanka, approved by Parliament last June, should be ratified in the near future. After their ratification, the number of conventions in force will reach 38. The total number will reach 42 once the four conventions under study are ratified.

● (1420)

Honourable senators, I should now like to indicate the main elements of these tax treaties. Generally, dividends paid by Canadian enterprises may be taxed in Canada at a maximum rate of 15 per cent. In the case of dividends paid by a Thai enterprise, a 15 per cent rate will apply in Thailand if the Canadian company receiving the dividends holds an equity percentage of at least 15 per cent in the company paying the dividends and if the latter company engages in an industrial undertaking. In the case of dividends paid by a Cyprus enterprise, an exemption will apply as long as Cyprus does not impose a tax on dividends in addition to the tax chargeable on the profits of companies. If Cyprus introduces a tax on dividends, the rate will be limited at 15 per cent under the convention. For dividends paid by a Brazilian enterprise, a maximum rate of 15 per cent will apply but only if they are derived by a Canadian enterprise which holds an equity percentage of at least 10 per cent in the enterprise paying the dividends.

In the case of interest paid by a resident of one country to a resident of the other country, a general rate of 15 per cent will apply. However, there are a number of exceptions. In the case of Brazil, the 15 per cent rate applies only if the interest is derived by a company. In addition, with respect to interest paid to the government, a political subdivision or an agency wholly owned by the government or the subdivision, that interest is exempt in the country in which it arises. In the case of Cyprus, there is also an exemption on government bonds and on interest paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured by the Export Development Corporation or its Cyprus equivalent. The 15 per cent rate does not apply in the case of interest arising in Thailand; the rates are 10 per cent if the interest is received by a Canadian financial institution and 25 per cent in other cases. However, interest paid to the government, the central bank and EDC are exempt.

With respect to royalties, the conventions provide for a general rate of 15 per cent in the source country, except that in the case of Cyprus the rate is set at 10 per cent. In addition, with respect to Brazil, the 15 per cent rate applies only if the recipient is a company. Copyright royalties are exempt in the case of Cyprus and subject to a 5 per cent rate in the case of Thailand.

Honourable senators, there are certain other elements of these tax treaties worth mentioning. For example, the treaty provisions dealing with capital gains reflect the standard Canadian position enabling the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

Under these conventions discrimination on the basis of nationality is prohibited, thereby ensuring nationals of a country equal treatment with nationals of the other country in the same circumstances. However, this does not prevent a country from providing fiscal incentives—for example, the small business deduction—on the basis of the residence of the taxpayer.

Canada has preserved its right to tax pensions paid to residents of the countries included in this bill. However, in the case of the conventions with Cyprus and Brazil the right to tax pensions the amount of which is less than $10,000 and $4,000, respectively, in a calendar year is given exclusively to the country of residence of the recipient. War veterans' pensions are generally exempt.

In Canada double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit in accordance with the limitations provided for in the Canadian legislation. In addition, dividends received by a company resident in Canada from the exempt surplus of its foreign affiliate resident in a treaty country will be exempt from tax in Canada.

The conventions also contain "tax-sparing" provisions or, in the case of Brazil, a "matching credit" provision. Under these provisions the tax incentives granted by the domestic legislation of those countries will be recognized in computing Canadian tax and, therefore, Canadian residents will be allowed to deduct the amount of tax which would have been payable in the absence of the special incentive legislation in the other country.

On balance, the terms of the tax conventions provide some equitable solutions to the various problems of double taxation existing between Canada and these countries. Each of these

countries hopes to implement the bilateral tax convention as soon as possible and, consequently, I commend this bill to the most favourable consideration of this chamber.

Hon. John M. Godfrey: Honourable senators, I should like to add a word about this bill. I have noticed that the objectionable features that appeared in other tax bills, which were objected to by the Standing Senate Committee on Banking, Trade and Commerce, which permitted a change in the tax treaty by regulation, are not included in this bill. I want to commend the government on that.

On motion of Senator Leblanc, debate adjourned.

TRANSPORT

MOTION TO AUTHORIZE TRANSPORT AND COMMUNICATIONS COMMITTEE TO STUDY POLICY ON CAR RENTAL OUTLETS AT AIRPORTS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Argue, P.C., seconded by the Honourable Senator Petten:
>
> That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the policy of the Department of Transport regarding car rental outlets at airports, more particularly its refusal to open up competition, to increase the number of car rental outlets, the effect of restricting the major share of business to multinational companies, the adverse effect on jobs in Canadian companies and the advantages to the travelling public of greater competition.—(*Honourable Senator Doody*).

Hon. Nathan Nurgitz: Honourable senators, having had a long and deep interest in airports and car rentals, I undertook a careful reading of the points Senator Argue raised in his inquiry; the comments of Senator Steuart; and, indeed, even some of the questions raised by the Acting Leader of the Government.

I am somewhat mystified as to why Senator Argue would wish the Standing Senate Committee on Transport and Communications to spend time on an issue which has undergone a comprehensive examination in the House of Commons Transport Committee. The Minister of Transport appeared before that committee on two occasions, in November and in December of 1984. I have also read the questions raised by the member from Regina East in the House of Commons.

In 1979, the current Minister of Transport—as he was then in his previous life—initiated a scrutiny of the airport vehicle rental concession policy. My understanding is that a consultative process was established with the car rental industry. What was considered to be a fair and workable policy was developed.

One of the aspects of the 1979 policy was a new arrears provision which, essentially, (a) precluded a company in arrears from tendering, and (b) precluded a company from conducting business under a trademark or trade name identical or similar to that used by a person or corporation in arrears. All of this arose because a whole series of companies operating at Canadian airports had failed to pay many millions of dollars. This was not peculiar to one region or to large or small airports. My understanding is that arrears were running wild in virtually all parts of the country.

The existing airport vehicle rental concession policy governs the tendering procedures and licensing requirements for vehicle rental concessions at 68 Transport Canada airports across the country.

Following a consultation process which took place throughout the early 1980s, a policy was approved by the present Minister of Transport on October 19, 1984. I am somewhat reluctant to be critical of Senator Argue, who is not in the chamber this afternoon, but the policy that is now in existence was in existence during the four years that he was a member of the cabinet. I do not recall his saying, either in this chamber or elsewhere, that it was unfair or disadvantageous, as the present motion indicates. In fact, the new policy announced on October 19, 1984 is a relaxation of the policies that have existed up until now. I will speak about that in a moment. Specifically, one does not have to pay the arrears. One can agree to pay them over five years, for example. So there is, in fact, an easing-up.

● (1430)

The tendering process commenced immediately after the policy was announced on October 19 last with advertisements appearing on October 26 and 27, and November 2 and 3. Cross-country information briefings were held by the Department of Transport in various centres between November 13 and 23 and tenders officially closed on December 7, 1984. I might add that a total of 262 tender submissions were received, and 218 were deemed successful. The companies that are to be awarded licences to operate at Canadian airports for the next five years have offered annual minimum guarantees to Transport Canada totalling over $61.5 million.

Franchisees bidding under the Holiday flag—and that is the concern raised by Senator Argue—submitted tenders at only 13 of the 59 airports—we should bear in mind that some of them are very small airports—and they were successful in eight, being awarded concessions at Charlottetown, Halifax, Moncton, St. John's, Thunder Bay, Regina, Lethbridge and Ottawa. Now in place are contracts that commenced on January 1, 1985, and that run through to 1990.

With respect to the offers of the multinational corporations, the vehicle rental licences will be awarded in all but 13 instances—that is, of the 218 that were awarded—to Canadian businesses operating as franchisees of either multinational companies or domestic companies. The successful multinational tenderers bid at Vancouver, Edmonton, Toronto, Kamloops, Castlegar, Whitehorse, Port Hardy, Smithers and Watson Lake. The majority of the employees of all of those companies are Canadian, while some of the operators may be multinational.

The tender call has provided from two to six car rental counters at each airport. The Canadian public is thus well

served by a competitive environment at the airport. Under the 1979 policy all counter spaces were of equal size and each successful tenderer had an equal number of parking spaces. Under the 1984 policy, the counter spaces will vary in size, with companies making the highest bid getting larger counters and a larger number of vehicle parking spaces. The travelling public can also make prior arrangements to be picked up by off-airport car rental operators if they choose to do so—that being another operation.

For January 1985, following the recent tender call, I am advised that at 36 of the 59 smaller airports, where four counters are available, there were not more than four bids, so that everyone who applied was successful, and at many of these airports we have three or less operators. Currently, of the 59 smaller airports, only 24 operate with full four counters.

The overriding principle governing the 1984 policy is that the 1979 policy be continued with few exceptions, those being in the areas of, first, official language requirements, and, secondly, the arrears provision. The arrears provision of the 1984 policy is essentially the same as the 1979 policy. Extensive representations were made on behalf of the Holiday Rent-A-Car system in relation to the applicability of the arrears policy. That is, they were seeking to have their arrears written off.

The Deputy Leader of the Government asked Senator Argue to comment on the fairness of allowing Holiday to continue when others had to pay their arrears. There are many Holiday franchises that are in arrears. At those particular airports they are not, of course, entitled to bid, but that does not stop them from bidding at airports in which they are not in arrears. This particular outfit, which has just been awarded eight concessions, is indebted to the Government of Canada to the tune of over $800,000. Yet it is still entitled to bid under the revised policy.

Strong representations were made to the effect that this operator be permitted to participate in the most recent tender call on a national basis—that is, as a national system—notwithstanding the fact that arrears totalling over $800,000 were outstanding. Holiday's argument was based primarily on the fact that at many of the locations where licences had been cancelled by virtue of substantial arrears, new franchisees were in place. That is, they were still Holiday Rent-A-Car franchises, but the former operator had left and there was a new man in his place.

The argument advanced suggested that the new franchisees should not be penalized by being prevented from tendering by reason of the arrears owing from previous franchisees. Surely, honourable senators, anyone purchasing or acquiring one of those franchises would undertake, either on his own or through accountants or lawyers, to determine whether that franchise was in good standing. At least, one would believe they would do so.

After careful deliberation, it was decided that the Holiday position could not be permitted to stand and that the arrears policy had to be applied consistently. Over the past five years, companies such as Avis, Tilden, Hertz and Budget paid up arrears that were owing at some of their locations by reason of licences being cancelled. To have permitted Holiday to participate in a tender without the arrears being paid, or the matter being satisfactorily resolved by an agreement to repay, would have been very inequitable to all of the other concessionaires who have diligently paid the rent or paid the arrears over the past number of years.

It is rather surprising that as recently as December 6 a question was put to the minister in the other place suggesting that the car rental policy at airports was politically influenced. Apparently, that member had spent many hours with the minister in attempting to convince him that the arrears policy should be set aside for that one particular operator, but I believe that is not an issue with Senator Argue.

As I mentioned earlier, extensive answers and explanations were given on November 22 and December 3 concerning the application of the policy with respect to the operator mentioned by Senator Argue, and for that reason I raise the question as to whether it is necessary for the Transport and Communications Committee of the Senate to proceed with an inquiry. In fact, I have been asked by the minister to explain that four options were provided to that operator who feels aggrieved.

First, he could bid under the Holiday name at any airport where Holiday was not in arrears, and could, therefore, continue operation. Second, he could settle the arrears at any airport and bid in that name. Third, he could settle the national arrears or make some arrangement for repayment over a period of time and bid at all airports. Fourth, he could bid at any airport having Holiday arrears under any other name. There were a good many options open to this operator.

● (1440)

I could go on and illuminate the issue even more so by quoting from the minister who, as I have said, appeared before the standing committee on November 29 and in early December but, rather than belabour the subject, I will ask honourable senators who are interested in this issue to look at those particular passages. I have some difficulty understanding why further time is necessary. I regret that Senator Argue is not here today to deal with this matter, but if he is keen to proceed, perhaps instead of proceeding on this narrow issue he might consider broadening the terms of reference which he proposed for study and look at all forms of concessions, whether they be taxi, food, gift shops, or whatever which operate at or provide services to and from airports in Canada. I am advised by the Minister of Transport that such an exercise would be far more worthwhile and that, in fact, the matter has not been reviewed in recent years. It seems to be moving along slowly and there may be some valid complaints.

On motion of Senator Frith, debate adjourned.

HUMAN RIGHTS

MEETING OF EXPERTS—DESIRABILITY OF SENATE PARTICIPATION— DEBATE ADJOURNED

Hon. Stanley Haidasz rose pursuant to notice of Thursday, December 20, 1984

> That he will call the attention of the Senate to the desirability of its participation in the preparations for and deliberations of the special meeting of experts on human rights, which is to be held in Ottawa, April 23rd to mid-June, 1985, as directed in the concluding document of the Madrid Review Meeting of the Conference on Security and Co-operation in Europe.

He said: Honourable senators, I welcome this opportunity to speak to my notice of inquiry given December 20, 1984 that will call the attention of the Senate to the desirability of its participation in the preparations and deliberations of the special meeting of experts on human rights.

This spring, 35 countries, signatories to the Helskinki Final Act, will be sending their delegates to Ottawa to a special meeting of experts on human rights in accordance with a directive of the concluding document of the Madrid Review Meeting of the Conference on Security and Co-operation in Europe. This directive, found in paragraph 17 of the concluding document, reads as follows:

> The representatives of the participating states decided to convene a meeting of experts of the participating states on questions concerning respect in their states for human rights and fundamental freedoms in all aspects as embodied in the Final Act. Upon invitation of the Government of Canada, the meeting of experts will be held in Ottawa beginning May 7, 1985. It will draw up conclusions and recommendations to be submitted to the governments of all participating states. The meeting will be preceded by a preparatory meeting which will also be held in Ottawa beginning April 23, 1985.

Honourable senators, this decision was an important achievement of that lengthy and turbulent Madrid review meeting which, having begun auspiciously on November 11, 1980, was interrupted by the crises of the consequences of the Soviet invasion of Afghanistan, the imposition of martial law in Poland and the Soviet shooting down of the Korean civilian airliner. However, it was finally ended September 19, 1983 with a surprisingly significant concluding document. Along with some senators and members of the House of Commons, I had the privilege of attending with the Parliamentary Observers Group at this extraordinary meeting at which the Canadian Government Delegation, led by Ambassador R. L. Rodgers, performed so effectively. It was at this meeting in Madrid, precisely on November 12, 1980, that the proposal for a meeting of experts on human rights was made by the Honourable Mark MacGuigan, who at that time was Canada's Secretary of State for External Affairs. On this occasion he stated that Canada places great importance on the principle of human rights and its application in humanitarian co-operation between participating states, and also appealed for agreement at the meeting on the inherent dignity of the human person. Since the very beginning of the C.S.C.E. Canada has been in the forefront of the movement toward the adoption of human rights and fundamental freedoms as an essential part of any agreement and follow-up meetings. I would also like to mention that the Madrid Review Meeting, which can be described as an extended talk-fest abounding with political confrontation, did not end in failure as did the previous meeting in Belgrade, thanks in great measure to the success of U.S. Ambassador Max Kampelman's vigorous and effective leadership in preserving unity in the western ranks.

Human rights has emerged as an especially important and burning issue for the international community since World War II and the perpetration of the atrocities on and genocide committed by Hitler's Nazis of millions of innocent people of various nationalities, both inside and outside concentration camps. Some of the survivors are with us in Canada today, painfully remembering and enduring those violations of human dignity. Just last week a group of these survivors revisited the Nazi extermination camp at Auschwitz, reminding us that only 40 years ago in that part of western civilization and in a period of unprecedented technological development, such horrid deeds were inflicted on innocent civilians. Unfortunately, these crimes are often forgotten or ignored and even unknown by many and, worse still, remain unredressed by some persons in positions of responsibility.

However, since signing the Helsinki Final Act in 1975 the Canadian government and Canadians in general have become increasingly aware of and concerned about violations of human rights. Many of us in this chamber took an active part in the discussions and the enactment of the Canadian Charter of Rights and Freedoms, which was proclaimed on April 17, 1982. Many of us remember with pride those discussions, and we cannot forget the initiative that was shown by the Liberal government at that time under the leadership of the Right Honourable Pierre Elliott Trudeau when the motion was introduced to patriate our Constitution and to entrench in our new Constitution a *Charter of Rights and Freedoms*.

● (1450)

At this time, I would also like to say a few words about non-governmental organizations. By themselves, laws on human rights are no more than abstractions, composed of empty words, actually guaranteeing nothing. However, governments and legislators are the ones who must take concrete action and promote policies in consultation with individual Canadians and their organizations. If left to themselves, victims of human rights violations have few, if any, opportunities to make laws or to enforce them. That burden has traditionally fallen on others; organizations and churches have come together in order to improve the lot of those who suffer deprivation and oppression. These are known as non-governmental organizations to whom we owe a great deal of recognition and gratitude.

It is no exaggeration when I say that the non-governmental organizations have had a great influence on the development of national and international human rights laws and conven-

tions. I do not think there is a single resolution—perhaps not even a single declaration or treaty—in the field of human rights which does not ultimately owe its very existence, and frequently its formulation, to the untiring efforts of non-governmental organizations. Those organizations play a vital role in the preparation of briefs, in the submission of complaints and the presentation of petitions.

Within the democratic countries of the world, there are hundreds of these non-governmental organizations, and in Canada we have many of them. This afternoon I would like to pay a special tribute and say a word of thanks to them in this chamber for their efforts and for their assistance to victims and legislators alike.

This same appreciation and recognition is owing equally to the teachers of human rights, such as the late Bora Laskin and Professor John Humphrey of McGill University, whom I would call the elder statesmen in the field of human rights, here in Canada. Also, until recently, there was Judge Walter Tarnopolsky and a human rights expert, Dr. Richard Szawlowski, formerly of the University of Calgary, who has written widely on the subject of human rights legislation and practices in eastern European countries.

Non-governmental organizations have prodded legislators and governments towards human rights legislation. I would like to mention especially Amnesty International which has frequently, through its annual reports, for example, prodded governments to take action wherever violations of human rights took place. In Canada, the Committee of Captive European Nations, the Human Rights Committee of the Baltic Organizations, the Canadian Jewish Congress, the Canadian branch of the North American Study Centre for Polish Affairs and other organizations have frequently approached governments and legislators with respect to human rights matters. I would say that they have even reproached some governments for excessive recourse to quiet diplomacy and slowness of action in some cases of violations of human rights.

These and other representations, I believe, have moved the hearts of many politicians. For instance, the Honourable Flora MacDonald speaking at the United Nations on November 25, 1979, stated:

> Too often the international community has been reluctant or culpably slow to take steps to condemn and rectify these violations of human rights . . . . Public opinion today is calling us to account for this lethargy, this disregard for human suffering, this irresponsibility.

I am happy to note that the issue of human rights has become an increasingly major feature of Canadian foreign policy. In October 1978 the Honourable Don Jamieson stated that Canada has a moral and legal obligation to be involved in the promotion of human rights, both at home and abroad. In 1981, while addressing the Canadian Human Rights Foundation, the Honourable Mark MacGuigan stated:

> There has been a change of attitude in Canada . . . . Human rights are now recognized as a *bona fide* issue in foreign policy . . . . Governments must be made aware that their behaviour towards their own citizens will affect their international standing and their ability to develop normal and fruitful relations with other countries.

On April 22, 1983, the Honourable Allan MacEachen expressed support for a tougher policy on aid to countries where human rights were violated. He stated at that time that it was entirely right and appropriate that human rights should be accorded its place as one of the main principles of Canadian foreign policy. He also stated that we should be very careful to whom we extend our aid. Not long ago, we also learned that the present Secretary of State for External Affairs, the Right Honourable Joseph Clark, had promised to bring before Parliament the foreign policy review paper of his government. I hope that human rights will be a major feature of that discussion paper.

Canadian parliamentarians have also been active in the field of human rights. They have taken the initiative to fill a vacuum within the Canadian parliamentary system. On July 14, 1977, some senators and members of the House of Commons representing all political parties met to form a Canadian Parliamentary Helsinki-Monitoring Group. This group was a voluntary, *ad hoc* body formed for the purpose of providing a forum for parliamentary and public discussion focussing on the Helsinki Final Act and its review meetings. This group held several meetings with these non-governmental organizations, as I have mentioned. The group has also heard from Canadian diplomats, members of the teaching profession—amongst them Professor Irwin Cotler, a former president of the Canadian Jewish Congress—and representatives of the Canadian Committee of Captive European Nations and other national organizations.

Before Parliament was dissolved, one of the co-chairmen of that *ad hoc* parliamentary committee was our colleague, the Honourable Paul Yuzyk, a man who has devoted much of his time and effort to matters of human rights both at NATO and here in the Senate.

These parliamentarians spearheaded discussions on human rights at NATO and at International Parliamentary Union meetings. They attended the Belgrade Review Meeting of the Helsinki Final Act, and were the driving force behind the public hearings of the *pro tempore* parliamentary sub-committee on foreign affairs in preparation for the Madrid Review Meeting and, of course, participated as observers at that meeting in Madrid.

The dissolution of the Thirty-second Parliament deactivated all parliamentary committees. The long election, followed by the time it took to call the Thirty-third Parliament of Canada, has prolonged their inactivity. I hope that we in the Senate who have been members of this *pro tempore* and *ad hoc* parliamentary committee which has been monitoring the Helsinki Final Act will co-operate with anyone taking the initiative to continue these efforts. I believe that Senator Yuzyk has taken some steps in the direction of resurrecting that committee, if nothing else can be done before the meeting in Ottawa next spring of the human rights experts.

• (1500)

As I mentioned, the official preparatory meeting takes place on April 23. That leaves us approximately two months before any meeting can be held with experts in Canada, with officials from the Department of External Affairs, and especially with those NGOs who wish to participate in the preparatory meetings.

I might add that many interested national organizations and individual Canadians are anxiously awaiting the federal government's plans for those meetings. National organizations of European backgrounds in particular have a special interest in the conduct and outcome of those meetings, especially in view of recent pronouncements by the Secretary of State for External Affairs. There is no valid reason for inaction or delay in this matter, as the urgency exists and suggestions abound.

In a speech in this chamber on November 8, 1979, I proposed a motion similar to one I proposed in 1978. That motion was to establish a Standing Joint Committee on Human Rights and Fundamental Freedoms for the purpose of monitoring, studying and making recommendations on Canadian domestic and international obligations in human rights matters.

The other day we learned that the Minister of Justice, the Honourable John C. Crosbie, called for parliamentary investigation on his discussion paper entitled "The Equality Issues in Federal Law". On April 17, those will become an active part of the Canadian Charter of Rights and Freedoms. Such a committee could also tackle the very thorny issue of compensation to Japanese Canadians for the conduct of the Canadian government involving thousands of Japanese Canadians during World War II.

Many other suggestions have been made since the Helsinki Final Act was signed in 1975 for some continuing mechanism to monitor human rights in Canada. Professor Irwin Cotler suggested the creation of a commission to monitor the implementation of the Helsinki Final Act and domestic Canadian compliance.

It is interesting and worthwhile to note that both the emergence of active democratic groups in eastern Europe and their suppression had a powerful impact, especially on U.S. public opinion, demonstrating the value and potential usefulness of the Helsinki Final Act. What eventually emerged in the United States was an extraordinary and unprecedented public body established in June, 1976, comprised of 15 members of the legislative and executive branches, and called the U.S. Commission on Security and Co-operation in Europe. That commission is composed of six senators, six congressmen and three members appointed by the executive branch to monitor compliance with the provisions of the Helsinki Accord. That commission also conducts studies in some countries of Europe, and produces regular reports. The prestige and the usefulness of that commission led the President of the United States to integrate it into the official U.S. delegation to the CSCE review meetings of the Helsinki Final Act.

Honourable senators, the least that the Canadian government can propose or adopt is what precedence has established in 1977 for the Belgrade Review Meeting and in 1980 for the preparation of the Madrid Review Meeting. But experience and expectations call for an improved mechanism to get parliamentarians and non-governmental organizations more involved for greater effectiveness; otherwise the needs and the hopes of our people will be frustrated and the credibility of the government could be jeopardized. The talents and potential of senators and members of the House of Commons should be better mobilized and deployed to deal more effectively with human rights matters. Uniting the efforts of both houses of Parliament in this task would give competence and prestige; it would reduce delays; and it would eliminate duplications of cost and manpower.

The present *ad hoc* situation and only partial commitment is inadequate. A formal, official and permanent committee with adequate powers and resources would raise the human rights issue to its rightful importance, giving it urgent and profound attention on a regular basis and with total commitment. It would also serve, I believe, as an additional vehicle—indeed a more effective vehicle—for championing the rights of our citizens and fellow men elsewhere.

I would remind honourable senators of a quote in *"Faust"* written by Goethe which says "only he is worthy of life and freedom who struggles for it each day."

Honourable senators, if there is wisdom among us, and I believe there is, and if there is will, as I believe there should be, and if there is experience, as evidently there is in this chamber, then these qualities should be welded and employed in the best way to preserve and enhance human rights and fundamental freedoms. I therefore invite honourable senators to take up this challenge with a sense of urgency and determination. This could be another great opportunity for us to serve our fellow man.

Hon. Senators: Hear, hear.

Hon. George van Roggen: Honourable senators, I have a brief comment regarding Senator Haidasz's remarks.

By way of coincidence, and not knowing that he was going to introduce this matter this afternoon, I received a letter from the Department of External Affairs this morning requesting me, as Chairman of the Standing Senate Committee on Foreign Affairs, to suggest two or three names of members of the committee who might wish to participate in the arrangements for this conference.

Following consultation with the Deputy Chairman, Senator Macquarrie, I have dictated a letter in reply this afternoon suggesting two or three names. I am pleased to say that those two or three names included those of Senator Haidasz and Senator Yuzyk, who, I am sure everyone will agree, are leading authorities in this area.

It is encouraging to know that the department is going to use some of the expertise found in the Senate in the early planning for this conference.

Hon. Paul Yuzyk: Honourable senators, I have some opinions that I should like to express on this Inquiry. I think this matter should go beyond this chamber. I am pleased to hear that Senator van Roggen has already taken action and has suggested a committee.

I should like to speak on this Inquiry so that it will take on a much wider scope, including both houses of Parliament, and non-government organizations.

Therefore, honourable senators, I move the adjournment of this debate.

On motion of Senator Yuzyk, debate adjourned.

• (1510)

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE AUTHORIZED TO EXAMINE ANNUAL REPORT OF FRESHWATER FISH MARKETING CORPORATION

Hon. Jack Marshall pursuant to notice of Tuesday, February 5, 1985, moved:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the Annual Report of the Freshwater Fish Marketing Corporation for the fiscal year ended April 30, 1984, tabled in the Senate on 5th February, 1985.

He said: Honourable senators, you will recall that on December 18, 1984, Senator Bielish moved second reading of Bill C-5, which proposed an amendment to the Freshwater Fish Marketing Act to increase the permitted borrowing limit of the Freshwater Fish Marketing Corporation to $30 million from the present level of $20 million. At that time some concern was expressed by honourable senators from the prairie provinces, including Senator Molgat and Senator Steuart, and by Senator LeBlanc from the east, which related to certain aspects of the bill and the corporation itself. One of those concerns was whether or not the corporation was functioning in the best interests of the fishermen. There were difficulties in marketing, particularly with respect to Arctic char, the limitation of the resource, transportation and other matters. At that time I introduced the motion to study the marketing of fish.

When the report of the Freshwater Fish Marketing Corporation was tabled yesterday, the opportunity arose to deal with those concerns immediately. Until the original motion to study the marketing of fish in Canada is deliberated upon in the other place, we can deal immediately with the Freshwater Fish Marketing Corporation aspects. I hope that within a week we can call witnesses and endeavour to deal with those problems which were brought to light during the debate on the bill on December 18 and 19.

Hon. John M. Godfrey: Honourable senators, I should like to draw the attention of the Senate to the fact that this kind of a motion would not be necessary in the House of Commons. Two years ago they revised their rules following a unanimous report of a committee permitting committees on their own initiative to consider reports and, in fact, to do anything they want. I think it is about time that the Senate adopted a similar rule. We should catch up with the reform that has been ongoing in the House of Commons for two years, and it should not be necessary for Senator Marshall to make this kind of a motion.

Hon. Gildas L. Molgat: Honourable senators, I find myself agreeing with the proposals made by Senator Godfrey, but I do not intend to debate them at this time.

Senator Godfrey: You could take it under consideration in the Standing Rules and Orders Committee.

Senator Molgat: We cannot deal with that yet because the chairmanship has not been settled.

Honourable senators, dealing with the report of the Freshwater Fish Marketing Corporation, I do not have any objection to this report being referred to the Agriculture, Fisheries and Forestry Committee except that I would hope that whatever we do in the course of the study would not prevent a further study under the other motion which Senator Marshall has placed before us, namely, for a review of the whole question of fish marketing. It may be that after we study the report and hear witnesses we will conclude we need not go any further. If that were to be the decision of the committee, then so be it. However, if the committee felt that there was need for a further in-depth study, I hope that nothing which we might do at this stage would preclude that from happening. I will have more comments to make when we come to the other motion that Senator Marshall proposes. For the time being, I believe that this would be a useful beginning for our committee.

Senator Marshall: I see no problem with including whatever information we obtain in investigating that corporation. The only problem that I foresee is that we would not be able to travel to the prairie provinces if we decided to hear witnesses there. It would be necessary for us to present a budget to the Internal Economy, Budgets and Administration Committee before we handled that aspect of our hearings. I understand that the Chairman of the Freshwater Fish Marketing Corporation, Mr. Tansley, is in Ottawa and we could certainly hear him and others at this time, and their testimony could be included as part of our report.

Motion agreed to.

STANDING SENATE COMMITTEE AUTHORIZED TO STUDY FISH MARKETING IN CANADA

Leave having been given to revert to Orders of the Day:

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Bielish:
>
> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and report upon all aspects of the marketing of fish in Canada, and all implications thereof;
>
> That the Committee have power to travel from place to place in Canada; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this is the motion that was referred to by Senator Marshall when speaking to the motion that we just dealt with. Senator Molgat had earlier indicated a concern that that motion should clearly include the subject of freshwater fish marketing. Also, that was the motion that we stood in order to give us an opportunity to consult our colleagues.

We are now prepared to support that motion, although Senator Molgat may have a few comments to make on this motion. We can deal with it today, if we have leave to reinstate it to the order paper for consideration now.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Gildas L. Molgat: Honourable senators, I support the motion made by Senator Marshall. However, once this proposal is referred to committee we may have to take careful note of the whole of the problem and decide how we want to deal with it. When I spoke to this matter at an earlier date I did not have figures with me, but it was my impression that the fishery which concerns my region directly was a very small one in volume and in numbers of people involved as compared to the big Atlantic fishery. I have since obtained more information on this subject, and I have noticed that the problem is a regional one when you look at the matter as a whole. The province that is mainly concerned is Newfoundland where, if you are going by the number of fishermen involved, that number is of the order of 30,000. The next closest in number is Nova Scotia with approximately 11,000 fishermen—almost one-third of that of Newfoundland. The province of New Brunswick has approximately 5,000 to 6,000 fishermen. Prince Edward Island has roughly 2,500 fishermen. Quebec has approximately 4,500 to 5,000 fishermen, so that is somewhat smaller than the number in New Brunswick but is in the same area. Therefore, your total Atlantic involvement is approximately 50,000 to 60,000 fishermen. One must remember that almost 30,000 of those fishermen are from Newfoundland.

Hon. Frederick W. Rowe: May I ask a question at this point? Do the figures quoted by Senator Molgat include part-time fishermen?

• (1520)

Senator Molgat: It includes anyone who holds a licence to fish, that is, full-time or part-time. The source of my information is the annual statistical review of the Department of Fisheries and Oceans.

The Pacific fisheries have a total of approximately 18,000 fishermen. By comparison, the freshwater fish region that we were discussing earlier is very small; it has between 5,000 and 6,000 fishermen. New Brunswick has approximately the same number of fishermen, but there is a different social impact because these fishermen are, mainly, from native communities and are spread over a wide area.

Honourable senators, we are dealing with a whole series of problems which I am not sure can be dealt with in the committee under the auspices of one overall study. It may be that separate subcommittees should be set up to study the problems of the Atlantic fishery, the problems of the freshwater fishery, and the problems of the Pacific fishery. I raise that point now, before we commence our study, so that members will be conscious of the problems that exist and can then deal with them in the best way possible.

Honourable senators, there is a correlation between the number of fishermen involved and the volume of landings in tonnes and in value. They are approximately equivalent.

I am prepared to support the motion of Senator Marshall, but I think it is important that we start our committee proceedings by an internal analysis to ascertain how we will deal with the problem, and not necessarily assume that we can cover all aspects of this problem in the standing committee.

Hon. Pierre De Bané: Honourable senators, the motion deals with the question of marketing. At the moment, there are two areas in Canada where we have, to a certain extent, orderly marketing through two crown corporations, namely, the Canadian Saltfish Corporation, which deals essentially with saltfish from Newfoundland, Labrador and North Shore Quebec, and the Freshwater Fish Marketing Corporation which deals with the marketing of all freshwater fish harvested in the prairie provinces.

The motion before us today is to study the question of marketing, obviously implicitly, for the areas not covered by those two crown corporations. As numerous royal commissions have shown, it is the disorderly marketing in the other areas which is causing the problems we are facing today.

No one denies that the establishment of those two crown corporations has substantially improved the situation regarding saltwater and freshwater fish marketing.

Senator Molgat forgot to mention one region of Canada, namely, Ontario. If there is a depressing effect on the native fishermen to whom he has referred, it is mainly because the freshwater fish harvested in the Great Lakes is sold at a cheaper price because the costs of harvesting are lower. Both compete in the same New York market. The fact that Ontario can satisfy itself with a lower price has a bearing on the fishermen from the prairie provinces. Unless there is some harmonious liaison between the two groups who compete on the same market, our fishermen of the prairie provinces will continue to receive low prices.

I would respectfully suggest that this motion be approved in order that we may study the problems of marketing as it relates to all fishermen in Canada.

As Senator Molgat has pointed out, this industry provides not only jobs for the thousands of fishermen who harvest but for an almost equal number of people who are employed in plants. If you add to that figure all those employed in other sectors, such as those who provide related services and who

depend on the fishermen for their own living, it is clear that the fishing industry in Canada creates more jobs, I would venture to say, than the manufacturing of cars in Canada. At the moment, about 100,000 people are directly involved in the manufacturing of cars. Fishing involves many more. This is particularly true in Atlantic Canada and in the northern part of the prairie provinces. It is a main source of employment in areas where there is no alternative.

We tend to forget about the fishery in the Arctic. There, of course, the fishery has another rationale; it is more a fishery for subsistence than for international trade. Since it is one of the few areas of potential for our native people, we must also study the fishery in the Arctic.

Honourable senators, for all these reasons, I support the motion.

Hon. Senators: Hear, hear.

Hon. Charlie Watt: Honourable senators, fishermen in the Arctic, including the sub-Arctic, are not provided with the services of the Freshwater Fish Marketing Corporation or those of the Canadian Saltfish Corporation. However, mainly because Arctic fishermen do not get the dollar value for what they catch, they have, from time to time, subsidized both of these marketing boards.

Honourable senators, there is a number of different problems related to fishery activity of native people both in terms of subsistence use and commercial use. Although subsistence is the main use, changing lifestyles in the north are demanding a move towards commercial fishing. They can no longer rely solely on simple, subsistent harvesting for their own purposes. They have to start earning income in order to survive.

The high cost of transportation and of fuel has a tremendous influence on the harvesting of fish or animals for either subsistence or commercial purposes.

I would highly recommend and agree that, if a study is to be launched by the Senate, we should not lump the Arctic fishermen in with others. They may not be given a high priority because of their small numbers. I believe it will be necessary to establish a subcommittee in order to assess the problems of each area.

Last year I was in communication with fishermen of the Northwest Territories, who are serviced by the Freshwater Fish Marketing Corporation in Winnipeg. They were dissatisfied because they are not getting any dollar value from their catch. These days it costs a lot of money to fish. One has to purchase equipment and fuel as well as everything else. But fishermen are getting paid only in the neighbourhood of $1 per pound. They are lucky if they get $1.25 per pound. Not long ago it was 50 cents and 75 cents per pound. Today gasoline costs over $2 per gallon. In the high Arctic it costs in the neighbourhood of $3.50 per gallon. They are supposed to be making a living out of fishing, but in a sense we are subsidizing them. There is a good deal of importance attached to this matter and a study of the problem should be undertaken.

[Senator De Bané.]

• (1530)

Senator Marshall: Honourable senators, it is quite obvious that there is keen interest being shown in this subject from all regions. The marketing of fish is obviously an important subject. As both Senator Molgat and Senator De Bané have suggested, I am sure that the committee will study the matter slowly and carefully and will endeavour to cover all aspects of the problem in all regions. I do not believe it is necessary to hurry the report. It is important that we do it phase by phase and produce a report that will assist the fishery, which has always faced problems in this country.

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

Senator De Bané: Honourable senators, does the motion permit the committee to travel outside of Canada to see how our major competitors organize their orderly marketing, or are its activities confined to Canada?

Senator Marshall: We will start with the Freshwater Fish Marketing Corporation in Canada. As chairman of the committee, I will have to present a budget to the Internal Economy, Budgets and Administration Committee to cover travel and the hiring of staff. I am sure that with His Honour the Speaker and Senator Frith being members of that committee, the budget will be approved very quickly.

Senator Frith: I pass.

Senator Marshall: At that time we shall take into consideration where the committee should travel, and in that connection I will seek the advice of Senator De Bané.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NOTICE OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before we adjourn, I should mention that the Internal Economy, Budgets and Administration Committee will meet in room 356-S at 4 p.m.

HER MAJESTY THE QUEEN

FELICITATIONS ON THIRTY-THIRD ANNIVERSARY OF ACCESSION TO THRONE

Hon. Ann Elizabeth Bell: Honourable senators, before we adjourn, may I draw the attention of honourable senators to the fact that today, February 6, is an important day in that it marks the thirty-third anniversary of the accession to the Throne of Her Majesty, Queen Elizabeth II, Queen of Canada.

Hearing Senator Haidasz speak on human rights and the importance of the contribution Canada can make with respect to those countries that are not as fortunate as Canada, brings home strongly to us the fact that having Her Majesty reign over us for 33 years with warmth, intelligence and courage has

provided us with the foundations of freedom and security from which to work toward human rights elsewhere and enables us to assist other countries in pursuit of those goals.

Perhaps, therefore, it may be in order for this honourable house to send warm congratulations to Her Majesty and good wishes for a continued reign of many long years.

Hon. Royce Frith (Deputy Leader of the Opposition): Long may she reign over us.

Hon. Senators: Hear, hear.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 7, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SECOND, THIRD AND FOURTH REPORTS OF COMMITTEE TABLED

The Hon. the Speaker, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's second, third and fourth reports approving budgets of the following committees:

National Finance;

Energy and Natural Resources;

National Defence.

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

ADJOURNMENT

Hon. C. William Doody (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, February 12, 1985, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE BUDGET

DATE OF PRESENTATION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a question for the Acting Leader of the Government in the Senate based on a statement made by the Prime Minister on November 19 last, when he stated:

> It is our hope and expectation there will be a full-blown budget in April, in the spring.

In view of the speculation in the press today that the budget may be delayed for a full month, can the acting leader confirm that this is another instance where the government has withdrawn from a previous commitment and that the budget will not come down in April?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I can only confirm that the hope and expectation of the Prime Minister is probably still his hope and expectation.

I have no concrete knowledge of when the budget will come down. There has been speculation which I too have heard, but I am not in a position to confirm or deny it.

Senator MacEachen: Honourable senators, subsequently, earlier this year, the Prime Minister advanced his sentiments from hope and expectation to a clear determination, when he said in the House of Commons that the Minister of Finance would bring down a budget towards the end of April. That is even more emphatic than the expression of hope and expectation; it is a clear determination.

I understand that the acting leader is unable to confirm or deny, but I would like him to undertake to find out and advise us at the next sitting whether the budget date will be in April, as originally stated by the Prime Minister.

Hon. Raymond J. Perrault: April of 1985.

Senator Doody: Honourable senators, I shall certainly make that effort.

Senator MacEachen: I thank the acting leader for his undertaking.

THE ESTIMATES

DATE OF TABLING

Hon. Allan J. MacEachen (Leader of the Opposition): I have one more question, which I hope will not prove too difficult. My question is: When does the government intend to table the main estimates?

Hon. C. William Doody (Acting Leader of the Government): As soon as possible, honourable senators.

Senator MacEachen: Honourable senators, in recent years the practice has been to table the main estimates in the third week of February. I believe that has been the case in recent years—except for 1980, for well-known reasons. I wonder if the acting leader will determine for us whether that normal schedule is still to be followed by the government for the estimates of 1985-86 or is there some intention on the part of the government to postpone the tabling of those estimates?

Senator Doody: Honourable senators, I have no reason to believe that the normal procedure will not be followed this year. Beyond that I cannot go, at this point.

Senator MacEachen: I appreciate the candor of the Acting Leader of the Government on this point. However, it is impor-

tant for various reasons, to know whether the normal practice will be followed according to the schedule now proposed for the House of Commons, since that body will be in recess. I therefore ask whether the acting leader would inquire if it is the intention of the President of the Treasury Board to table the main estimates before or after the break is taken by the House of Commons.

Senator Doody: I can certainly make the inquiry and report back to this chamber.

TRANSPORT

MOTION TO AUTHORIZE TRANSPORT AND COMMUNICATIONS COMMITTEE TO STUDY POLICY ON CAR RENTAL OUTLETS AT AIRPORTS—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, P.C., seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the policy of the Department of Transport regarding car rental outlets at airports, more particularly its refusal to open up competition, to increase the number of car rental outlets, the effect of restricting the major share of business to multinational companies, the adverse effect on jobs in Canadian companies and the advantages to the travelling public of greater competition.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I intend to make one or two comments about this order and then ask leave, if necessary, that it be adjourned in Senator Argue's name, because it seems no one else wishes to speak to it and he should be given the opportunity to close the debate.

Before I was appointed to the Senate, I acted as counsel for a car rental company, namely, Budget Rent-A-Car, and in that role had a great deal to do with negotiations with the Department of Transport on their making additions to what was then the three-member club of Hertz, Tilden and Avis at airports in Canada. So, I am familiar with the information given to us by Senator Nurgitz yesterday because I was part of the negotiations when that matter was opened up for tender. Until that time, that matter had not been dealt with by tender. For that reason, I know that a good deal of the information put forward yesterday by Senator Nurgitz is sound information to help us deal with this inquiry.

However, if no one else wishes to speak to this matter, I shall adjourn it in Senator Argue's name.

On motion of Senator Frith, for Senator Argue, debate adjourned.

• (1410)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented on Thursday, January 24, 1985.

Hon. Nathan Nurgitz moved that the report be adopted.

He said: Honourable senators, I assume, this matter having been on the order paper for several weeks now, that no one else is interested in speaking on it. However, I should like to raise a problem the committee is having, in that the essence of the report is the criteria used by the committee in reviewing regulations and other statutory instruments. What I am really trying to do is to make an honest entity of the committee, in asking for the approval of the criteria by the Senate. This report has been adopted in the other place, and the committee is anxious to have the approval of the Senate.

The committee did not quickly pass these criteria; they were considered at one meeting and were held over for a week or two so that the members of the committee could reconsider their positions. There is an open understanding between myself, representing this chamber, and the Honourable Robert Kaplan, representing the House of Commons, that if at any time any member of the committee should feel inclined to alter the criteria, add another item or delete something, we will certainly entertain doing so. In the meantime, the committee, in order to get on with its work, requires the approval of both houses of Parliament of the criteria it uses in reviewing various statutory instruments and regulations. As an example, this morning the committee dealt with several hundred items. So I ask this chamber to adopt the second report of the committee.

Hon. Royce Frith (Deputy Leader of the Opposition): May I ask the joint chairman a question? I am not familiar with the detailed workings of that committee, but I have had some experience with it and its terms of reference. Are we to understand that the criteria before us are the traditional terms of reference and that there have been no changes made?

Senator Nurgitz: I can tell honourable senators that they are identical to the criteria used in the last session of the last Parliament.

When I was unable to avoid it, I did serve on the committee several years ago, and the criteria are at least similar, if not identical, to the criteria used then. Perhaps Senator Godfrey is better able to answer your question, but let me say that they are certainly identical to the criteria used by the committee during the last session of the last Parliament, and I assume they go further back than that.

Hon. John M. Godfrey: Honourable senators, the criteria are identical to those we used during the last session of the last Parliament. One change was made several years ago, when we

added the Charter of Rights and Freedoms. That addition was never approved by the House of Commons, only by the Senate.

I would like to make one comment following what Senator Nurgitz has said regarding the approval of those criteria by both houses. I always assumed that, but I received a legal opinion from counsel to the committee saying that it was not strictly legally necessary but was advisable.

Just for future reference, and in case one runs into a road block such as the one we ran into with the government leader in the House of Commons during the last session of the last Parliament, who did not approve of our adding the Charter of Rights and Freedoms, while it is advisable, I am inclined to agree with the opinion of legal counsel to the committee that we do not really need the approval of both houses of Parliament. So, if anyone gets nasty in the Senate about the criteria, we will just go ahead anyway.

Senator Frith: I think it is advisable for us to agree to this motion.

Motion agreed to and report adopted.

The Senate adjourned until Tuesday, February 12, 1985 at 2 o'clock in the afternoon.

THE SENATE

Tuesday, February 12, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BORROWING AUTHORITY BILL, 1984-85, (NO. 2)

NOTICE OF MOTION TO INSTRUCT NATIONAL FINANCE COMMITTEE TO MEET FORTHWITH

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a motion to move, for which I require leave. If leave is granted, notwithstanding rule 45(1)(e), I would like to move:

> That the Standing Senate Committee on National Finance be instructed to meet forthwith to determine the course of action to be taken with respect to the disposition of Bill C-11, "An Act to provide borrowing authority"; and
>
> That the Committee have power to sit while the Senate is sitting for the above purpose.

If leave is granted, I will be glad to offer some reasons why I hope the Senate will accept this motion.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the wording of the motion was shown to me by my colleague, the Leader of the Opposition, who, I understand, was handed a copy of the motion as we entered the chamber a few minutes ago.

We feel that we should have an opportunity to consider this matter. Therefore, we will not grant leave. Under rule 45, one day's notice is required and, therefore, the matter can be dealt with as a motion tomorrow.

Senator Roblin: Honourable senators, I regret that my honourable friends opposite will not grant leave to consider this matter now, in order that we lose no time in dealing with an important measure of this kind. However, I accept the fact that the Deputy Leader of the Opposition is perfectly within his rights in refusing to grant leave. I may regret it, but he has the right to do so.

I therefore give notice that I will move this motion again at the next sitting, unless some event transpires in the meantime that will make it unnecessary.

DISTINGUISHED VISITOR IN GALLERY

GENERAL MALHOTRA, DIRECTOR GENERAL OF NATIONAL CADET CORPS, INDIA

Hon. Jacques Hébert: Honourable senators, in your name I would like to greet a notable visitor in the gallery from India, in the person of General Malhotra.

At the height of a distinguished career in the Indian Army, he was appointed Director General of the National Cadet Corps, which represents the elite of Indian students totalling over one million young boys and girls.

General Malhotra is on his way to Alberta and British Columbia where he will visit 50 young Indians who, with an equal number of young Canadians, are participants in a Canada World Youth exchange program.

It is a great honour for me to wish General Malhotra, an eminent representative of India, a pleasant and fruitful stay in Canada.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph Philippe Guay: Honourable senators, I should like to bring to the attention of the Leader of the Government, who was absent from the Senate last week, the fact that the provincial government and people of Manitoba have been concerned about the remarks of certain American politicians pertaining to the Garrison diversion project.

The Winnipeg *Free Press* of Saturday, February 2 contained the following headlines: "N.D. politicians seek revenge in Hydro ban"; "N.D. politicians angry with fight over Garrison". A bill has been introduced in the North Dakota state legislature to rescind approval of a transmission line route through the state to Nebraska. The bill will cancel a tentative agreement by the past and the present Manitoba government to provide hydro power for North Dakota, South Dakota and Nebraska. In fact, I believe that land appropriation has already taken place up to the American boundary, and that this line is to be called the Mandan line.

The Winnipeg *Free Press* of Saturday, February 2, states:

> Olson, one of the bill's four co-sponsors, said it is the state's revenge for Manitoba's long-standing opposition to Garrison, which was drastically scaled down recently by a U.S. federal commission.

The Winnipeg *Free Press* of February 7 states:

> Devil's Lake representative Gordon Berg wants to take retribution against Manitoba over its opposition to Garrison a few steps further than the Mandan line ban.

> Berg is proposing bills that call for a penalty on the transfer of Manitoba fresh or frozen fish across the border, a tax of $2 per kilowatt-hour on Manitoba electricity entering the state, and a tax on natural gas flowing into the U.S.

The Winnipeg *Free Press* of Saturday, February 9, still dealing with the "revenge" bill, states:

> The Republican-controlled House of Representatives approved the bill 93-3 on Thursday. It now goes to a Senate committee and then in March to the full Senate, which also has a Republican majority.

That article goes on to state:

> The legislators who gave the bill its massive backing are angry at Canada's and Manitoba's lobbying against Garrison and they admit the bill is designed for vengeance and to try to force Canadians to the bargaining table.

This is fantastic! We have always been good neighbours.

I wish to ask the Leader of the Government in the Senate to make representations, on behalf of the people of Manitoba and on behalf of the Senate, to the Right Honourable Prime Minister so that this vital and important matter may be placed on the agenda and discussed thoroughly with the President of the United States during his visit to Canada which is to take place in the near future.

I am sure that the right honourable gentleman will be very successful in this particular regard. I hope that the Leader of the Government will make appropriate representations on our behalf.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend and I are labourers in the same vineyard; so I understand only too well what he is telling me.

It is a fact—and I am glad to state it—that up to the present time negotiations between Canada and the United States on the Garrison matter have been marked by a spirit of co-operation and generosity. I think one has to acknowledge with some gratitude that the special study that was made of this problem, which led to the decision we are concerned about today, and the attitude taken by the American government are fully in conformity with high standards of international conduct. I would not like that point to go unnoted.

However, my honourable friend is right in saying that there are three bills before the North Dakota legislature which are not quite so easy to approve of: one regarding the .02 cents tax on oil; another, the $2 tax on gas going through that state; and the transfer of Manitoba fish. I did not even know that the latter product goes through North Dakota, but I suppose it does. The worst of those is the bill prohibiting the transmission of power through that state.

I am pleased to say that the situation is still a little fluid. In the first place, the Governor of North Dakota has the power to veto those bills, and while one cannot tell what he will do, early indications are not discouraging. So, I place some hope in the fact that from his wider perspective of the interests of the people of his state and of the United States he will not see fit to approve of those bills. The second point is that if they are approved by the North Dakota state legislature, then the question of their constitutionality arises because it affects inter-state trade. It may very well be that under that heading they are open to challenge.

[Senator Guay.]

However, I will undertake to convey my honourable friend's feelings to the Prime Minister so that, should there be a suitable opportunity to do so, he can raise the matter of the Garrison with the President of the United States.

• (1410)

EMPLOYMENT

NOVA SCOTIA—DECENTRALIZATION PROGRAM

Hon. B. Alasdair Graham: Honourable senators, I have a question for the Leader of the Government in the Senate. On November 21, 1984 I asked the leader about the cancellation of a very significant part of a decentralization program involving Sydney, Nova Scotia. On January 22, 1985 the leader provided written answers to some of my questions with respect to the transfer of the Income Security Branch of the Department of National Health and Welfare. He stated that it was not possible to change the decision to cancel its relocation, which meant the loss of 75 to 85 much needed jobs in that area. The leader also stated, and I quote from *Hansard* of January 22, page 427:

> The impact on unemployment (in Sydney) was taken into consideration when the decision was made.

At the time of that decision the official rate of unemployment in Cape Breton was 20.3 per cent. The latest unemployment figure for Cape Breton stands at a record high of 26.1 per cent. Undoubtedly, the unofficial rate is 40 per cent or higher. Since the new government took office, the official rate of unemployment in that part of Canada has gone from 16.2 per cent to 26.1 per cent, an increase of 10 per cent and an unprecedented increase by any standard.

I apologize to the leader for the length of my preamble, but I am sure all honourable senators appreciate the gravity of the situation.

Given this current crisis situation, would the leader undertake to ask his colleagues in cabinet, particularly the Minister of National Health and Welfare, if they would reconsider the earlier decision and restore the Income Security Branch decentralization program to Sydney?

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is understandable that my honourable friend raises the question because the percentages of unemployment to which he refers are distressing to everybody. One cannot dismiss the matter in any light way, and I do not. Cape Breton has suffered a series of disasters that have nothing to do with the change of government, one being the unfortunate fire that destroyed the fish plant, costing several hundred people their jobs. I will undertake to discuss with my colleagues whether or not there is any step that can be taken that may help alleviate that situation.

Senator Graham: One of the largest groups hit by the inactivity and consequent unemployment in the area is the construction industry. As part of the proposed decentralization program a new federal building was scheduled to be constructed in downtown Sydney, providing much needed construction jobs and adding to the downtown core.

In the leader's answer of January 22 he stated that the Minister of National Health and Welfare had written to the Minister of Public Works indicating that the move was cancelled and that his department had no need for a new building. Whether or not the Income Security Branch transfer is given favourable reconsideration, I suggest that there is still need for a new building to look after the 125 employees who are filling the positions transferred to Sydney by the Citizenship Branch of the Secretary of State at an earlier date. In addition, there are other federal employees scattered throughout Sydney. Again, because of the prevailing sad situation, would the Leader of the Government ask his colleague, the Minister of Public Works, if he would give favourable consideration to giving the green light for the proposed federal building to go ahead?

Senator Roblin: That specific request presents a more difficult problem, because I do not think that, as a matter of policy, one can rely on government construction to solve the serious unemployment problems of the likes of Cape Breton. We must do our best to seek a wider solution.

Senator Graham: I have a final supplementary, but by way of comment, first of all, I understand that a final decision has not been made with respect to that proposed federal building by the Minister of Public Works.

The Leader of the Government has also made reference to the disastrous fire at the Highlands Fish Plant at Glace Bay which put 350 permanent employees out of work and which also, unless the plant is reconstructed very soon, would put 800 seasonal employees out of work. You will recall that last March another fire destroyed No. 26 colliery, putting 1,300 employees out of work. The Mayor of Glace Bay, Mayor Bruce Clark, who is providing great leadership in the efforts of the people of that area to provide much needed employment, has told me that, aside from the unemployment caused by the fire in the mine and at the fish plant, the unemployment rate in Glace Bay at the present time is approximately 55 per cent. I know that representations have been made by the town to the province and to the federal government to find some program to help alleviate that situation. I merely ask the Leader of the Government if he would consult with his colleagues in cabinet and, in particular, the Minister of Employment and Immigration, who I understand is co-ordinating some of the federal efforts in this respect, in order to bring us a favourable report as soon as is convenient.

Senator Roblin: I would certainly be glad to do that, because we are anxious to co-operate as widely as we can to deal with a very difficult question. The whole point, of course, is that the area is fraught with problems which to date have been insoluble. The question is, what to do about a community that has a declining economic base? These are the basic problems being faced in that area. Although they are not unique to that area, they are very trying to the people concerned.

TRANSPORT

ATLANTIC PROVINCES—FREIGHT RATE INCREASES

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government in the Senate. The Atlantic Provinces Transportation Commission, a body constituted to protect and promote the interests of the four provincial governments and industry generally, has expressed grave concerns regarding the possibility of large freight rate increases following the federal government's recent decision to terminate the price guidelines applicable to federally-controlled industries, including Canadian railways' freight rates. The commission's concern—which refers to the previous Liberal government's decision to limit rate increases to a maximum of 6 per cent in June 1982, 5 per cent in June 1983, and 4 per cent in February 1984—is that it has learned that the new Minister of Transport has advised CN and CP railways that "he has decided to terminate the administered prices program," the idea being that the marketplace should take its toll.

My question is: Had the government studied the implications of this policy decision on transportation costs to and from the Atlantic provinces, as well as the intra-regional consequences, before making the decision and, if so, will the Leader of the Government in the Senate table the study? Would he also table a copy of the letters of the Minister of Transport to the railways as a matter of public record?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not aware of the basis on which the honourable gentleman has placed his question, namely, whether or not a policy decision has been made by the Minister of Transport on the matter. I will ask the Minister of Transport what his position is, and on that basis I will be able to report to my honourable friend.

Senator Corbin: Honourable senators, I have a supplementary question arising out of the comments made by the Leader of the Government. The basis for the concern is that the Atlantic Provinces Transportation Commission, a body constituted by the provincial governments of the region, as well as industry at large, in the past has always been forewarned of changes in policy. I checked into the matter as recently as noon today and, this time around, the commission had no advance signals, nor had the industry. What they are objecting to is the fact that they learned indirectly of this policy decision through correspondence by both railways to shippers in the area. That is the basis of the concern of the Atlantic region.

• (1420)

Another area of concern, if I may be permitted, is that the Conservatives, when they were in opposition, always insisted that policy decisions of this nature be announced publicly; indeed, that they be announced in Parliament to parliamen-

tarians. Why is it that they are not now practising what they preached and are, in fact, reneging on an election pledge to practise openness? Why this quasi-clandestine action on the backs of small business and shippers in the Atlantic region?

Senator Roblin: I have no idea whether any of the honourable gentleman's charges are based on fact, but I shall find out. I shall obtain the information that the Department of Transport can provide as to the accuracy of the assumptions he has offered us.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a number of delayed answers. I do not intend to read them unless I am requested to do so. If I am requested to do so, I shall give them *in extenso*. I shall start by giving the details of those answers.

TRANSPORT

AIRPORT CAR RENTAL SERVICE—PARKING

Hon. Duff Roblin (Leader of the Government): The first delayed answer is to a question raised in the Senate on December 5 and 12 by the Honourable Joseph-Philippe Guay regarding priority parking spots at the airport.

(*The answer follows:*)

A very limited number of ready short term parking spots near the air terminal building are rented to airport vehicle rental concession licencees. These parking spaces are an integral part of the concession operation for which the licencees are paying substantial concession fees. The number of spaces in the short term lots is limited to ensure a minimal reduction of service to the travelling public using short term parking. The substantial part of the vehicle rental licencees' fleets can only be accommodated in remote vehicle parking areas, and these cars are shuttled into the short term spaces to meet their market requirements.

HEALTH AND WELFARE

ACQUIRED IMMUNE DEFICIENCY SYNDROME

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 6, 1984 by the Honourable Stanley Haidasz regarding and acquired immune deficiency syndrome (AIDS).

(*The answer follows:*)

In Canada there have been reported 165 adult cases of AIDS, none of which was associated with the transfusion of whole blood. There have been two hemophiliac cases of AIDS associated with the use of the blood clotting agent factor VIII. Because of the risk the Health Protection Branch has asked manufacturers to heat treat factor VIII to inactivate the AIDS virus.

[Senator Corbin.]

With respect to the testing of blood for transfusion there is no test at present which will detect the presence of the AIDS virus. It may be some years before such a test becomes available.

There is a test which can determine the presence of AIDS antibodies, which are produced in the body if an individual was exposed to the AIDS virus at some prior time. The test cannot determine if the individual still harbours the virus. This test is expected to become commercially available in the near future. The Canadian Red Cross Blood Transfusion Service intends to perform this screening test on all blood and blood products when it becomes available. Positive findings would lead to rejection of the material. In the meantime, the Red Cross has asked all members of well identified high risk groups to refrain voluntarily from donating blood.

The situation in the United States and in Australia is identical to that in Canada.

The National Advisory Committee for AIDS last met on October 9, 1984. Sub-committees of the Advisory Committee meet periodically. The next Advisory Committee meeting will be held this spring. The Minister of National Health and Welfare is informed of significant activities such as research, publication of informational material and events occurring in the field of AIDS both nationally and internationally, on an on-going basis.

HEALTH SERVICE—UNIVERSALITY—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 18 and 19, 1984 by the Honourable L. Norbert Thériault regarding government policy with respect to universality in the health services.

(*The answer follows:*)

Senator Thériault refers to residents of New Brunswick being "deprived of medical services which are supposed to be provided on a universal basis under the Canada Health Act". He cites the case of annual medical check-ups, which, until recently, were included as an insured benefit in New Brunswick.

The honourable senator is correct in stating that complete medical examinations for the purpose of an annual check-up are now excluded as an insured benefit under Medicare in his home province and that the patient is now responsible for the cost of the service and must pay the physician directly.

However, the prior inclusion of periodic examinations as an insured benefit in the provincial plan was not dependent on the dictates of federal legislation. There are certain services which are not obviously medically required and it is left to provincial discretion to determine whether or not such care will be covered by a provincial plan. Hence, there are variations from province to province in regard to coverage for certain medical services—

the inclusion of coverage of annual check-ups is one such variation.

However, while the Province of New Brunswick has decided to exclude annual check-ups as an insured benefit, New Brunswick will continue to insure medical examinations when the physician considers the examination "medically necessary".

EXTERNAL AFFAIRS

OVERSEAS DISTRIBUTION OF SUMMARY OF *GLOBE AND MAIL* ITEMS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 19, 1984 by the Honourable Keith Davey regarding the overseas distribution of a summary of *Globe and Mail* items.

(*The answer follows:*)

The *Globe and Mail* News Summary was supplied to Posts for a two-week period because:

1) the *Globe and Mail* provides this electronic news service and Posts expressed an interest in obtaining it;

2) the Library of the Department of External Affairs was interested in testing its capability to link from a computer data base of information to its micro-computer to telex to Posts, and to experiment with data from a newspaper providing electronic data;

3) the *Globe and Mail*, having received requests from Posts concerning its electronic news summary, offered this service at no cost for a two-week test period to enable Posts to determine its usefulness; and

4) as to subscribing to this service, no final decision has yet been made as not all posts have reported their responses to the test.

Posts receive a selection of Canadian newspapers in both official languages on a regular basis in accord with their financial resources and individual needs.

SOCIAL PROGRAMS

UNIVERSALITY—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 20, 1984 by the Honourable Allan J. MacEachen regarding government policy with respect to universality in social programs.

(*The answer follows:*)

The Government released a Consultation Paper on Child and Elderly Benefits on January 28, 1985. The paper discusses all components of the system, including the taxable Family Allowance benefit.

OLD AGE SECURITY

GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on December 20, 1984 by the Honourable Joyce Fairbairn regarding government policy on old age security.

(*The answer follows:*)

The Government released a Consultation Paper on Child and Elderly Benefits on January 28, 1985. The report states that:

> In the Government's view no change is required in the Old Age Security/Guaranteed Income Supplement payments system.

ENERGY

NEW PRICING AGREEMENT—PROGRESS OF NEGOTIATIONS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on January 22, 1985 by the Honourable H. A. Olson regarding the progress of negotiations with respect to energy and the new pricing agreement.

(*The answer follows:*)

On Sunday, January 27, 1985, the federal Energy Minister Pat Carney, along with her colleagues from British Columbia, Alberta and Saskatchewan announced the extension of existing amending agreements on pricing between each province and the federal government to March 31, 1985.

As an interim measure, the federal government agreed to a new flexible pricing system for crude oil exported to the United States. As well, the Alberta government agreed to defer for sixty days a domestic natural gas price increase of $25/MCF which other was scheduled under the existing agreements with the federal government.

PETROLEUM AND GAS REVENUE TAX—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on January 24, 1985 by the Honourable H. A. Olson regarding government policy on the Petroleum and Gas Revenue Tax.

(*The answer follows:*)

The issue of the PGRT along with a range of taxation and fiscal matters, is currently under discussion with the federal government and the western producing provinces. It would be inappropriate to speculate on the outcome of these negotiations.

The federal Progressive Conservative Party is committed to making changes to the National Energy Policy, and this includes moving towards a profit-based taxation system for industry.

The current amending agreements on pricing between British Columbia, Alberta and Saskatchewan and Ottawa were extended to March 31, 1985.

With reference to Senator Gigantès' question on the export pricing policy for oil, the responsibility to move to flexible pricing rests with the federal energy minister who requested the National Energy Board to implement the policy. The matter was discussed beforehand with the western energy ministers who agreed that, in the current market environment it was necessary that companies have the maximum possible flexibility to negotiate export arrangements to market oil surplus to Canadian requirements.

DELAYED ANSWERS TO ORAL QUESTIONS

STATUS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am glad to report that this cleans up all of the questions for 1984. We have made some progress in answering questions that have been raised in this new year, 1985.

Hon. Allan J. MacEachen (Leader of the Opposition): May I ask the Honourable Leader of the Government in the Senate whether there is an answer with respect to nuclear policy? If he read it, I missed it and would like to make sure that it is included.

Senator Roblin: My honourable friend asked me a series of questions on nuclear policy a week or so ago. I am not yet able to give him the answers to those questions. However, they will be forthcoming.

Hon. Philippe Deane Gigantès: I apologize to the Leader of the Government, but I did not hear the date up to which questions were answered.

Senator Roblin: I said that, to the best of our knowledge, we had answered all of the questions raised in 1984, and some in 1985.

Hon. C. William Doody (Deputy Leader of the Government): What about 1979?

Senator Roblin: We have forgotten about 1979. However, if my honourable friend has a question he thinks I have missed, perhaps he would let me know and I shall check into it.

Hon. Royce Frith (Deputy Leader of the Opposition): If you would give us the budget and the estimates, perhaps we could clear up a lot of other business.

Senator Roblin: You will get them.

HEALTH AND WELFARE

GUARANTEED INCOME SUPPLEMENT

Question No. 1 on the Order Paper—**By Hon. Jack Marshall:**

With regard to the Guaranteed Income Supplement for low-income single pensions (i) have the Provinces of Canada complied with the request of the then Minister of National Health and Welfare, dated June 13, 1984, to pass on the Federal Government's $50 increase; (ii) have the provinces given the assurance that GIS pensioners in institutions receive the full value of the increase; (iii) have the provinces given the assurance that private landlords do not take advantage of pensioners by raising rents because of the GIS increase; (iv) which provinces have complied and which have not?

Reply by the Minister of National Health and Welfare:

The two-stage $50 increase in the Guaranteed Income Supplement single rate has just been completed. Thus, at this time, it is not possible to indicate what action the provinces will take in respect of the full $50 increase; however, the following relates to the $25 GIS increase in July 1984.

(i) *Provincial Income Supplements*

The provinces of Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia have income supplementation programs for recipients of Old Age Security/Guaranteed Income Supplement benefits. All of the above have fully passed on the $25 increase provided to single GIS recipients in July 1984. It is anticipated that the $25 GIS increase in December will also be passed on in full and the current Minister of Health and Welfare has written to the provincial Welfare Ministers concerned urging that this be done.

(ii) *GIS Pensioners in Institutions*

Although various provinces have made changes to their comforts allowances and institutional rates following the first stage of the GIS increase, there is no clear link which can be drawn between these decisions and the increase in GIS benefits. Detailed information is thus not provided of the changes made.

(iii) *Increases in Rents since GIS Increase*

It would clearly require a massive bureaucracy for the provinces to ensure that private landlords did not increase rents for GIS recipients. Understandably they have not given such an assurance.

(iv) See responses to (i), (ii), (iii).

INCOME TAX CONVENTIONS BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator MacDonald *(Halifax)* for the second reading of the Bill S-3, intituled: "An Act to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Leblanc* (*Saurel*)).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this order stands in the name of Senator Leblanc, who has had to return to Montreal because of family illness.

I hope to proceed with it on his behalf tomorrow.

Order stands.

NATIONAL DEFENCE

CONSIDERATION OF SECOND REPORT OF SPECIAL COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Second Report of the Special Committee of the Senate on National Defence entitled: "Canada's Territorial Air Defence", tabled in the Senate on 23rd January, 1985.—(*Honourable Senator Lafond.*)

Hon. Paul C. Lafond: Honourable senators, I have no wish to further address the Senate on this subject, until such time as we have seen the proposed forthcoming green paper from the government on national defence, et cetera.

Nonetheless, as I said when I presented the report, I would like this item to remain on the order paper so that other senators who may wish to address this report, may have an opportunity to do so. I believe Senator Marshall does intend to do so soon. If he agrees, perhaps in the interim the order should stand in his name.

Hon. Jack Marshall: Honourable senators, perhaps during the recess I will have an opportunity to prepare my speech on this motion.

Hon. Royce Frith (Deputy Leader of the Opposition): It is hard to do so with a crowded order paper such as the one we have!

Order stands.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, it is worthwhile noting that two of the senators in whose names inquiries stand are from Toronto where, apparently, there is a serious weather problem today.

It is my understanding that most of the senators, from both sides, whose intention it was to leave that city this morning are unable to be in attendance for our business today.

• (1430)

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY CONSULTATION PAPER ON CHILD AND ELDERLY BENEFITS—DEBATE ADJOURNED

Hon. Arthur Tremblay pursuant to notice of Wednesday, February 6, 1985, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Consultation Paper on Child and Elderly Benefits, issued by the Department of National Health and Welfare, tabled in the Senate on 5th February, 1985; and

That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.

Hon. Royce Frith (Deputy Leader of the Opposition): Explain, please.

Senator Tremblay: With pleasure, honourable senators.

This motion is further to a unanimous suggestion made by the Committee on Social Affairs, Science and Technology at its meeting on Tuesday, February 5 of this year. The paper mentioned in the motion was tabled on January 28 in the House of Commons and on February 5 here in the Senate.

As the Minister of National Health and Welfare explained, this is a document for study and consultation. Initially, this will be done by the Standing Committee on Health, Welfare and Social Affairs of the House of Commons, to which the paper was referred on February 7.

It therefore seemed to the members of our committee that it would be normal and desirable for the Senate to make its own contribution to the consultation process. We also thought it would be appropriate if, for the time being, the Senate were to ask its Committee on Social Affairs, Science and Technology to examine the options put forward in the paper or any other option that would be relevant, and to report its conclusions and recommendations.

Honourable senators, that was basically the purpose of the motion I have the honour of submitting today and for which I ask the approval of this chamber.

On motion of Senator Gigantès, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 13, 1985

The Senate met at 2 p.m., the Hon. Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

[*Translation*]

DISTINGUISHED VISITORS IN GALLERY

PARLIAMENTARY INTERNS FROM QUEBEC'S NATIONAL ASSEMBLY

Hon. Jacques Hebert: Honourable senators, I would like to draw your attention to the presence in the gallery of a delegation of parliamentary interns from Quebec's National Assembly, and to greet them on your behalf.

Some Hon. Senators: Hear, hear!

[*English*]

COMMITTEE OF SELECTION

FOURTH REPORT

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, February 13, 1985

The Committee of Selection has the honour to present its

FOURTH REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on the Special Committee of the Senate on Youth.

The Honourable Senators Bielish, Cools, Corbin, Fairbairn, Gigantès, Hébert, *MacEachen (or Frith), Marsden, Robertson, *Roblin (or Doody), Stollery, Thompson, Tremblay, Yuzyk. (12)

*Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

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

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

APPEAL BY BANK OF NOVA SCOTIA TO SUPREME COURT OF UNITED STATES

Hon. Ian Sinclair: Honourable senators, on February 5 I asked a question concerning a matter where the American eagle's claws had extended beyond their boundaries. I was told that the matter would be referred to the appropriate authorities. In view of the fact that time is of the essence, if legislative initiative is to be taken by the President of the United States following his meeting with our Prime Minister, I wonder if the Leader of the Government in the Senate would expedite a reply to my question.

Hon. Duff Roblin (Leader of the Government): I am afraid I was not in the chamber when my honourable friend made his original inquiry. Would he care to repeat it?

Senator Sinclair: It arose out of the fact that a grand jury in a district court under federal jurisdiction in one of the southern states of the United States had issued a subpoena to the Bank of Nova Scotia, which does business in the United States and which has been a leading banker in the Caribbean for over 100 years. Unfortunately, if the bank had responded to the subpoena it would have resulted in a breach of the law in two of the Caribbean islands. The grand jury is asking for certain documents to be produced, which could result in people working for the bank in those jurisdictions going to jail. A fine was imposed when the bank did not respond to the grand jury's subpoena, and appeals were submitted, including an application for leave to appeal to the Supreme Court of the United States. Of course, these are procedural matters. That appeal was supported by, for instance, the Government of Great Britain as well as the Government of the Cayman Islands and, indeed, the Government of Canada and certain other European governments.

However, the Supreme Court of the United States, in view of the fact that, as I say, these are matters that are procedural in nature, did not grant the necessary *certiorari* and, as a result, the Bank of Nova Scotia was fined $1.825 million. That is a significant sum, but the matter is important in that this is a situation where, indirectly, extraterritorial application is made of American law, to the detriment of Canadian and other businesses.

In view of the rapport that exists between the Prime Minister of Canada and the President of the United States, and the fact that they will be meeting on March 17, I asked that the government take action to impress on the President of the United States the need for him to arrange to initiate legislative action to bring about remission. That was my question.

Senator Roblin: I agree with my honourable friend that this has been a matter of some long standing and a matter of very serious concern in Canada, at least, with respect to the exercise of extra-territorial jurisdiction, which is a serious problem. So my honourable friend and I are on all fours there.

According to my information, the American courts that originally tried this matter came to the conclusion they did and refused appeals because they alleged that in the present case the Bank of Nova Scotia had not exhausted all good faith efforts in the foreign countries to avoid the prohibitions imposed. That was the stated reason in the American courts for refusing appeal. Of course, I am merely repeating the information supplied to me. I was not there, and I am not a legal expert, in any case. However, no doubt that was the reason why the Supreme Court of the United States also refused to hear this case, and I very much doubt that President Reagan has sufficient authority to overrule his legal system, any more than the Prime Minister of Canada has to overrule his.

However, the lesson has not gone unremarked and, while it may be difficult for the Government of Canada—which, incidentally, was *amicus curiae* during the whole trial to put Canada's best foot forward—it seems to me doubtful that much can be done to interfere with the American judicial system in this respect. What can be done is to try to avoid similar events in the future. To that end, there has been close consultation between the two governments in order to develop routes for securing information of this kind, as between these governments, that they will agree to honour and thus avoid the question of extraterritorial jurisdiction. In other words, they will avoid the problem by having a machine that greases the wheels, so to speak, that eliminates the problem.

In fact, there is a treaty being negotiated between the two countries which is called the Treaty on Mutual Legal Assistance, and apparently these negotiations are making some progress. So it appears probable that, while this is an unfortunate case from the Canadian point of view, it has resulted in recognition of the problem on the part of the American authorities and a willingness on their part to meet with us to prepare a mutually-agreed law that will prevent this sort of thing happening again.

Senator Sinclair: I have a supplementary question. I am very happy to hear those remarks of the Leader of the Government. Many people are concerned with the whole problem of the extraterritorial application of laws will also be glad to hear that statement.

• (1410)

If, in truth, there is a feeling that something should be done to prevent this happening again, it is a very easy matter, not to override laws that exist but to institute legislation initiatives for remission. Then, until such time as the mutual arrangement the learned senator referred to is made, at least people will know that action will be taken so that grand juries in the southern United States will not continue with this heavy-handed approach.

Senator Roblin: Honourable senators, I am rather flattered to know that my honourable friend refers to me as his "learned friend".

Hon. Hazen Argue: We agree unanimously.

Senator Roblin: That adjectival phrase is usually reserved for men and women who have legal qualifications. I have to admit to being a university dropout and have no claim to my honourable friend's courtesy.

Senator Sinclair: I referred to you as being "the learned senator"; that is different.

Senator Roblin: I am not going to look a gift horse in the mouth more than once, so I accept the compliment with all becoming modesty and will keep my honourable friend's observations in mind.

EMPLOYMENT

SUMMER YOUTH EMPLOYMENT PROGRAM

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the employment of young Canadians in the coming summer.

The minister has devised a scheme of wage subsidies to private corporations to encourage the employment of youth through the allocation of approximately 72 per cent of the available funds. As far as one can determine from reading the available documents, that will reap a minimum wage for the majority of Canada's youth who are so hired.

Can the Leader of the Government tell us in wich province or post-secondary institution in this country a young Canadian who earns only the minimum wage during the summer months can save enough to pay tuition and contribute towards living costs in order to continue or commence post-secondary education?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can only make an observation, and that is that minimum wages are set by the provinces and they are based on what is considered to be a sufficient standard to maintain a single adult, which means that it is not a very high standard wage, nor, indeed, can it be.

As to what resourceful, enterprising and imaginative students can do with money they receive to further their education, even if that money comes from a job paying minimum wages, the question is open. Some of them will not be entirely self-supporting; they will have some home support. So, one would hope that something would be available to help them obtain their education.

I recognize at once that that is not a complete answer to those who add up the costs of post-secondary education and compare those costs to income. In my time, students were resourceful in augmenting their income in various ways. There are also scholarships and loans available.

Frankly, that is not the answer my honourable friend wants, but I am afraid it is the best explanation of the situation that I can give now.

Senator Marsden: A supplementary, if I may. I am aware of the concern of many students of the country, not only because of the minimum wage factor but also because in the initial announcement of this program it appeared that there were to be a great number of jobs, but we have now learned that the 10,000 jobs to be created are not guaranteed but "assured" jobs. Can you please give us an update as to the number of firm jobs that will be available to young Canadians this summer?

Senator Roblin: One thing I am certain of is that there will not be enough jobs to employ all those young people who would like to have them. That is a sad fact and one that must be faced.

The effort the government is making is to expand the job opportunities by going beyond money from the government, which often goes to short-run occupations with no hopeful future aspect, by involving the private sector in the job creation plan. I do not think it is possible and I would not attempt to give any estimate as to how successful that would be because it depends entirely on the co-operation that comes from the private sector. I am confident that a significant number of jobs will be created in that way. When the summer is over we will be able to add them up and see how successful we were.

Senator Marsden: I should like to ask a final supplementary question. If by July of this year, or earlier, it appears that many young Canadians will be unable, for lack of jobs or because of the lack of revenue that would otherwise have been earned from those jobs, to begin or to continue their post-secondary education, which is so important for them and for our country, will the government bring in an emergency tuition reduction plan to benefit those people?

Senator Roblin: I think my honourable friend is asking me to forecast what the policy might be under certain hypothetical situations, which she knows I would be reluctant to do.

THE ECONOMY

CLOSING OF PIONEER TRUST

Hon. Hazen Argue: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. As he knows, on Thursday of last week Pioneer Trust, whose headquarters are in Regina, announced that it was closing its doors in western Canada. I think everyone in western Canada regrets that, because this company was regarded as a star performer and we were pretty proud of it. It seemed to be aggressive and doing a good job, but it ran into difficulties because of a collapse in the real estate market which has affected many companies.

My question is based on my interest in the security for the depositors, and I understand that deposits up to $60,000 are fully secured. Over that amount, it is a question of whether some arrangements can be made or not. Due to the government leader's knowledge of what is going on in the process, could he give us any hope with respect to the suggestion that even at this very late date everything possible should be done by the Province of Saskatchewan, the Government of Canada and, of course, Pioneer Trust, to try to salvage this operation and get it back on the rails? Surely that should not be an impossibility, but it may well not happen. Could the Leader of the Government give us a progress report on what is going on? If there is even a ray of hope of getting this company back on the rails, perhaps that course can be pursued.

[Senator Roblin.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend does raise a real problem. In the whole of western Canada there have been a number of disasters which, I think, are even more extreme than the case he mentions, because in the case of Daon Real Estate Company and the New West Corporation hundreds of millions of dollars of shareholders' money have been lost because of changes in the real estate market. These companies were as active in the real estate market as the company my honourable friend speaks of. Citizens lost a great deal of money without any protection whatsoever. That is the nature of the game. They made their investment and they took their chances. I will not betray any secrets by saying that when my own affairs were not in a blind trust, as they are now, I had some shares in one of those companies, so I speak feelingly about what happened to them in the course of events. With respect to this company, the shareholders have an advantage in that they are insured to some extent.

Senator Argue: The depositors.

Senator Roblin: The depositors. Thank you. I used the wrong word, but it is the money of citizens no matter how you describe it.

Senator Argue: Not really.

Senator Roblin: There is a difference.

Senator Argue: There is a fundamental difference.

Senator Roblin: There is a fundamental difference, but it is out of the citizens' pockets. The figure that comes to my mind, and I am subject to correction here, is that approximately 90 per cent of the depositors' funds are covered by the insurance. That is a global figure and, no doubt, it will be different for different people. Nevertheless, there is a substantial contribution.

● (1420)

With respect to the government's role in this matter, I think it is unlikely that the matter can be dealt with. On two occasions, the Government of Saskatchewan looked into this very carefully and came to the conclusion that it could not come to the support of the local institutions. I should think that judgment is probably sound, in all the circumstances. I sympathize with my honourable friend, but I cannot give him any assurance that the federal government can do what the Government of Saskatchewan will not do.

Senator Argue: I would point out to honourable senators, including the Leader of the Government, that there is a great and fundamental difference between protecting shareholders and protecting the the value of their shares. I do not think

anyone would ask that the latter should be done. Buying shares is a gamble. It may be a good gamble or a poor gamble, but it is certainly a gamble. However, when people put money in trust companies in this country, they do not expect it to be that kind of gamble.

I am troubled—and I do not say this in a partisan, political way, although it may be taken that way—by the action of the Government of Saskatchewan in having made a public statement, as I understood it, that they were going to guarantee preferred shares up to, I believe, $30 million. These negotiations went on for a long time. The public, the depositors and everyone thought the company was protected. The depositors did not start a run on the funds. Then, the day before the company had to close its doors there was a telephone announcement that they were withdrawing. It was taken to be an offer. Then, of course, the company was forced to close its doors.

I would like to know whether or not a direct request was made by the Government of Saskatchewan to the Government of Canada, in the early stages of discussing this major problem, to work with the Government of Saskatchewan to see if something could be done.

The people of this country bailed out Massey-Ferguson, although that company is not out of the woods yet. I do not regret having been involved in the process of bailing out that company. I was also involved in the process that helped to bail out Chrysler. That was a far-sighted move because that company has made a tremendous recovery. It is not necessarily good enough to say that there have been bad experiences in the past and, therefore, we really cannot do anything. I would like to know whether or not, at an earlier stage, there was serious consideration given by the departments of this government to this problem.

Senator Roblin: Honourable senators, I agree with my honourable friend's statement that the depositor is in a special situation. The federal government believes it has discharged its reponsibility through the deposit insurance plan which protects the vast majority of funds at risk. It should be recognized that that is a very substantial contribution on the part of the federal government.

With respect to the dealings between the Province of Saskatchewan and the federal government, I will certainly inquire if there is correspondence dealing with this matter that would be of interest to my honourable friend. I point out to him, however, in respect of inter-governmental correspondence, it is necessary to secure the consent of both parties before it can be obtained, but I will be glad to try.

FOREIGN AFFAIRS

ZIMBABWE—STATUS OF WHITE FARMERS

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Opposition.

Hon. Hazen Argue: You'll get used to it!

Senator Buckwold: It may be wishful thinking.

As I meant to say, honourable senators, my question is for the Leader of the Government. I want to welcome him back from his trip to Zimbabwe. I led a small Canadian delegation to Zimbabwe at the time of the first reconstruction conference—which, I am sure, the Leader of the Opposition will remember—at which Canada pledged $50 million over a period of years for bilateral aid. As a matter of fact, I went to that country with a cheque for $3 million. I say this to indicate that I do have some interest in what is going on in Zimbabwe. At that time I had the privilege of meeting many white farmers.

I should like to know what is the present position of the white farming population, who represent a highly productive group of farmers. Are they reasonably satisfied with the present regime? Are they maintaining their productivity and are they receiving the kind of assistance in the way of spare parts which, from conversations I had with them, I was given to understand they need?

Perhaps the Leader of the Government can speak in general terms about Zimbabwe and on the trend toward a one-party democracy.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I appreciate the invitation to dwell at length on this interesting topic, but perhaps I should not do so during Question Period but on some other occasion. I hope that my honourable friend will take a leaf out of Senator Sinclair's book and give me a more flattering description than the one he used. However, as he and I are old friends, I will attribute it to an excess of zeal rather than anything else.

The question raised by my honourable friend is an interesting one. During the course of my visit to Zimbabwe, which was after my visit to the nine nations of the SADCC community, I had the opportunity to have a lengthy discussion with the Minister of Agriculture for Zimbabwe, who happens to be white. I also had an opportunity to discuss the views of Zimbabwean white farmers, in a rather abbreviated way, with their spokesman, the president of their association. If my impressions are correct, one of the things that was quite remarkable was the degree of reconciliation that had taken place between the white and black communities in Zimbabwe. I believe it is true that a considerable number of white citizens have left, but the majority remain. I have been told that some of those who had left have now trickled back. They remain because they continue to receive the opportunity to operate their agricultural establishments in an effective way.

I would not say that there have not been complaints. I come from a farming community myself and farmers can always find something to talk about, such as conditions they would like to see improved. I am sure that Senator Argue can vouch for that. By and large, I received the impression that the situation was developing in a more harmonious fashion than one might have imagined five years ago.

I believe that to be a correct assessment. I would warn the honourable senator that I spent two and a half days in the

country so, of course, that does make me an expert! But my impressions were favourable.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government. Yesterday, as honourable senators will have noted, was a black day for the Canadian dollar, perhaps the blackest in its history. In view of the fact that some people in this country believed that a change of government would bring a surge of American dollars into our coffers, when does the government expect that surge to begin?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I shall deal first with the implications of my honourable friend's question with respect to the Canadian dollar. I can tell him what I am sure he already knows, that within the past week there has been a weakness in the strength of the dollar and it has declined one per cent. There is a good reason for that, as my honourable friend also knows—

Hon. Royce Frith (Deputy Leader of the Opposition): As we always said when we were asked.

Senator Roblin: —and that is the strength of the American dollar.

Senator Frith: Give all of the good reasons that we always gave when we were asked.

Senator Roblin: I have some more information that you never had and which you never gave.

Senator Frith: Let us hear it.

Senator Roblin: I will give it to you now. Canada has the second strongest currency among the major—

Senator Frith: That is exactly what we always said. There is nothing new there. That sounds just like Marc Lalonde.

• (1430)

Senator Roblin: Now we are hearing from the patriots. Anything they can do to run the Canadian dollar down, they will try to do.

Senator Frith: Let's hear the new stuff.

Senator Roblin: I am reading from the sheet that my honourable friend used to read from when he was on this side. It sounds a lot better now.

Senator Frith: To you, yes.

Senator Roblin: The Canadian dollar has fallen 1.1 per cent; sterling, 2.8 per cent; the yen, 2.4 per cent; the French franc, 3.2 per cent; the deutschmark, 3.3 per cent and, lo!, the great Swiss franc has fallen 4 per cent. We are the best of that whole crowd.

Senator Frith: That is exactly what we said! Thank you, Marc Lalonde!

Senator Roblin: I do not think that the position of the Canadian dollar is such as to—

[Senator Roblin.]

An Hon. Senator: Stop the jeering.

Senator Roblin: I do not know whether my honourable friends opposite are jeering so much as they are laughing. They are amused. I do not think it is a matter to either jeer at or to be amused by. It is a problem we have to face.

Senator Frith: It is the answer we are jeering at.

Senator Roblin: My honourable friends ask when the flood of American dollars will come into this country. I can only answer: Just as soon as the Government of Canada can start repairing the damage that was done to our economic fabric by the previous administration, we can expect more activity.

Senator Frith: And how soon might that be?

Hon. Hazen Argue: If we sell the Americans a crown corporation, it may help the dollar.

Senator Sinclair: I am impressed by the leader's run through the money markets of the world. However, people in the forest industry who are trying to compete in Europe against the Scandinavian countries and people in Canada in non-ferrous metals who are trying to compete against others whom the leader talks about with such great knowledge are looking forward to that surge of American money. I cannot remember who, but somebody once said, "We are open for business."

Senator Argue: That was just before they closed Pioneer Trust.

Senator Sinclair: Somebody also said, "Put up the gates, the money is going to flow." When is it going to flow? Why does the government not bring in a budget so we can know what it intends to do?

Senator Roblin: With the honourable senator's wide knowledge of Canada's trading posture and knowing that 70 per cent of our export business is done with the United States—

Senator Frith: There is Marc Lalonde all over again.

Senator Roblin: —he is probably congratulating his former colleagues in business because the market is a little easier in the United States. So I do not advance his comments as an argument for the value of the Canadian dollar, because I do not think that one should try to build on that substructure. However, it indicates that there are two sides to this question. Sometimes what you lose on the roundabouts you gain on the swings.

Hon. Philippe Dean Gigantès: That is a new one.

Hon. Jerahmiel S. Grafstein: I have a follow-up question for the Leader of the Government in the Senate. In the period just prior to the last election and, I believe, during the last election, Brian Mulroney, the then Leader of the Opposition, suggested that he was prepared to allow the Canadian dollar to float lower compared to the American dollar, rather than follow the policy of the government of the day and increase interest rates to support the dollar. In light of the historic low of the Canadian dollar, as pointed out by Senator Sinclair, is it now the policy of the government to allow the dollar to fall lower?

Mr. Mulroney indicated that he was looking for a change in policy. Is this the change he was looking for?

Senator Roblin: I think the dollar is floating lower, not because of any policy of the Canadian government, but because of the fact that the American dollar has risen the way it has. We will simply have to accommodate ourselves as best we can to that phenomenon.

Senator Grafstein: There has been some suggestion in recent days that one of the reasons for the lower drift in the dollar has been the differences of opinion in the government between the Minister of Finance and the Prime Minister with respect to economic policy. This division has caused uncertainty in the money market and caused international money men to take a further run at the Canadian dollar. Is the Leader of the Government in the Senate prepared to indicate, suggest or put in a request to the Minister of Finance that he make a firm statement on this government's policy because the current instability and uncertainty are aggravating the situation?

Senator Roblin: Whenever 20 or 30 economists are gathered together, they will each give you a different reason why currency fluctuations take place. I think you have to take them all with a grain of salt.

THE BUDGET

DATE OF PRESENTATION

Hon. John B. Stewart: Honourable senators, in view of the fact that we know that the present government is going to make a very strong effort to reduce the deficit—which will have an effect upon the value of the Canadian dollar in the international money markets—and in view of the fact that an important budget is now overhanging the economy, can the Leader of the Government in the Senate give us an assurance that this budget will be delivered to Parliament in the month of April?

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the budget will not be delivered in Parliament until the Minister of Finance has satisfied himself that he has made all the necessary consultations he has undertaken to make and has had an opportunity to consolidate them into the coherent policy we all expect in the budget. The month of April has been given as a date, and it may well be the month in which the budget is produced. I am not in a position to give an absolute assurance on any date.

Hon. Allan J. MacEachen (Leader of the Opposition): I am interested in the comment made by the Leader of the Government, because the Prime Minister did say in the House of Commons that it was the intention of the government to bring down the budget in April. The Leader of the Government seems to be less categorical. I would like to know whether his version is the more reliable of the two.

Senator Roblin: I have some advice for my honourable friend. If he compares the statement of the Prime Minister and the statement delivered by me, it is quite probable the statement of the Prime Minister is the more reliable one. Certainly, I would modify any statement I have made with respect to this request for dates to conform to what the Prime Minister has told us.

Senator MacEachen: You are learning.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Stanley Haidasz: Honourable senators, to what level is the present administration prepared to see the Canadian dollar fall vis-a-vis the American dollar?

Hon. Duff Roblin (Leader of the Government): That is not a question which is either useful or possible to answer.

Hon. Royce Frith (Deputy Leader of the Opposition): Would you take it as notice then?

Senator Roblin: Not even as notice.

Senator Haidasz: Has the present administration any strategy to stop the further fall of the Canadian dollar and, if so, what is it?

Senator Frith: I am sure that you will get the same answer.

Senator Roblin: When my honourable friend sees the budget, many things will be revealed to him.

Senator Haidasz: Then it will be too late.

Hon. Philippe Deane Gigantès: I would like to ask the Honourable Leader of the Government in the Senate whether he remembers that the Right Honourable the Prime Minister said while campaigning that if he had a choice between letting the dollar fall and letting interest rates rise he would let the dollar fall. We saw last week that he did both. Is this the new policy of the government, to let the dollar fall and push up interest rates at the same time?

Senator Frith: That is a good question.

Senator Roblin: The government will follow the most constructive policy on both issues that can possibly be devised.

Senator Frith: Could that course of action be one of those constructive policies?

Senator Gigantès: Am I to understand from what the Honourable Leader of the Government said a while ago that it is the government's intention to shore up the dollar or to let the dollar rise, once the heavenly revelation of the budget has come down from the mount, carved in stone?

Senator Roblin: I hope that the Leader of the Government said nothing that trended on that line of thought, and I am sure that I did not. If in a public debate one starts to expose the policy of an adminstration with respect to the support of currency, then, of course, all the speculators get busy, and honourable senators know what that means.

• (1440)

Senator Gigantès: I have a supplementary question. If our dollar appreciates, vis-à-vis other currencies, as a result of increased international confidence in the new economic genius

that will emanate from the Minister of Finance and his minions, will that not make our exports less marketable, since our currency will be more expensive? Also, imports will have an easier time coming into Canada and will that not affect the employment situation adversely?

Senator Roblin: Honourable senators, you see the dilemma with which I am confronted. When I am told that the dollar is going down, we have cheers and jeers from the other side that that is a terrible thing. Now when we hear that the dollar might go up—

Senator Frith: You were the entertainer, not the dollar.

Senator Roblin: —I expect to get the same kind of complaints as I got from my honourable friends in the other case. You cannot win with them.

[*Translation*]

AGRICULTURE

MARKETING OF POTATOES

Hon. Eymard G. Corbin: On November 20, 1984, honourable senators, I asked a question of the Leader of the Government in the Senate concerning the fact that the new government had decided to get rid of a Royal Commission of Inquiry on Potatoes, particularly with respect to marketing difficulties. The Leader of the Government in the Senate then replied:

> I shall ask that department what reply they would like to make to my honourable friend.

I am still waiting for an answer to the question I asked in this chamber. In addition, I have written to the Minister of Agriculture since the session resumed after the recess, but I have not received any answer.

The potato industry is going through very difficult times in eastern Canada. I could give many examples, not to mention the problems with our American friends and some border states.

I have two questions for the Leader of the Government in the Senate. First, will the government seriously reconsider its decision to get rid of that Royal Commission of Inquiry? Second, could I have an answer to my question of November 20, namely why was this commission disbanded at a critical time for the potato industry in Canada?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, unless my memory plays me false, that question has been answered. I think that all questions from 1984 have been answered and, in my recollection, the specific point my honourable friend made was included in an answer. However, if that is not the case, I shall certainly do my best to rectify it, but that answer included replies to both of the points made by my honourable friend today.

[*Translation*]

Senator Corbin: Honourable senators, if my question from last Fall has been answered, I have not been told about it. I have not been advised to that effect. Again today I went through the *Debates of the Senate* to see whether I had missed some information. There was nothing I could find.

At this very moment, the situation in the potato industry is again seriously deteriorating in eastern Canada.

I could give examples from each of the provinces. I could speak at length on export problems. For instance, our New Brunswick potato shippers are literally hassled by officials of the State of Maine. There is also the fact that New Brunswick processors are buying for next to nothing Prince Edward Island potatoes, while local products in New Brunswick cannot deliver their potatoes to local processing plants under duly signed contracts.

Outrageous things are happening. The government apparently is ignoring the situation. It has chosen to support the tobacco industry, and has failed to address the problems of the potato industry.

I urge the government to seriously reconsider its decision. This is the thrust of my question. I wish the Leader of the Government in the Senate would make a commitment in that respect.

[*English*]

Senator Roblin: I shall try to assist my honourable friend by helping him to search the record. I believe the answer to his question was in *Debates of the Senate*, and we shall see if we can find it for him.

ENERGY

CANADA-NOVA SCOTIA OFFSHORE OIL AND GAS DEVELOPMENT AGREEMENT

Hon. Earl A. Hastings: Honourable senators, I have one brief question for the Leader of the Government in the Senate pertaining to the offshore development agreement between Canada and Nova Scotia. I appreciate that he will not have an answer for me immediately, but I would be grateful if he would take my question as notice.

Has the Government of Nova Scotia made application for renegotiation of its existing agreement between Canada and Nova Scotia?

Hon. Duff Roblin (Leader of the Government): I think I can tell my honourable friend that the new agreement subsumes all former agreements, but in order to be quite sure about that I shall take his question as notice.

Hon. Royce Frith (Deputy Leader of the Opposition): No, he is asking you about the Nova Scotia agreement.

Senator Roblin: With respect to Nova Scotia, I have no information about any renegotiation of that contract.

Senator Hastings: I have a supplementary. Would you ascertain whether the Government of Nova Scotia has made representation or application for renegotiation of its offshore agreement with Canada?

Senator Roblin: If my honourable friend will rephrase his question to ask me if the Government of Canada is entering

into negotiations, I shall be glad to find the answer, if I can. However, I am not able to speak for the Province of Nova Scotia.

Senator Hastings: Under the existing agreement, the Government of Nova Scotia can make application for renegotiation of its contract in the light of any other agreement that may be made. Another agreement has now been made, and I am asking whether Nova Scotia has asked for renegotiation of its existing agreement with Canada.

Senator Roblin: My honourable friend has stated the question correctly, and his curiosity is natural. I shall try to satisfy it.

[*Translation*]

INCOME TAX CONVENTIONS BILL

SECOND READING

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator MacDonald (Halifax), for the second reading of the Bill S-3, intituled: "An Act to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for avoidance of double taxation with respect to income tax".—(*Honourable Senator Leblanc (Saurel)*).

Hon. Fernand E. Leblanc: Honourable senators, the mover of the motion for second reading of this bill, Senator Kelly, gave this house a considerable amount of information on the main elements of the four tax conventions under review.

The schedules to the bill contain details of conventions and protocols concluded with the countries concerned: with the Republic of Zambia, convention and protocol signed at Lusaka on February 16, 1984; the Kingdom of Thailand, at Ottawa, April 11, 1984; the Republic of Cyprus, at Nicosia, on May 2, 1984 and finally, the Federative Republic of Brazil, on June 4, 1984.

As was mentioned by Senator Kelly, who is to be congratulated on a clear and concise speech—to date, Canada has signed tax conventions with 38 foreign countries, although some of these conventions do not deal exclusively with double taxation with respect to income tax.

Honourable senators will recall Bill S-14 which dealt with conventions between Canada and the United States and was passed during the Second Session of the Thirty-second Parliament and received Royal Assent on June 28, 1984. During the same session, Parliament also approved tax conventions with the following countries: Tunisia, Bangladesh, Cameroon, Sri Lanka, Kenya, Egypt, Ivory Coast and Sweden.

During the first session parliamentarians were also able to approve a large number of tax conventions. Bill S-2 which dealt with Spain, Australia, Italy, the Republic of Korea, Romania, Indonesia, Malaysia, Jamaica, Barbados and the United Kingdom received Royal Assent on December 17, 1980.

Bill S-17 concerning New Zealand and Australia received Royal Assent on April 23, 1981, and Bill S-24 concerning the Federal Republic of Germany, on June 29, 1983.

These tax treaties contained, as appropriate, provisions dealing with capital gains, pensions paid to residents, dividends, tax incentives granted by the domestic legislation of those countries, and so forth.

I do not think it is necessary to elaborate further. I am sure that honourable senators are prepared to ensure that Canadian taxpayers are provided as soon as possible with fair and equitable provisions to deal with the various problems of double taxation, especially since Senator Kelly has informed us that the conventions concluded with Cameroon, Ivory Coast, Kenya and Sri Lanka, which were approved by Parliament in June 1984, have not yet been ratified but should be very shortly.

● (1450)

[*English*]

Hon. William M. Kelly: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Kelly speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Kelly: Honourable senators, I have nothing further to add.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. William M. Kelly: At the next sitting of the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, speaking to the motion for third reading of this bill, my recollection is that these types of bills were normally referred to the Standing Senate Committee on Banking, Trade and Commerce, not because there was any objection from either side of the house to the principle of the bill, because bills of this nature were common, but to ensure that there were no mistakes in the legislation. Part of a Senate committee's job, and part of the Senate's job, is to review legislation to ensure that there are no mistakes, since sometimes that is the case.

I may be wrong, but my recollection is that when a bill of this nature was referred to the appropriate committee, the committee simply referred it to its counsel, and if counsel to the committee were satisfied with the legislation, counsel reported that to the committee, and the committee simply reported the bill to the Senate without further consideration.

I mention this because there is a new chairman of the Standing Senate Committee on Banking, Trade and Commerce, although he has served as a member of the committee in the past. I simply mention that so that the new chairman may know that that is what was normally done, and if he feels

it appropriate, his committee might consider the legislation. We certainly have no intention of asking that it receive lengthy consideration by the committee.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I spoke to Senator Leblanc about this this morning, and we did not see any reason for referring this bill to committee as there was nothing contentious in it.

As Senator Frith has said, the precedent is there, and if honourable senators wish to refer the bill to committee, we have no objection. That is entirely up to the Senate.

Hon. Lowell Murray: Honourable senators, the committee does not have a heavy agenda at the moment and we would be pleased to consider the bill if it were referred to the committee by the Senate.

If that is the wish of the Senate, I notify honourable senators that, assuming the Senate is sitting next week, I will convene a meeting of the committee for Wednesday afternoon at the usual hour. If the Senate is not sitting next week, I give notice that I will convene a meeting for Wednesday of the week following, at the usual hour.

The Hon. the Speaker *pro tempore:* Does the honourable senator so move?

Senator Kelly: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill referred to Standing Senate Committee on Banking, Trade and Commerce.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO STUDY CONSULTATION PAPER ON CHILD AND ELDERLY BENEFITS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Marshall:
>
> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Consultation Paper on Child and Elderly Benefits, issued by the Department of National Health and Welfare, tabled in the Senate on 5th February, 1985; and
>
> That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.—(*Honourable Senator Gigantès*)

Hon. Philippe Deane Gigantès: Honourable senators, I noted yesterday with pleasure that the Honourable Senator Tremblay, the erudite, civilized and able chairman of the committee said, and I quote:

> We also thought it would be appropriate if, for the time being, the Senate were to ask its Committee on Social Affairs, Science and Technology to examine the options put forward in the paper or any other option that would be relevant, and to report its conclusions and recommendations.

The paper I am referring to is the so-called "blue paper", which some have characterized as the sort of essay on which one would fail a first-year student writing on these matters in university. It is thoroughly incomplete, and we hope that the Senate committee is going to be able to look at the context surrounding these issues.

It is not enough to offer the two options in that paper. We have the Minister of Finance saying that he does not contemplate a reform of the tax system, yet that is what these two options precisely indicate; they are going to increase taxes on middle income Canadians who happen to have children. That is an issue involving a reform of the tax system.

It is not sufficient to look at only one part of the tax system, because the economy is an inter-related whole; one cannot jiggle with one part and not look at the other parts. It does not occur to everybody when thinking of the two famous bank presidents with $500,000 a year in income to consider the family allowances. It occurs to some other people, when thinking of the deficit, that one should also perhaps think of the hundreds of millions of dollars of profits the banks make on which they pay no taxes.

There are some parameters to the Canadian economy which are disturbing, and which one should look at. There is a deficit of $35 billion, and it would be better if we did not have such a deficit, but there is also the shocking figure of 1.5 million unemployed Canadians and some 4.5 million people living below the poverty line. We also have some $50 billion in tax loopholes, some justified, some useful, some not.

I have absolutely no compunction about looking at tax loopholes that may have been put in by the Liberal government beforehand. There was an economic malady which the world did not quite recognize for what it was, and which started manifesting itself more seriously after the Arab oil shocks. Governments throughout the industrialized countries tried to cope with those maladies by, among other things, increasing the cash flow of various companies through tax concessions. We have studies from around the world, studies made by the Japanese among others, saying all that this has done is reduce revenue and it did not produce the desired results. What would be a mistake, and I am sure that we will hear witnesses who will stress this, would be for us to look at only one aspect of cost cutting, or to concentrate on cutting things such as family allowances or money given to Canadian families who produce children rather than looking at the whole picture. We should be looking at the effect that any cuts, not just those proposed in this paper, will have on employment, future growth, the competitiveness of the Canadian economy, and look at such things as the dream that we can repair our economy by increasing our sales and increasing the number of our customers abroad when we have in our poor and unemployed a whole pool of customers here over whom we may have better economic control or influence. Perhaps we can increase their economic power. That is a task that the Social Affairs Committee could perform usefully. That is why, without trying

to put words into the mouth of the chairman of that committee, I support his motion.

● (1500)

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have listened closely to the comments of Senator Gigantès. I must tell him in all simplicity that I fully appreciate them.

However, unless my interpretation is wrong, it seemed to me that what he was saying was first that the motion was justified and that it was appropriate for this house to ask its Committee on Social Affairs, Science and Technology to examine this document, to consider the various solutions available and to make recommendations.

But, at the same time, from what he said, I have the impression that Senator Gigantès had already drawn his own conclusions about the examination which the committee would be justified in undertaking.

What I must assume in view of his conclusion, is that he, in fact, supports the motion. I shall therefore not add anything else. The comments I wanted to make were made briefly, simply and reasonably yesterday. Under the circumstances, it is appropriate for the Senate to ask its Committee on Social Affairs, Science and Technology to examine and analyse a document which obviously deals with one of the subjects mentioned in its own terms of reference.

Motion agreed to.

[*English*]

HUMAN RIGHTS

MEETING OF EXPERTS—DESIRABILITY OF SENATE PARTICIPATION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Haidasz, P.C., calling the attention of the Senate to the desirability of its participation in the preparations for and deliberations of the special meeting of experts on human rights, which is to be held in Ottawa, April 23rd to mid-June, 1985, as directed in the concluding document of the Madrid Review Meeting of the Conference on Security and Co-operation in Europe.—(*Honourable Senator Yuzyk.*)

Hon. Paul Yuzyk: Honourable senators, I should like to commend warmly Senator Stanley Haidasz for the splendid speech on human rights which he delivered in the Senate on February 6. In eloquent fashion he made a strong and convincing case for the establishment of a standing joint committee on human rights and fundamental freedoms "for the purpose of monitoring, studying and making recommendations on Canadian domestic and international obligations in human rights matters."

I am in full agreement with Senator Haidasz that we can follow the example of the United States of America in modified form. A year after the Helsinki Final Act was signed by 35 nations, including Canada, in June 1976, the Congress of the United States established the U.S. Commission on Security and Co-operation in Europe, composed of six senators, six congressmen and three members appointed by the executive branch to monitor compliance with the provisions of the Helsinki Accords. This commission has conducted studies in Europe and has produced regular reports. It was an integral part of the official U.S. delegations to the Belgrade and Madrid Review Conferences of the CSCE. This commission has kept close liaison with non-governmental organizations, which has given it great credibility and prestige.

Canada has played an effective role in the CSCE process which, undoubtedly, has helped to maintain peace in Europe. The fact that the Madrid Review Conference adopted the proposal of the Canadian Secretary of State for External Affairs, the Honourable Mark MacGuigan, that a meeting of experts on human rights be convened, testifies that Canada is highly regarded in this international forum.

The concluding document of the Madrid CSCE meeting, relating to the follow-up to the conference, ends its section on Principles as follows:

> They decide to convene a meeting of experts of the participating States on questions concerning respect, in their States, for human rights and fundamental freedoms, in all their aspects, as embodied in the Final Act.
>
> Upon invitation of the Government of Canada, the meeting of experts will be held in Ottawa, beginning on 7 May 1985. It will draw up conclusions and recommendations to be submitted to the governments of all participating States.
>
> The meeting will be preceded by a preparatory meeting which will be held in Ottawa upon invitation of the Government of Canada, starting on 23 April, 1985.

Now that Canada is host to the meeting of experts, which is only two months away, it is most urgent that the Canadian government make a firmer commitment to world peace and security as well as human rights and fundamental freedoms. The Canadian Parliamentary Helsinki Group, an *ad hoc* body, lacking the minimum financial support from Parliament, was unable to function properly. The subcommittee of the House of Commons External Affairs Committee in preparation for the Madrid Review Conference, published an excellent report based on evidence from representatives of non-governmental organizations and sent observers to the Madrid Review Conference, but this was a one-shot affair. In the meantime, Parliament has enacted the Canadian Charter of Rights and Freedoms, but there is no parliamentary body to monitor the provisions of the Helsinki Final Act and the Canadian charter.

● (1510)

In view of our international obligations as well as our domestic responsibilities, I believe that the time has come for the establishment of a Standing Joint Parliamentary Committee on Human Rights and Fundamental Freedoms, on an all-party basis. This body, composed of members of the Senate and the House of Commons, should be equipped with adequate staff and resources to perform the following:

a) continually monitor, review, document and provide information on the implementation of the Helsinki Accords, particularly its human rights provisions, and the provisions of the Canadian Charter of Rights and Freedoms;

b) have a mandate to provide a forum for continual input of non-governmental organizations, public bodies and individuals;

c) take an active role in providing advice to the government on all these matters; and

d) issue statements, reports and provide news update to the media in order to promote general public interest in these matters.

The forthcoming CSCE meeting of experts in Ottawa should remind us that the struggle in eastern Europe is a struggle between government and the people. Western opinion is beginning to realize the close relationship between the struggle for human rights and fundamental freedoms in the Soviet bloc on the one hand and, on the other, its implications for western security. Canadians are involved in this struggle for the highest principles of humanity, but they must define their role. This can best be done, I believe, through the proposed parliamentary committee.

Bearing in mind that non-governmental organizations are the life-blood of human rights and fundamental freedoms, they should be given every opportunity to voice their opinions. Parliament is the watch-dog of the rights of the people. We are, therefore, appealing to Senator Duff Roblin, the Leader of the Government in the Senate, to convey to the government the proposal to establish the above-mentioned joint parliamentary committee as soon as full consideration can be given to it.

Senator George van Roggen, chairman of the Standing Senate Committee on Foreign Affairs, has informed this chamber that he has received a letter from Mr. R. Harry Jay, head of the delegation of Canada to the CSCE Meeting of Experts on Human Rights, asking him to choose three members of his committee to attend consultations with representatives of Canadian non-governmental organizations and individuals concerned with the human rights situation in CSCE countries on February 26 in the Lester B. Pearson Building. He has informed me that he has suggested three persons: Senators Stanley Haidasz, J. Grafstein and myself. A similar letter was received by Dr. William Winegard, chairman of the House of Commons Standing Committee on External Affairs and National Defence, who is choosing three or four MPs.

This will bring parliamentarians and representatives of non-governmental organizations together for a common purpose. I have been informed that some of the non-governmental organizations will demand the establishment of a joint parliamentary committee to commence its work immediately.

Hon. Senators: Hear, hear.

On motion of Senator Doody, debate adjourned.

[Senator Yuzyk.]

INTER-PARLIAMENTARY CONFERENCE ON THE ENVIRONMENT

MEETING HELD AT NAIROBI, KENYA

Hon. H. A. Olson rose pursuant to notice of Thursday, December 13, 1984:

That he will call the attention of the Senate to the meeting of the Inter-Parliamentary Conference on the Environment, held at Nairobi, Kenya, from 26th November to 1st December, 1984.

He said: Honourable senators, for several weeks notice of this inquiry on the order paper calling the attention of the Senate to the meeting of the Inter-Parliamentary Conference on the Environment held in Nairobi, Kenya, from November 26 to December 1 last year has stood in my name.

I believe this subject is topical and that we should consider some of the matters that were on the agenda at that conference because they are of great interest to Canadians, especially in view of the drought and famine in central Africa at the present time. Not only Canadians, but people from all other parts of the world are intensely interested in and concerned about the devastation that is afflicting those who live in central Africa. People of all nations are searching for ways to alleviate that situation.

Honourable senators, I intend only to deal with one agenda item at the conference on the environment, and that is the item which dealt with deforestation, desertification and soil loss, because that is the agenda item to which I was assigned while attending this conference. The conference, in fact, dealt with, I believe, eight separate subject matters. One section dealt with the changes in the world environment during the last 10 years and the implications of that; another dealt with environmental issues related to the atmosphere and the oceans; another dealt with the conservation of living resources and biological diversity; and so on.

Honourable senators, one of the reasons I have chosen this particular agenda item to deal with is because people think that, as soon as the weather changes, there will be some further rainfall in that part of Africa and the problems of the famine will be over. We know that restoration of soil and its productivity requires rainfall, moisture; there is no doubt about that. The devastation that has taken place there has happened over a number of years and is such that simply returning to a so-called normal weather pattern will not restore the soil to the productivity level necessary to meet the food requirements of the people who are in such a desperate condition.

Because of the time span, it seems that most people have forgotten that we encountered a similar situation in North America during the 1930s. At that time, a terrible drought situation devastated the soil in some parts of North America to the extent where productivity levels were severely reduced. Indeed it was necessary for both the federal and provincial governments in Canada, as well as the federal and state governments in the United States, to take concerted action to restore the productivity of the soil, even in later years when

there was a return to normal weather patterns and the normal amount of rainfall that was needed.

• (1520)

As a matter of fact, I was surprised to learn at that conference that the action taken in North America, in both Canada and the United States, stands as one of the most successful actions taken anywhere in the world at any time in history to restore the productivity of soil that had been devastated by the long drought.

The action was not altogether perfect. We had to learn what to do. But it was recognized that a multiplicity of actions needed to be taken for that restoration. I was aware of that, honourable senators, because the area of Alberta where my family farmed at the time, although not in the centre of the devastation, was as severely affected as any other area in Canada. We know that the PFRA, the Prairie Farm Rehabilitation Act, was helpful in that connection. We know also that the combined programs initiated in Alberta and Saskatchewan, and in many American states, were needed in order to find a remedy for the devastation of the soil that had taken place.

We have now reached the stage where we should apply some of the experience we gained at that time to assist in the restoration in a large part of Africa of the productivity lost as a result of the present drought. We all appreciate that not a great deal can be done until the rain returns to that area. We all accept the fact that very little can be done without moisture. However, as I said a few moments ago, such damage has been done that if normal weather patterns return, food production will still be delayed unless nations such as Canada and the United States assist in providing further action.

The immediate problem, of course, is to supply the people with food. We in Canada have done a good job, although I am not completely satisfied with what has been done. Canada is one of the leading nations in providing help and in delivering food to those starving people. However, we must also turn our attention toward helping them restore their productivity as soon as a change in weather patterns makes that possible.

I do not wish to delay honourable senators, but a number of conclusions and recommendations were reached as a result of the four-day conference, and I would like to have those on the record. I am sure that many Canadians who receive a copy of *Hansard* would be interested in knowing that there is a concern on the part of members of both houses of the Canadian Parliament regarding the devastation to which I have referred, and in reading the conclusions and recommendations reached by that international conference. Therefore, if it is acceptable to honourable senators, I should like to have included in my remarks the conclusions and recommendations that were adopted unanimously by the conference. The alternative is for me to read them.

The Hon. the Acting Speaker: Is it agreed, honourable senators, that the conclusions and recommendations of the conference form part of the record?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, might I suggest that it would be preferable to have the conclusions and recommendations incorporated as an appendix.

Senator Olson: Honourable senators, I agree. Perhaps I did not make that clear in my request to honourable senators, and I thank Senator Frith for pointing that out.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of Conclusions and Recommendations, see appendix, p. 517.*)

Senator Olson: After honourable senators have had an opportunity to read the recommendations, I am sure they will agree that an effort should be made by our Department of Agriculture to assist those people. Probably one of the most useful exercises in which we could be involved would be to help them restore their soil productivity. We now have a good deal of expertise in those persons who were hurt by the drought in the 1930s and who are farming the land today. We also have the expertise of our faculties of Agriculture across Canada. All that could be helpful to those people. They desperately need this kind of help, just as badly as they need the wheat and other types of food that we now send. I hope that honourable senators will consider this matter as being critical, and a major responsibility, and that the government and, indeed, members of both houses of Parliament, will respond positively to what, I am convinced, needs to be done in this regard.

Hon. Senators: Hear, hear.

Hon. Gildas L. Molgat: Would the honourable senator permit a question?

Senator Olson: Certainly.

Senator Molgat: Was there any discussion at the Nairobi meeting on the cause of the present problem? Is it purely a climatic one or does it involve other factors, such as over-grazing? Is there also a problem with deforestation? Did the conference study the effect on the climatic situation as a result of those practices?

Senator Olson: All of those aspects were brought to the attention of the conference, and they are all considered to be factors in the overall problem now existing. There is no question about that. For example, over-grazing in a drought situation is a terrible problem. It is true that there are certain species of plants that survive overgrazing and drought but which are not as useful as other types of flora. Much of the problem in the area arises from the fact that deforestation has reached the point where much of the soil cannot be retained because the trees have been removed. We frequently overlook the fact that wood is the fuel that is used there for almost everything, for providing heat and for almost all of the cooking that is done in the region from Ethiopia, across the Sudan and into Chad—wherever the drought exists. We must bear in mind the fact that it is difficult for an environmentalist, who knows all about these problems, to say to a peasant or a farmer that he must not cut down any more trees. Such a person has

no alternative if he wants to cook what little food he has. There has been severe deforestation simply because of the necessity to survive. We should try to provide them with a substitute fuel, perhaps wood or something else, so that they will not continue to cut down the few trees that are left in some areas, which are absolutely necessary in order to stabilize the soil. So, in response to Senator Molgat's question, using that as one of the little examples, it is true that all these factors were taken into account, as honourable senators will find in the document that I have asked to have appended to *Hansard*.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, I declare this inquiry debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 515*)

CONCLUSIONS AND RECOMMENDATIONS ADOPTED UNANIMOUSLY BY THE INTER-PARLIAMENTARY CONFERENCE ON ENVIRONMENT

NAIROBI (KENYA), 26 NOVEMBER—1 DECEMBER 1984

CONCLUSIONS CONCERNING DESERTIFICATION AND SOIL LOSS

Accelerated soil erosion and other aspects of degradation of farmlands under excessive human pressure (e.g., shortening of periods of fallow) result in loss of productivity of land. Overgrazing is equally damaging. This ecological deterioration of productive land systems is not confined to arid and semi-arid regions where they are widespread, but is also evident in sub-humid territories.

The loss of prime agricultural lands to a non-agricultural uses (e.g., urbanization) is a world-wide process. It shows that in many instances national land-use policies need to be made more effective.

Projects for combating desertification and for reclaiming desertified lands need to be subsidized. Mechanisms available—under UNEP aegis—for mobilizing additional resources for the implementation of the United Nations Plan of Action to Combat Desertification include: DESCON (Consultative Group for Desertification Control), United Nations Special Account for the implementation of the Plan of Action to Combat Desertification, Clearinghouse. These provide some funds, but they fall far short of the sum required for the achievement of objectives set in the Plan.

Regional co-operation is a valuable means for implementing programs for monitoring and for combating desertification. Strained political relationships among neighbouring countries often impede the effective implementation of technically feasible programs: monitoring of desertification, establishing green belts, development of resources of regional aquifers, etc.

There is need to promote and assist the development of indigenous scientific and technological capabilities that would enable countries prone to hazards of desertification and soil loss to take full advantage of available scientific and technological knowledge.

Several countries provide—in co-operation with United Nations bodies including UNEP—courses of training in ecosystem management sand dune stabilization, combating desertification, management of irrigated farmland in arid regions, etc. These are most welcome and need to be expanded and organized within a framework of a global program, assisted by UNEP providing a list of specific needs.

Modern technologies, including remote sensing from satellites, provide useful means of monitoring ecological changes in natural systems (including deforestation, desertification and soil loss) and for surveying natural resources (including groundwater resources, soil, vegetation cover).

RECOMMENDATIONS FOR NATIONAL ACTION

Parliaments should urge their Governments to:

(*a*) adopt firm commitments and policies for the reduction of emissions of pollutants liable to cause damage to forests, crops and other ecological systems;

(*b*) encourage effective programs of information exchange so as to provide rural communities with technological information on more efficient use of fuelwood and charcoal and alternative sources of energy that may replace fuelwood and so reduce pressure on vulnerable ecosystems;

(*c*) give priority to the development of national programs to regulate forest conversions, ensure sustained forest uses and encourage reafforestation, especially with appropriate indigenous species;

(*d*) give priority in developing to strengthening, through financial and other means, of indigenous scientific and technological capabilities in areas of natural resources studies, monitoring and development, programs of research, training and education that aim at:
- (i) filling gaps in scientific knowledge;
- (ii) training of technicians needed for management of natural resources;
- (iii) increasing awareness and mobilizing public participation in resource management.

(*e*) give priority in countries whose territories are prone to desertification to:
- (i) establishing national machineries for combating desertification;
- (ii) establishing national plans for combating desertification;
- (iii) devoting particular attention in their development plans to projects aiming at combating desertification and reclaiming desertified lands;
- (iv) providing support to rural communities in desertification-prone areas.

(Guidelines for these actions are included in the UN Plan of Action to Combat Desertification.)

RECOMMENDATIONS FOR INTERNATIONAL ACTION

Parliaments should urge their Governments to:

(*a*) consider favourably the recommendations contained in the studies requested by the UN General Assembly on *additional financial resources for implementing the Plan of Action to Combat Desertification* and submitted to it during 1980-1982, so as to enable the General Assembly to take a final decision on the subject;

(*b*) collaborate in implementing regional programs for monitoring and combating desertification and for development of shared resources;

(*c*) urge UNEP to co-operate with the appropriate UN and other international agencies in the development of an international collaborative program of research on the enhancement of water resources available for agriculture, including work on:

(i) desalination of water;

(ii) more effective use of groundwater resources, avoiding irreversible depletion or contamination;

(iii) development and conservation of surface water resources;

(iv) artificial seeding of clouds;

(v) utilization of brackish or salt waters in irrigation of soils not otherwise cultivable, using salt tolerant species including new forms developed by genetic engineering and biotechnology;

(vi) improving longer term weather forecasting that will assist rural communities to plan their farming practices and minimize the hazards of recurrent drought.

(*d*) co-operate in regional programs to apply remote sensing, including satellite techniques, in order to monitor environmental change.

THE SENATE

Thursday, February 14, 1985

The Senate met at 2 p.m., the Hon. Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

THE SENATE

QUESTION PERIOD—DISTRIBUTION OF DELAYED ANSWERS

Hon. Eymard G. Corbin: Honourable senators, I rise on a point of order. This being Valentine's Day, my heart goes out to the Leader of the Government in the Senate. Yesterday, I complained about the absence of an answer to a question I put to him on November 20, 1984. I had every reason to presume, based on his response at the time, that I would hear directly from the Minister of Agriculture or his department. I was not aware that the leader had answered my question on December 4, 1984, and that it had been printed in *Hansard* of that day. The leader was right yesterday when he said that he had responded, and I apologize for the comments I made to him at the time. However, I was under—

Hon. Duff Roblin (Leader of the Government): Don't spoil it.

Senator Corbin: —a misconception as to the means whereby the information would be transmitted to me. The ways of this house are sometimes strange, if I may so with due respect. Certainly, they are new to me. Had I more thoroughly checked *Hansard*, I would not be in this predicament. I am always present and follow closely most of the time and the response should have caught my ear, but it did not.

Honourable senators, I wonder why on delayed answers the government house leader does not immediately supply the interested senator with a copy of the written response he tables and which is printed in *Hansard* on that day. It would merely require a photocopy. It seems to me it would be a courtesy to senators, who, for the sake of saving the time of this house, do not insist on their right to have the response read aloud by the leader, to receive a copy forthwith, delivered by a page to his place in the house or to his office.

The honourable government house leader has shown his reasonableness on past occasions and unless he sees grave difficulty in my request, I hope he will meet it. Otherwise, I shall request a meeting of the Standing Committee on Rules and Orders for what I consider to be a simple, technical matter, and I am prepared to make a motion to effect this procedure. I do sense, though, that the hurdle would be easily overcome, without mobilizing a battalion of senators, support staff, interpreters and what-have-you.

Having said that, the concern I expressed yesterday on behalf of the potato growers of my province of New Brunswick remains.

Senator Roblin: The honourable senator is a persuasive fellow, and I undertake to give the matter fair consideration.

[*Translation*]

PENSION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the Pension Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO STUDY TRANSPORT OF DANGEROUS GOODS REGULATIONS

Hon. Léopold Langlois, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of the Transportation of Dangerous Goods Regulations made by Order in Council P.C. 1985-147, dated, January 17, 1985, or any matter relating thereto;
>
> That the Committee have power to adjourn from place to place within Canada for the purpose of this examination; and
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the above-mentionned purpose.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Monday next, 18th February, 1985, at two o'clock in the afternoon.

He said: Honourable senators, as most of my colleagues here are aware, the Standing Senate Committee on National Finance will be meeting on Monday morning. We have been given the assurance that the Minister of Finance, Mr. Wilson, will be attending. At that time, he will be telling us all of the good and sufficient reasons why we should pass the bill that has been giving us so much difficulty up until now. It is our sincere hope that on Monday he will persuade the members of the committee to report that bill. If so, I think it is only fit and proper that we be here to debate it.

We have been told—and I feel reasonably confident that the information is correct—that we can look forward to a somewhat strenuous debate on that bill when it does get to the floor of the Senate. I think it only fit and proper that we be here on Monday in anticipation of the report of that committee.

Hon. Royce Frith (Acting Leader of the Opposition): Honourable senators, as the Deputy Leader of the Government has partly explained the context of this motion, perhaps I could add some information for honourable senators.

The Standing Senate Committee on National Finance did meet today. A motion was made to the effect that Bill C-11 should be reported and that that report should say that the committee finds that Part I of the bill, providing for borrowing authority in the amount of $7.3 billion for the fiscal year ending March 31, 1985, is acceptable as it stands—that is, that the borrowing authority to the end of the present fiscal year was available to the government if they wanted it.

However, the motion continues:

> Your committee finds that it would be contrary to well-established parliamentary principle for the Senate to pass Part II of the said bill, which part would provide borrowing authority in the amount of $12 billion in the fiscal year ending March 31, 1986, before the Government has revealed its spending program by tabling the main estimates for the fiscal year ending March 31, 1986.
>
> Accordingly, we urge the Government to decide to seek approval for Part I immediately, and to seek approval for Part II following the tabling of the main estimates for 1985-86 due later this month. Your Committee is confident that such a decision will not impede the Government's borrowing program in any way.
>
> If this solution is not acceptable to the Government your Committee finds that it cannot report the Bill in its present form, which links Part II to Part I, until the main estimates for 1985-86 have been laid before Parliament.

Honourable senators, the motion was debated and discussed during the meeting of the committee this morning. Notwithstanding that the committee started its proceedings *in camera*, the members of the committee asked that the meeting not proceed *in camera*, so this motion was publicly discussed in the committee.

Senator Roblin undertook to have the Minister of Finance appear before the committee on Monday next at 11 a.m., so the committee did not proceed with the motion because the motion itself asks the government to take Part I of the bill now and wait for Part II until the main estimates are tabled, which is to be at the end of this month.

So, I think everyone at the committee meeting felt that it would be reasonable to hear from the government to see whether the government would accept that offer to take the borrowing authority that it needs right now, or says that it needs right now, and wait for Part II until the main estimates are tabled in a couple of weeks.

That is the meeting to which Senator Doody referred in his comments.

It is quite clear that Mr. Wilson may be able to persuade the committee to change its view on this motion, whatever views the committee has on the motion, or, of course, that the members of the committee might persuade Mr. Wilson to take Part I and wait two weeks for Part II.

We are now told that the Senate must meet next week. Let us suppose that Mr. Wilson persuades the members of the committee to change their minds, or a sufficient number of members to change their minds, so that the motion is defeated. Presumably, that is why we are to meet next Monday.

Let us continue with that scenario. Let us assume that that happens. The House of Commons is not going to be sitting next week. Since the Senate has not yet accepted my suggestion that we have alternative forms of Royal Assent, we will be unable to give this bill Royal Assent because the House of Commons will not be sitting. So, the bill cannot receive Royal Assent next week. That is why the government is asking us to sit next Monday at 2 o'clock.

We have not been told that there is going to be any other business before the Senate—at least, any other pressing business.

It looks like—but we are sure it is not—sheer petulance and peevishness on the part of the government—

Some Hon. Senators: Shame, shame!

Senator Frith: —but, of course, it could not be so. The government wants the Senate to meet next Monday at 2 o'clock because it has a program, not just for Tuesday, Wednesday and Thursday, honourable senators, but for Monday.

Senator Doody: Horrors! What a terror!

Senator Frith: No, not at all a terror; a very good thing for us to meet on Monday to do important work. Of course, it is important that we meet on a Monday to do that, and, of course, there will be a great deal of business before the Senate. When honourable senators return on Monday they will see that the order paper is so crowded that they will say, "Frith should eat his words. Look at the amount of business we have before us."

• (1410)

Some Hon. Senators: Hear, hear.

Senator Doody: Good speech!

Senator Frith: Thank you. And that is not all.

Senator Doody: "And having said that"—

Senator Frith: So, we have to return early next week, earlier than usual. I only say this, honorable senators: Of course, we are not going to oppose this motion—

Senator Doody: Of course not.

Senator Frith: The government is entitled to bring honourable senators back to deal with its legislative program, its well-known, crowded legislative program—

Senator Doody: Don't be nasty now.

Senator Frith: The government is entitled to have the Senate sit to deal with such a program—and, therefore, of course we should be here. We await with great interest the evidence, the proof that in fact this is not just sheer, peevish petulance.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I suppose it might be expected that I would offer a calmer word of advice than the declaration that has just been made by the Deputy Leader of the Opposition.

I suppose I could refer to the number of resolutions which honourable senators have placed on the order paper. I could refer to the one placed by Senator Sinclair, for example, who insisted that we break the rules of the house before our last recess to put his resolution on, which convinced one at the time that it was a matter of some urgency. Yet, we have heard nothing from him since.

Senator Frith: That has been on long enough. Why didn't you bring us back last Monday, if that is the reason?

Senator Roblin: I am trying to establish whether there is any senatorial business to be done. Senator Sinclair is almost on his feet, and I have an idea he is going to tell me he is going to debate this next week—and I certainly hope that that is true, because it is an important matter.

There is a number of items on the order paper which—

Senator Frith: New business? What new stuff have you got? That has always been there. It has been there for months.

Senator Roblin: If my honourable friend would just retain his calm and allow me to continue my statement, we would get further along.

Senator Frith: Don't count on it.

Senator Roblin: I am not counting on it, because my honourable friend is a bit touchy these days.

Senator Frith: Listen to who is talking!

Senator Roblin: I say to the Senate that there is some business to conduct, if we wish to conduct it—and that is up to honourable senators. There are some ten items on the order paper that could be discussed next week, at our leisure.

Leaving that aside altogether—because I am not going to make too much of that; we have a habit of letting these things ride until we are good and ready, and if Senator Sinclair is going to let the item standing in his name ride until he is good and ready, he will have my support. I think I should speak further to our reason for having the Senate reconvene on Monday afternoon.

Perhaps I am being optimistic, but it seems to me that we are in the last stages of the discussion of Bill C-11 in committee. We were ready this morning, had it not been for the situation respecting the Minister of Finance, to deal with our report. I think the opposition was ready to deal with the report this morning. However, the suggestion was put forward that, as a final measure, we should hear the Minister of Finance on Monday, which I think we will do.

My guess would be that, after some brisk interchanges, which will probably take us an hour and a half or so, between the minister and those who do not like what he has to say, he will take his departure from the committee, and at that stage we will be at the point, I suspect—although I do not like to give any firm undertaking, because one never knows what the devil is going to happen from time to time—when we might be ready to deal with the report. I think it is a reasonable assumption that at some point on Monday we will be ready to deal with the report.

If we are, two things will happen: either the committee will report the bill without amendment—which would be my recommendation—or it will make the report that is suggested by the Deputy Leader of the Opposition. But I suspect that we will come to grips with the issue one way or the other on Monday.

If we do, we can start debating the report of the committee—unless it is a committee report that includes no amendments, which is an outside chance. If it is not one that reports the bill without amendment, it is a debatable matter. We will start the debate on Monday afternoon in respect of the report of the committee, and I think it a reasonable expectation that it will not be a debate that will be concluded very easily or very soon. Once we have debated the report of the committee, we have the third reading stage—and that, too, provides another opportunity for members to express their opinions. And judging from what I have heard so far, there are a lot of members on both sides of the house who will want to say something about this measure.

If I recall correctly, the Honourable Leader of the Opposition—who is not here today—did promise us an extended debate on the motion for third reading of the bill. We could commence the debate on the committee report and the debate on third reading, if not Monday afternoon, then the next day and until the bill is finally disposed of by this house.

If you ask me what my goal would be, it would be that it be completed in all its stages before the end of next week because then—while it is true that the House of Commons will not be sitting next week, they will be sitting the week after—we can, on that Monday, proceed with Royal Assent.

I am not taking it for granted that the further passage of this bill will be easy or short. In fact, I am taking the other point of view, namely, that there will be a lengthy and protracted debate in which many honourable senators will take part on the two resolutions, one on the committee stage and once on third reading. I think it would be wrong for me to make any other assumption. If it turns out that the bill comes

back to us on Monday, or if the committee has ot finished with it on Monday and the House sits on Tuesday and the debate is short, then, hallelujah, we can all go home. If it does not come back to us on Tuesday, we are giving ourselves sufficient time to conclude the matter before the end of the week, so that there will be no further delay in the final reading of the bill.

No matter what the government may think about the fate of this piece of legislation, the Senate is going to decide it by a majority vote, and a decision will be reached one way or the other.

I ask honourable senators to be patient with us on this matter. I have to tell you that I do not relish the idea of forfeiting our week off—the week the House of Commons has off—and I do not think anybody else relishes it, but in view of the issue that we have before us, I do not think it unreasonable to ask the Senate to sit on Monday. I would like to tell my honourable friend that if he thinks it is just a spiteful move on my part, I regret that, because it is not so. I think it is a reasonable position, and I hope that events will prove me right and that we will be able to debate this bill next Monday or Tuesday. Even if every senator wants to speak on it at every stage, there should be ample time to get it off our plate by the end of next week. That is my plea to the Senate.

Senator Frith: Honourable senators, there is one important flaw, it seems to me, in what Senator Roblin has said. I take it that he candidly admits that he wants the Senate to sit next week to be ready for the report of the committee. He has not said that there will be any other reason for the Senate's not taking the anticipated break. He has been very forthright on that. Everything, of course, hangs on the word "if"—we should be here if, or in case, the committee reports. We now know that when we come back next week what we will be doing is drumming our fingers and waiting to see if the committee reports. It seems to me a much more sensitive and sensible way to handle the government's requirements would be to use the rules that provide that during an adjournment the Senate can be called back in a case of emergency. I am inclined to agree with them that if that committee reports next week there could be some useful debate. My big quarrel with the government is that they are saying, and I thank for them for their candor, "we are not trying to kid you or bring you back here for any reason except to report on Bill C-11." They are saying, "the only reason we are asking you to come back and not take the break that the House of Commons is taking is to wait just in case that committee reports." The obvious solution to that problem which, I admit, is a problem, is to say we will adjourn until a specific date, and then use the rules to call back the Senate if and when the committee reports, so that honourable senators will not be sitting here waiting for a report that might never come. That rule is there for this type of situation. In my view that is the rule that should be used and not the motion that is before us.

Some Hon. Senators: Hear, hear.

● (1420)

Senator Roblin: I am conscious, honourable senators, that I am in flagrant violation of the rules by speaking twice.

[Senator Roblin.]

Senator Frith: We both are. When we are talking about leave, we always proceed in this manner.

Senator Roblin: Perhaps, then, I should ask leave.

Senator Frith: No, we are talking about Senator Doody's application for leave.

Senator Roblin: It is still a debate, and there are rules for debate. We have a few rules in the Senate, although not many. I will assume I have leave to say what I have to say.

As an incidental comment, I should observe that there will be other business besides this bill. There will be a bill dealing with veterans' pensions. The interesting aspect about such a bill is that it will only become law on receiving Royal Assent, so we have to deal with it in a reasonably expeditious fashion and have it ready for Monday of the week following.

I would tell my honourable friend that recalling the Senate on the instruction of the Speaker is not something that can be done very quickly. If honourable senators are dispersed across the country, one has to allow some reasonable time for them to return. It seems to me, therefore, that it would be irresponsible of me to accept the argument of my honourable friend.

My position and his are quite different. He has no obligation to expedite the business of the government in any way, but I have an obligation to make sure that it is conducted as expeditiously as possible. I have heard some rumours—from the other side of the chamber, if the truth were known—which took the form of an accusation that we were a little lackadaisical about this for one reason or another. I remember when we failed to get approval on January 24 in committee to bring the bill back to the Senate, which was what I was led to believe I might anticipate, I stuck to my part of the bargain and adjourned the Senate for that week even though, in my opinion, the full bargain had not been kept. I mention that because I was accused and criticized for neglecting this bill by allowing the Senate to adjourn on that occasion.

I am sure honourable senators understand that the pressures on me and on the government are a little different from those on the Leader of the Opposition.

Honourable senators, I may prove to be over-optimistic in that we may not receive this bill on Monday afternoon, but I still maintain that it is reasonable and proper for me to ask the Senate to be ready to act. It is our duty to be here when business is before us and to do our best with it. We cannot guarantee the timetable because it is not in the government's hands to do so. We have to make reasonable estimates as to what might be possible, and that is all I am doing.

In spite of the inconvenience to honourable senators, I would ask them to see it from my point of view and agree with me that it would be proper, and that we should be diligent in our duty and responsibility to be here. In the event that that bill is available for discussion, we will have reasonable time to examine all its aspects.

Honourable senators, that is my plea. I know it will be inconvenient and that, if we had our druthers, we would not be here, but I think we ought to be. I ask honourable senators to support the resolution.

Hon. Ian Sinclair: Honourable senators, I want to comment on some of the remarks made by the Leader of the Government in the Senate. He made reference to the fact that in December I gave notice of an inquiry. He said, if I remember correctly, ". . . and we have heard nothing about it since." He has not been listening. One of his colleagues has departed, in view of the questions put from this side of the chamber and questions put by the opposition in the other place, saying that, in regard to one part of those social programs, "I am going to forget about it at this time, so the elderly can relax."

Another reason the Leader of the Government has not been listening is because, in the plains out there where he comes from, a conference is under way. Some people at that conference are very concerned about social programs, so perhaps out of that conference will come another retreat by the government. That will all be taken into account, I am sure, when I have the opportunity to deal with it.

Senator Roblin: I would like to make sure my honourable friend understands exactly what my comment was.

I accept what he said as being not unreasonable, and I hope other senators will be persuaded to wait until the government announces its policy before jumping into the brach. My point is that when the motion was produced in the first instance, we were asked to give special leave to have it introduced at that time, a couple of days before our last adjournment. That is what led me to believe that my honourable friend wanted to speak on it as a matter of urgency. Perhaps I was mistaken.

Senator Sinclair: It certainly was a matter of urgency, and Canadians made that very clear with the signals they sent.

An Hon. Senator: Two hundred and eleven members.

Senator Sinclair: I would hope that the honourable senator would be a little more careful when making allegations about people not doing anything or not listening. I will be glad to be here on Monday to hear what he has to say.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

GOVERNMENT OF CANADA

ALLEGED FREEZE ON PROGRAMS

Hon. H. A. Olson: Honourable senators, I should like to ask the Leader of the Government if there is a freeze on all initiatives and projects by the government for the next nine months. I understand that an announcement was made by the Deputy Prime Minister in Toronto yesterday to that effect.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can tell my honourable friend without risk of contradiction that that is not the case. I believe that what he really wants me to find out is exactly what the minister did say on this particular issue, and I will be glad to take the question as notice.

Senator Olson: Will the Leader of the Government obtain details of the terms and conditions of certain programs that I believe the government has indicated it will bring in before the expiration of the nine months' period that was indicated in the report, and advise us accordingly?

Senator Roblin: If any policy on those matters can be announced, I will be glad to provide it for my honourable friend.

INDUSTRY

ESTABLISHMENT OF AMERICAN PLANT IN CORNWALL, ONTARIO

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Is he aware that an American plant will be built in Cornwall, Ontario? I believe the name of the company that will build it is Kohler, and that the plant will manufacture counter tops and bathroom fixtures. I believe that company is a giant in the United States and that the plant to be established in Cornwall will be a large one. I also understand that the company will receive federal assistance by means of a grant amounting to $4.1 million in order to establish that operation.

Is the Leader of the Government aware that such a plant will be built and is he aware if a study has been made on the impact the plant might have on similar manufacturing concerns already in operation in Canada? Can he also advise if it is true that the American company will receive federal assistance which will have the effect of providing assistance to a company that will compete with Canadian manufacturers of similar products?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has asked a question that is in a difficult area, because under the rules of FIRA details of negotiations between persons planning prospective operations in Canada and the federal government are confidential. That is a long-held statutory obligation. Therefore it is unlikely that I will be able to obtain much detail. However, I will endeavour

to ascertain if there is any information that I can supply my honourable friend that will deal with the issue he raises.

THE ESTIMATES

DATE OF TABLING

Hon. John B. Stewart: Honourable senators, has the Leader of the Government any information as to when Parliament may expect to see the main spending estimates for the forthcoming fiscal year? Will they be presented in February as usual?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that question was put to me in the committee this morning, and I shall give the same response that I gave then, namely, that the Minister of Finance will be appearing before the committee on Monday and he will be able to answer such questions.

GOVERNMENT OF CANADA

AGRICULTURAL PROGRAMS—COMPOSITION OF TASK FORCE

Hon. Dan Hays: Honourable senators, my question arises from a news release issued yesterday from the office of the Deputy Prime Minister. I believe it is the text of a speech that he gave to the Canadian Club in Toronto. The speech discusses the task force the government created. At one point in the speech it says:

> At the outset, the Task Force agreed on a simple three-pronged work plan consisting of an inventory, program assessments and action plans . . . the entire undertaking should benefit from the combined wisdom and judgment of the private sector and the public sector.

Upon examination of the details provided by the minister of one of the plans in which I had an interest, namely, agricultural programs, I note that the study team consists of seven members, four from the private sector and three from the public sector. Not a single member from the private sector represents the producers' side of agriculture. I would also point out that there is no representation from either western Canada or Atlantic Canada on the advisory committee. There is only one representative from Quebec and the remainder are from Ontario.

My question is: Will the Leader of the Government in the Senate take steps to ensure that there is balanced representation on this particular study group so as to comply with the very laudable objective of taking into consideration, when developing this program, the wisdom and judgment of the private sector on a balanced basis?

● (1430)

Hon. Duff Roblin (Leader of the Government): Honourable senators, the input to the study is not restricted to the members of the committee. They are making extensive soundings in their various spheres of interest and responsibility to get the widest possible input. Nevertheless, my friend asked me about the representation on these committees. I know that the deputy prime minister has made some statements on that point. I shall take the question as notice and see what answers I can get.

INDUSTRY

ESTABLISHMENT OF AMERICAN PLANT IN CORNWALL, ONTARIO

Hon. Peter Bosa: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate regarding the establishment of a plant in Cornwall, Ontario. The honourable gentleman made reference to FIRA in his reply. If we were talking about the acquisition of an existing company in Canada, it would go through FIRA, but since we are talking about building an entirely new facility, it is my understanding that it does not fall under the jurisdiction or terms of reference of FIRA.

Hon. Duff Roblin (Leader of the Government): I must tell my honourable friend that the situation is exactly the same for both kinds of undertakings.

FOREIGN AFFAIRS

AFRICA—FAMINE RELIEF

Hon. H. A. Olson: Honourable senators, I would like to ask the Leader of the Government in the Senate a question about the content of the additional funding announced by the government to assist in the famine relief effort in Africa. I note with some satisfaction that the government has increased its commitment by $15 million in the last few days. To the best of my information, all that money is for food. Would the leader make inquiries to find out whether CIDA or any other government agency is setting in place some capability to assist the people in that drought and famine stricken area to restore production? Of course, such a project would require some lead time so that the people and equipment necessary can be put in place to help them restore the productivity of their land.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is exactly programs of that kind which are included in SADCC, an organization which consists of the nine nations around the periphery of South Africa and whose annual meeting I recently attended. They are taking this action to help the people feed themselves in the future. If the implication of my honourable friend's question is that this is a good thing to do, it is unquestionable that it is.

Such programs are carried otu with the willing co-operation of the governments concerned. The sovereignty of these countries must be respected. In some parts of Africa, that is not the case. In the case of Ethiopia, I think I am safe in saying that the question of sovereignty is a bar to carrying out such a program. Perhaps that will change. It may be that I am inaccurate on that point, but I think I am correct. The honourable sneator has also asked what we are doing in these places on a long term basis. I shall see what information I can obtain for him.

Senator Olson: Honourable senators, I was not referring to the area of Africa which the leader has just referred to, those

countries surrounding South Africa. I am more interested this time in the area from Ethiopia through Sudan over to Chad, Niger and so on. The press reports seem to indicate that there is an increase in the amount of food Canada has committed to several of these nations, including Ethiopia, but I have seen nothing indicating that the necessary assistance to help restore productivity is also part of the program. Would the honourable leader make a point of asking that question as well?

Senator Roblin: Honourable senators, I shall, because I think the necessity for ongoing plans there must not be overlooked. However, I think that the best approach at this stage would be a multinational one. The problem in the South Sahara is of such a magnitude that if we co-ordinate Canadian efforts with other people of goodwill, we might be able to do some good. I shall try to get the exact information my honourable friend has requested.

INDIAN ACT

REINSTATEMENT OF INDIAN WOMEN TO MEMBERSHIP OF INDIAN BANDS

Hon. Len Marchand: Honourable senators, I have a question for the Leader of the Government in the Senate. Over the last several weeks I have been receiving representations from various Indian groups, particularly a group in Treaty Six, regarding the reinstatement of Indian women to membership of bands. Bill C-47 was introduced in the previous session, if I recall correctly, to deal with the repeal of section 12(1)(b) of the Indian Act. Because there is so much uncertainty among these groups throughout the country, I wonder if the Leader of the Government in the Senate can give us precise information as to the date his colleague, the Minister of Indian Affairs and Northern Development, will bring in a bill dealing with this matter?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I shall have to ask my colleague the answer to that question.

Senator Marchand: Honourable senators, while the leader is making inquiries of his colleague, the Minister of Indian Affairs and Northern Development, would he also determine the stage of consideration within the government the legislation has reached? Has it gone before cabinet? Has it cleared cabinet, or what? This is becoming a very serious matter within the Indian community, first, because of the fundamental issue involved and, second, because of the uncertainty as to when the matter will be dealt with.

Senator Roblin: There is no question that it is an important matter and I fully understand the weight of my honourable friend's question. However, I must tell him that it is not likely that I will be able to tell him where this matter stands within the process of government consideration because, obviously, the matter can only be disclosed when the final agreement is made with all parties and a policy can be announced.

[*Translation*]

NATIONAL FILM BOARD

POSSIBILITY OF BUDGET CUTS IN ONTARIO

Hon. Eymard G. Corbin: Quite properly, it happens now and then that honourable senators defend the interests of minority groups in Canada, be they visible, linguistic or other minorities.

Well, honourable senators, perhaps you are aware of the battle which has been going on in Ontario for the past ten days or so with respect to the regionalistic concept of the National Film Board.

The National Film Board senior management want to cut the Ontario regional office operations budget down to a ridiculous minimum. Apparently, Franco-Ontarians are not prepared to live in the shadow of the powers that be of the National Film Board in Montreal. In other words, they want to breathe their own oxygen.

I would like to express my concern to the government as a result of those budget cuts and the instructions issued by either side in the various government departments and agencies.

I would ask the Leader of the Government to pay close attention to the National Film Board regional group operating in Ontario—already decimated as it is—so that it might reasonably fulfil its own aspirations without permanent policy directives imposed by the central office in Montreal.

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, unfortunately the translation system failed at the beginning of my honourable friend's remarks, but he speaks such beautiful French that even my uncultivated ear, I think, got the gist of what he had to say.

I can say to him that I am not aware of this problem that he has raised with respect to the cultural aspects of life in the region that he mentioned, and I must inform myself more on that subject before I can give him an answer to his question.

HUMAN RIGHTS

MEETING OF EXPERTS—DESIRABILITY OF SENATE PARTICIPATION—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Haidasz, P.C., calling the attention of the Senate to the desirability of its participation in the preparations for and deliberations of the special meeting of experts on human rights, which is to be held in Ottawa, April 23rd to mid-June, 1985, as directed in the concluding document of the Madrid Review Meeting of the Conference on Security and Co-operation in Europe.—(*Honourable Senator Doody.*)

Hon. Royce Frith (Acting Leader of the Opposition): Are you saving it for Monday?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on this particular order I moved the adjournment of the debate yesterday after my friend, Senator Yuzyk, spoke. At that time I did so in the interests of senators who might wish to speak later on this particularly important subject. If no one wishes to participate, I am prepared to let the order go at any time. However, I would prefer to leave it on the order paper. I think it is an exceptionally important item.

Order stands.

BORROWING AUTHORITY BILL, 1984-85, (No. 2)

MOTION TO INSTRUCT NATIONAL FINANCE COMMITTEE TO MEET FORTHWITH WITHDRAWN

On the Motion:

That the Standing Senate Committee on National Finance be instructed to meet forthwith to determine the course of action to be taken with respect to the disposition of Bill C-11, "An Act to provide borrowing authority"; and

That the Committee have power to sit while the Senate is sitting for the above purpose.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am the author of this motion that requested, on Tuesday, February 12, 1985, that the committee meet to proceed with Bill C-11. I never had an opportunity to explain to the house why I sought leave to so move at that time, and perhaps I could do so now.

When I found that the committee had made no firm arrangements to meet again, for reasons which are known to all members of this chamber, and to which I attach no opprobrium, it seemed to me that it would be advisable to have the committee meet early this week. When I attempted to look into this matter, I found that the chairman of the committee was in Montreal, for very good and sufficient family reasons, and he has our sympathy in this problem.

I then attempted to get in touch with the deputy chairman of the committee. He was in good shape but he was in Toronto, stranded there in the snow storm. Therefore, I thought it might be useful to try to get the Senate to consent to have that committee meet without either of those two officers to continue its business. My proposal did not receive the approval of the Senate, however, and I accepted that.

Now that the committee has met, of course, there is no reason for my motion and therefore, if I have unanimous consent, I will withdraw it.

Hon. Royce Frith (Acting Leader of the Opposition): I agree, but I would note that what happened, as is implied, is that the chairman did call a meeting, even though he was in Montreal.

Senator Roblin: Indeed, but the committee did not meet that day; it met on the following day.

[Senator Frith.]

Senator Frith: I am not quarrelling with that. The committee met in the ordinary course, as I think you are implying.

Senator Roblin: The committee met, and I am glad of that. I appreciate what he did.

Hon. Gildas L. Molgat: I wonder if I might ask a question of the mover of the motion in the first instance. Did he attempt to speak to either the chairman or the deputy chairman, and did he, in fact, speak to either of them?

Senator Roblin: The advisability of making this move, I have to confess, occurred to me later than I would have liked, and therefore I had to prepare the material in a hurry to meet the opening of the session. I had a chance to show it—and I emphasize this—to the Leader of the Opposition only as he entered the chamber. I am frank to admit that that is not the best way to do business and that it would be much preferable if I could have let him have a view of it previously. However, I will tell you frankly what the facts are, and I must say that I raised a minimum of criticism when I found I could not get leave. It occurred to me at the time that it was such a straightforward idea that perhaps it did not require much consideration. However, if other people have other views, I am prepared to accept them.

Senator Molgat: Honourable senators, yes I do have some very different views on the subject. I think it is exceedingly bad practice for the Senate to interfere in the work of committees unless there is first a discussion with the committee chairman and deputy chairman. I do not think that it is good practice to set up committees of which, in their normal practice, a chairman and deputy chairman are chosen and given certain responsibilities, and then have the Senate as a whole interfere with the work of those comittees. I think that if anyone feels that a committee is not doing its work, the first action must be to go to the chairman of that committee and discuss it with him. If that does not result in any change, then there are other courses of action. I think to do otherwise is exceedingly bad practice and contrary, in fact, to the unwritten rules of the Senate, the time-honoured rules under which we have worked.

I certainly find that this particular motion was offensive and, had my honourable friend wished to proceed with it at that time, I certainly would have objected.

Senator Frith: Is the answer to the question that you did not, in fact, discuss the matter with the chairman of the committee?

Senator Roblin: We tried to reach the chairman of the committee; our efforts proved futile.

Senator Frith: Does the same answer apply to the deputy chairman?

Senator Roblin: When I had my resolution ready, he saw it.

Senator Frith: I want to have on the record the fact as to whether you were or were not able to reach the chairman or the deputy chairman. Neither did you discuss your motion with either the chairman or the deputy chairman. Whatever the reasons were, you did not?

Senator Roblin: I did not conduct the conversations myself. That was done by some of my colleagues, and I was informed that they could not reach the chairman of the committee. However, we did reach the deputy chairman of the committee, but he was in Toronto and could not get back. We could not physically get in touch with the other gentleman.

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, that the motion shall be withdrawn?

Hon. Senators: Agreed.

Motion withdrawn.

The Senate adjourned until Monday, February 18, 1985, at 2 p.m.

THE SENATE

Monday, February 18, 1985

The Senate met at 2:30 p.m., the Hon. Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-22, to establish the International Centre for Ocean Development and to amend the Financial Administration Act in relation thereto.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Roblin, bill placed on the Orders of the Day for second reading on Wednesday next.

[*Translation*]

WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-29, to amend the Western Grain Stabilization Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Phillips, bill placed on the Orders of the Day for second reading on Wednesday next.

QUESTION PERIOD

[*English*]

THE ECONOMY

PIONEER TRUST—STATUS

Hon. Hazen Argue: Honourable senators, on Wednesday last I raised a number of questions about the announcement that Pioneer Trust was closing its doors. Since that time I have been informed, I believe quite reliably, that a letter signed by Bob Andrew, the Minister of Finance for Saskatchewan, under date of November 26, 1984 and addressed to Pioneer Trust, guaranteed the Province of Saskatchewan to the extent of $26.5 million for preferred shares. It was put to me that had that letter been written by a private corporation it would have been a legal document that would have stood up in court. Therefore, it seems that the Saskatchewan government went a long distance at that time towards guaranteeing those preferred shares.

My question is: When did the Province of Saskatchewan—the Leader of the Government in the Senate has been looking into this—first approach the Government of Canada about this problem, and when did it first ask for some assistance from the federal government? Senator Roblin, in his reply to me, stated:

> The federal government believes it has discharged its responsibility through the deposit insurance plan which protects the vast majority of funds at risk.

From time to time, in recent days, there have been statements by a spokesman for the Government of Saskatchewan that negotiations are still going on with the federal authorities as to what extent there may be guarantees or assistance for 1,800 depositors who are not covered by the deposit insurance and who have deposits amounting to $34 million. Is it a fact, as the Leader of the Government seemed to infer, that the government is not giving any further consideration to something beyond the deposit insurance? The impression is certainly abroad in Saskatchewan that negotiations are still proceeding and that there is still a possibility of assistance from the federal government in the way I have mentioned.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I imagine that the uninsured depositors to whom my honourable friend refers are not private citizens. Usually people in that category are commercial corporations, municipal governments, and others of a similar nature. So it is possible that is where the $34 million figure originates.

In my reply the other day I told my honourable friend that I would inquire as to whether there was any correspondence with the Government of Saskatchewan on this point. If the consent of the Saskatchewan government was obtained—and that is a necessary condition—I will see if any information can be provided.

Senator Argue: I do not wish to belabour the point, but do I take it from the answer of the Leader of the Government that no consideration is being given for any assistance beyond the $60,000 limit? With all due respect, I say that there are individuals who have deposits with that trust company somewhat in excess of $60,000.

Senator Roblin: That information will probably be revealed if and when we are able to consider the correspondence. I have no information beyond that.

Senator Argue: Then do I take it that the sum of the Leader of the Government's answers suggests that there is still some consideration being given by the Government of Canada to further assistance in this general area?

Senator Roblin: No, the honourable senator cannot make that assumption.

CANADA-UNITED STATES RELATIONS

KIDNAPPING OF CANADIAN CITIZEN BY BOUNTY HUNTERS FROM UNITED STATES

Hon. Philippe Deane Gigantès: Honourable senators, two United States bounty hunters kidnapped a Canadian citizen on Vancouver Island, forced him on to a plane and flew him to the United States, where he now resides in jail. According to the bounty hunters who illegally arrested him, the Canadian citizen in question was arrested because of jumping bail.

Will the Leader of the Government assure the Senate that the government will do everything in its power to ensure that the Canadian citizen is returned to this country; and, further, that the two bounty hunters, who have been apprehended and who are now in custody, will be prosecuted to the limit of the law, to the extent that the federal government has influence in this connection, in order that such kidnapping and illegality by agents of a foreign though friendly power will not be tolerated in this country?

Hon. Duff Roblin (Leader of the Government): Honourable senators, this is indeed a curious situation because it is not unique. Some time ago a Canadian citizen living between Canada and Florida was also captured in Canada by bounty hunters and was taken to the United States, where he was tried and put in jail for some time. If memory serves me well, the bounty hunters were apprehended, brought to Canada and placed before the courts of this country for judicial examination and decision. I have every reason to think that the same course of action will follow in this instance, because it is not a course of conduct that we are willing to condone or ignore.

Senator Gigantès: I have a supplementary question for the Leader of the Government. He will remember that Canada used the normal channels of communication with the Government of the United States, in the case he mentioned, in an attempt to alleviate the hardships of the Canadian citizen involved. Can the leader assure us that the present government will also use its good offices to the maximum extent possible to help the Canadian citizen, in the case I have referred to, who is now being held in a foreign jail?

Senator Roblin: I have every expectation that the present government will be successful in dealing with the two sides of this question, as was previously the case.

EDUCATION

POST SECONDARY—AVAILABILITY OF REPORT

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government in the Senate. Some time ago Mr. Al Johnson was engaged by the then Secretary of State to study and report on federal-provincial relations in the area of post-secondary education. I believe Mr. Johnson's mandate expired in November. My question is: Is Mr. Johnson's report available? If not, can he give us some prognosis as to when it will be available? And, in either case, will he ensure that the report is brought to the Senate in the usual way when it is ready?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will undertake to inquire into the status of the report but whether or not it is a document that will be tabled here is another question, one on which I am unable to give any assurance at the present time.

Senator Stewart: If the document is not secret, may we assume that it will be brought forward?

POST SECONDARY—MINISTERIAL MEETINGS

Hon. John B. Stewart: I have a second question. The present Secretary of State has had meetings with the council of ministers of education. As I understand it, his purpose at those meetings is to give the provincial governments an adequate understanding of the role of the federal government in this rather costly area of education. I am asking the Leader of the Government in the Senate if the series of meetings has been terminated and, if so, whether a report on those meetings will be brought to this house?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can add nothing to my reply to the honourable senator's first question because I have already said all I can say about it.

With respect to the Secretary of State's consultations with the ministers of education, I am hopeful that these meetings will be very productive. I know it is a matter of some gratification to all honourable senators that in the recent meetings in Regina, co-operation and coordination between federal and provincial governments in terms of training, which is certainly a part of the educational field these days, was remarkably productive, mainly because the federal government agreed to pay some attention to the special requirements of the provinces and regions. I think that has been a helpful development. I expect that much the same thing may be taking place in the portfolio of the Secretary of State. However, I have no information at the moment that I can give my honourable friend on that. I will ask the Secretary of State if he intends to make a report on that matter, and then pass on the information to my honourable friend.

Senator Stewart: I have a supplementary question. Can we assume that, in the area of academic post-secondary education, the Government of Canada will be equally generous? At any rate, will it be as generous as it was in the area concerning which the Leader of the Government in the Senate speaks in such congratulatory language?

Senator Roblin: I certainly hope that it will be fair and just. When the report of the Secretary of State is available, we will have a chance to examine that fact.

• (1440)

INDUSTRY

PROPOSED RELOCATION OF CO-OP IMPLEMENTS FROM WINNIPEG TO REGINA

Hon. Joseph-Philippe Guay: Honourable senators, my question is addressed to the Honourable Leader of the Government in the Senate. I am sure that he is as concerned as I am about the recent report in the media regarding the purchase by a Swedish firm of Co-op Implements and the proposal by that firm to move the plant from Winnipeg to Regina. My concern is the loss in Winnipeg of approximately 70 permanent jobs as well as some part-time jobs. I would ask the Leader of the Government in the Senate if he would speak to his government in regard to this matter in an effort to have this plant remain in Winnipeg.

As honourable senators are no doubt aware, this particular plant has received many grants from both the federal and provincial governments. I am therefore asking the Leader of the Government in the Senate to make representations to his government to see if there is any possible way that this plant can be kept in Winnipeg.

Hon. Duff Roblin (Leader of the Government): I am sympathetic, as I usually am, to the questions raised by my honourable friend because he usually raises some pretty good ones, and this one certainly commands my attention. Insofar as I am able to do so, I shall follow his request.

At the same time, I think I might say, however, that Co-op Implements has had a very sad and unfortunate financial history. It has had a struggle to keep its doors open and to sell sufficient of its products to justify itself on an economic basis. Over the years, very substantial grants have been given by various levels of government, and I think it is true to say that the Government of Manitoba, under both the present administration and its predecessor, gave very substantial support to this company. Part of the motive for that, undoubtedly, was to retain it in Winnipeg. Therefore, I expect to have the full co-operation of the Government of Manitoba in achieving that end now.

Hon. Hazen Argue: I wonder if I might ask the Leader of the Government in the Senate to take into consideration the fact that the Province of Saskatchewan, although the plant was not located there, also gave very large sums of money to Co-op Implements in the hope that it would be a viable business. Coming as I do from Saskatchewan, I would think that consideration of the move to Regina would need to be discussed around the table at the same time. I know we are at a disadvantage around the cabinet table because I believe there are four powerful ministers from Manitoba and only two from Sastatchewan.

Senator Roblin: I think the Saskatchewan members of the cabinet are very effective and vocal, and therefore the odds of four to two are not at all unfair, and that their voice will be heard.

[Senator Roblin.]

However—and this will be made clear on examination—I suspect that the deal between Co-op Implements and the new company may have the decisive voice as to where this plant is located. One can see, therefore, that it might be a difficult problem to solve, and one can, therefore, offer no guarantees.

ESTABLISHMENT OF AMERICAN PLANT IN CORNWALL, ONTARIO

Hon. Peter Bosa: Honourable senators, I have a question on a similar subject. On February 14, 1985, I asked a question of the Leader of the Government in the Senate concerning the plans of an American company to build a manufacturing plant in Cornwall, Ontario. Was the leader able to obtain any additional information concerning that project?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that matter is still under investigation. I think I warned my honourable friend that information of this sort is usually regarded as being confidential by the company, and unless its consent is given to release it, it may be *ultra vires* to do so.

Senator Bosa: I appreciate the answer given by my honourable friend, but I am sure he is also aware that there is a great deal of concern among Canadian manufacturers who may have to confront a formidable competitor in that field. They also would like to know what might be in store.

Senator Roblin: That is precisely the point, is it not? It is a matter of competition.

CANADA POST CORPORATION

PROSPECTIVE STRIKE—GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government in the Senate. Apparently, negotiations for a new postal contract have reached an impasse. It is well known that a postal strike places a heavy economic burden on businesses, especially small businesses. Is the government contemplating some kind of contingency plan, in the event of such a strike, in order to relieve the burden on business arising from such a strike?

Hon. Duff Roblin (Leader of the Government): Honourable senators, the Canada Post Corporation is a crown corporation and, therefore, is, to a greater extent than was hitherto the case, in charge of its own industrial relations. So, it is difficult at the moment to say whether the government will interfere in the process of those bargaining sessions.

It is true that if the post office ceases to work it causes a substantial hardship on many people. Heaven knows we have been through that before on many occasions and understand how bad it can be.

I am not sure whether it is any comfort to my honourable friend, but I do know from personal experience that the users of the post office have learned from these sad experiences in the past and are becoming adaptable and flexible in finding other methods of getting their pieces of paper moved around

the country. I suspect that if we do have a strike in the post office, those alternative methods of moving the mail will come strongly to the fore.

Senator Gigantès: A supplementary question. There are some legislative obstacles to private enterprise stepping in and replacing all activities of the post office. Is the government considering any changes which would allow private companies to supplant the striking postal workers in such fields, which even under past circumstances they were not allowed into?

Senator Roblin: It would, of course, be quite improper to try to forecast for my honourable friend what the government might or might not do in certain hypothetical circumstances, so I will not do that. All I will say is that, in the past, the alternative methods of moving the mail have proved quite effective, regardless of whatever obstacles might have been in their way.

PENSION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jack Marshall moved the second reading of Bill C-28, to amend the Pension Act.

He said: Honourable senators, you may recall that on November 20, when addressing a motion to review and update the report of the Standing Senate Committee on Social Affairs, Science and Technology entitled *"They Served—We Care"*, I referred at some length to a list of provisions which the Minister of Veterans Affairs intended to introduce and put into effect through legislation. I am therefore pleased that today I have the privilege of introducing that legislation in the form of Bill C-28, a bill to amend the Pension Act. The Pension Act governs the Canadian Pension Commission in its adjudication of claims resulting from death or disability arising from service in the Canadian forces during World Wars I and II, the Special Service Force, and those who served in the military during peace time.

• (1450)

Honourable senators, the bill is straightforward and, although, as usual, it will not, unfortunately, attract much attention or interest outside the veteran community, it is vitally important and contains amendments long overdue. These amendments have been requested for many years by veterans' associations through resolutions at conventions, and by other organizations through the channels of appeals and requests to government. The amendments are based on recommendations by every interested group. The passage of this bill will correct some serious anomalies in the act and, in addition, will have the effect of hastening the process of hearing pension applications. It will provide for more fair adjudication, and speed up applications and appeals. This bill is of concern to some 700,000 veterans and many more thousands of dependents and children.

Honourable senators, the first amendment deals with the annual increase in the basic rate of pension, which was, for many years, a matter of long and serious debate. Prior to this amendment, the basic rate of pension, which is based on the average wage of the five selected categories in the public service, has been increased each year by the percentage increase of the consumer price index.

However, veterans were placed in a disadvantageous position when the salaries of those public servants were increased by a larger amount which, as a result, reflected an increase greater than that of the consumer price index. This meant that veterans' organizations had to make repeated representations to government to provide a catch-up to grant an equal increase to veterans. In 1984, that difference amounted to $611.

The amendment will provide that, in future, the rate of pension will be increased each year by whichever is the greater—the percentage increase in the consumer price index or the average percentage increase in the salaries of the five selected categories of public servants. This is a welcome relief to veterans and veterans' organizations and, more particularly, will benefit some 90,000 spouses and children. It will also benefit many dependents other than widows.

Honourable senators, to dwell just a little further on this matter, this amendment has been requested since 1972 or 1973. As a matter of fact, in 1972, a committee, including representatives of the Department of Veterans Affairs, the Canadian Pension Commission and the Canadian Legion, was appointed. That committee advocated that the basic rate be equal to the average composite wage. This was accepted by government. Now, 13 years later, we still do not have this enshrined in the legislation. It brought about the situation where, after a few years, when the veteran fell behind, everyone had to plead with government to provide the difference in income. Now, it will be enshrined in legislation, and we will not have to go begging again.

The second amendment is most important in that it eliminates what can only be referred to as discrimination in two sections of the Veterans Charter. It will also eliminate the unfairness in the entitlement to pensions of widows after the death of their husbands. Honourable senators, I feel that matter was passed over too lightly in the other place.

In simple terms, when a pensioner dies, the widow or widower of the deceased veteran in receipt of a disability pension is currently reduced to a single-rate pension at the end of the month in which the pensioner dies; yet, at the same time, under the War Veterans Allowances Act, when a WVA recipient dies, his or her spouse is entitled to continue to receive the married rate for 12 months after his or her death.

This was a humane gesture to cushion the shock of an immediately-reduced income at a time when the spouse is under emotional distress and to allow him or her to adjust to new financial circumstances. For example, honourable senators, taking into account the maximum rate for a 100 per cent disability pensioner of $1,420.24, after that veteran dies, immediately, in the first month following, the spouse would be reduced to the single rate of $852.14—a reduction of $568.10.

On the other hand, the maximum allowable income to the married veteran under WVA is $993.66, and, when that veteran dies, the government has been kind enough to allow the spouse to continue to receive the married rate for one year.

For some reason or other, the wife of the disabled pensioner, whose husband suffered the highest category of disablement, receives less than the widow of a War Veterans Allowance recipient whose entitlement comes about by pre-aging. This bill will entitle the spouse of the disability pensioner to receive the married rate for one year. This will benefit some 6,200 widows at a cost of $7 million annually.

Honourable senators, I dwelt on this matter on November 20 and, if you will bear with me, I must dwell on it again to show how, after so many years, such variations and unfairness have existed in the legislation. For example, the magic formula for a widow to be entitled to a widow's pension is 50 per cent. At the present time, that pension for the married veteran and his widow at 50 per cent is $710.13. When that veteran dies, thankfully, his wife is entitled to the widow's pension of $852.14. She receives more being single than she did when married to her husband. It is the equivalent of a 60 per cent married pension. Therefore, at 50 per cent, the widow receives 10 per cent more than she was receiving when she was married.

Taking it a step further, the disability pensioner at 60 per cent, married, receives $852.14, so, on his death, his wife would not receive any more even though his disability was 10 per cent more severe than the 50 per cent pensioner.

Honourable senators, to continue along this calculation with 10 per cent graduations, the wife of a 70 per cent pensioner who received $994.16 would receive $142 less after his death. The wife of an 80 per cent pensioner who received $1,136.19 would receive $284 or 20 per cent less. A 90 per cent pensioner, together with his wife, would have been receiving $1,278.21; his widow would receive $406 or 30 per cent less. At the 100 per cent calculation, the wife, who together with her husband would have been receiving $1,420.24, would after his death lose $568.10.

Honourable senators, this amendment will now allow the wife of a 100 per cent disability pensioner, after his death, to retain for 12 months the amount of $1,420.24. This will allow her time to recover from the emotional shock of her husband's death and to adjust to the new life she must lead.

The third amendment, honourable senators, carries the continuation of the married rate extension, which I just mentioned, one important step further. It finally recognizes the spouse of the veteran who is among the most severely disabled in the veterans' ranks. That is the veteran beyond the 100 per cent disability, who, because of the seriousness of his disability, is entitled to an attendant's allowance and/or exceptional incapacity allowance which arises out of the combined effects of serious disability and age as a consequence.

Now, thankfully, the spouses of veterans, such as the paraplegic, the double-amputee, the war blinded, and others who are victims of complications and illness arising out of their present incapacity, will be entitled also to the married rate for a full year after the death of the veteran at a cost of only $1 million per year. These spouses are perhaps only 200 to 300 in number.

• (1500)

The other amendments, which have been inserted in the bill since I last spoke on the provisions on November 20, are also more important than appears at first glance, because it is hoped they will effect an improvement by reducing the delays in the pension process.

In one case, the amendment provides for the addition of four additional members to the Pension Review Board, which is the last line in the process which, through various circumstances, is now facing an eight-month backlog of cases. It is hoped that the addition of those members will speed up the examination of appeals.

On the other hand, the last amendment will allow the first level of adjudication, the Pension Entitlement Boards, to be composed of two or three commissioners as opposed to the present necessity of having three, and will make it possible for more cases to be heard each year. For example, the maximum strength is 24 commissioners, and whereas we now have eight teams of three, as a consequence of this amendment, we shall have 12 teams of two.

A more important factor in this regard is that where, in the past, the practice has been to turn down the veteran's application whenever a split decision occurred, on passage of this legislation that split decision will always be in favour of the veteran.

Hon. Senators: Hear, hear.

Senator Marshall: That is to say, if one of two commissioners turns down the application and the other approves it, whereas prior to this bill the decision was against the veteran, the decision will now be in favour of the veteran. The low percentage of positive decisions by the Canadian Pension Commission has been a source of deep concern over the years, as have been the long delays in the build-up of the backlog in the number of cases.

Honourable senators, those are all of the amendments. I should like to say a few words on how this legislation came about. The only reference to veterans in the Throne Speech of November 5 was in the following sentence:

> My ministers will introduce measures to improve the financial situation of Canada's war veterans.

I am sure that all honourable senators will agree that the action resulting from that one sentence in the form of this bill has made a contribution to the veterans' cause of some $22 million.

Hon. Senators: Hear, hear.

Senator Marshall: That is an appreciable amount of funding despite the preaching of restraint, and, honourable senators, that is as it should be. I would refer to it as another instalment of the debt to our veterans, a debt long overdue. To take 13 or 14 years to enshrine the basic rate of pension into legislation,

even though the formula was accepted by government in 1973, is inexcusable. To allow widows of veterans to have waited so long for equality, and to have withheld recognition of the concept of fair treatment at a cost of a mere $7 million is equally inexcusable. There has been an element of complacency in carrying out the simple action required to speed up the pension process by the addition of a few commissioners, a step which has been long awaited, particularly when there have been long-standing vacancies. I notice today in a government news release, that the government has appointed two new commissioners to the Canadian Pension Commission. It is hoped that that will relieve the situation and speed up the adjudication process.

The amendments to Bill C-28 came about because the minister was willing to listen. Furthermore, he was evidently ready to act on the representations of those veteran groups, of MPs and senators, and did so after only four months in office.

We should place on the record our appreciation of the Royal Canadian Legion, the War Amputations of Canada, the National POW Association, the Dieppe Veterans of Canada, the other organizations who make up the National Council of Veterans, and those organizations outside the National Council, who will sigh with relief when this bill receives Royal Assent after the many years of pleading.

I wish to make it clear that my commendation of the Honourable George Hees does not lessen the efforts of those ministers who preceded him, such as the Honourable Bennett Campbell, the Honourable Alan MacKinnon, the Honourable Daniel J. McDonald, and others who came before, who made valiant efforts to obtain approval of the rectification of those long-standing discrepancies in the Veterans Charter, but, for various reasons, without success. Evidently Mr. Hees has the persuasive powers to gain acceptance from an understanding government a realization of its priorities, and I welcome the opportunity to present the bill today. I am sure that Senator Bonnell would agree with me that it is satisfying to note that three amendments of those recommended by the committee which he chaired are contained in this bill.

But even with the significant changes embodied in the bill, many other discrepancies still exist in the act, which must be dealt with on an urgent basis. I am pleased to point out that the Standing Senate Committee on Social Affairs, Science and Technology has authorized the formation of a Subcommittee on Veterans Affairs. I commend Senator Tremblay for that. That subcommittee will enable us to review the recommendations contained in the Senate committee's report entitled "They Served—We Care" and will continue to direct its efforts toward assisting veterans in the future.

From a survey of members of the Senate, I note with pleasure that approximately 22 distinguished veterans are serving in this chamber. I would welcome their participation and advice to ensure that we can, with a sense of duty, produce legislation that will fulfil Canada's commitment to its veterans.

The bill, as honourable senators will note from reading the debates in the other place, was passed through all stages on Friday last. It is equally important that we allow passage of the bill in this chamber, to ensure that all eligible widows will not miss out on benefits, and that the other benefits embodied in the act will be directed for the benefit of all Canadian veterans. I hope that this legislation will be passed as quickly as possible.

Hon. Senators: Hear, hear.

On motion of Senator Gigantès, debate adjourned.

HUMAN RIGHTS

MEETING OF EXPERTS—DESIRABILITY OF SENATE PARTICIPATION—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Haidasz, P.C., calling the attention of the Senate to the desirability of its participation in the preparations for and deliberations of the special meeting of experts on human rights, which is to be held in Ottawa, April 23rd to mid-June, 1985, as directed in the concluding document of the Madrid Review Meeting of the Conference on Security and Cooperation in Europe.—(*Honourable Senator Doody.*)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe that Senator Doody stood this because he thought that there might be other senators, other than himself, who might wish to add to the useful contribution made by Senator Yuzyk. Therefore if any honourable senator wishes to speak on this subject today, he or she would be welcome to do so.

Order stands.

COMMITTEE OF SELECTION

FOURTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fourth Report of the Committee of Selection, which was presented on Wednesday, February 13, 1985.

Hon. Orville Phillips: Honourable senators, I move that the report be now adopted.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, February 19, 1985

The Senate met at 2 p.m., the Hon. Rhéal Bélisle, Acting Speaker, in the Chair.

Prayers.

[*Translation*]

THE SENATE

TELEPHONE SERVICE

Hon. Léopold Langlois: Honourable senators, I am raising a question of privilege. The telephone in my office has been out of order since ten o'clock this morning. I made a complaint because there had been no warning that service would be interrupted. An hour later, some technicians came to my office. They seemed to be very surprised at the fact that there was no service, but they did not make any repairs, and I still cannot use the telephone in my office.

This is an intolerable situation. I realize that the other place is not sitting today, but I think that the senators have a right to demand this service.

The Hon. the Acting Speaker: Your request will be taken into consideration, Senator Langlois.

[*English*]

BORROWING AUTHORITY BILL, 1984-85, (No. 2)

LEAVE DENIED FOR MOTION TO INSTRUCT NATIONAL FINANCE COMMITTEE TO REPORT

Hon. Duff Roblin (Leader of the Government): Honourable senators, before we begin the business of the day, I have a request to make of the Senate and that is to give me leave, notwithstanding rule 45(1)(e), to move:

> That the Standing Senate Committee on National Finance be instructed to report Bill C-11, intituled: "An Act to provide borrowing authority", later this day.

A mere recital of the terms of this proposal indicates that it is a matter of some urgency. I think it is sufficiently urgent to bring it to the attention of the Senate now, rather than tomorrow, as I would do if leave were not granted, but I would ask for the indulgence of the Senate in order to share with you the reasons I think such a motion is entitled to the support of this house.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to thank the Leader of the Government in the Senate for giving me notice of his intention to seek leave to move this motion today. If leave were granted, no doubt the motion would be moved and a debate would ensue in which positions would be re-stated.

Before that happens, I would like the Minister of Finance to have a full opportunity to consider all options and particularly the proposal I made to him yesterday which, if accepted, would provide an opportunity to proceed with the borrowing next week. With that purpose in mind, I believe it would be premature to proceed with the motion today.

Senator Roblin: May I just offer a comment to my honourable friend. I understand clearly what he is saying to me, but part of the reason I wish to speak now is to deal with the very questions he raised, namely, whether or not the proposal he has suggested, that the Senate should pass a resolution respecting the ultimate disposition of this bill, is an acceptable one. That was the proposal that was given to the committee yesterday, and I am prepared to deal with it now. I think there are urgent and specific reasons why I should be allowed to deal with it now, so I ask my honourable friend to reconsider his position.

I understand that, while he has had an opportunity to be apprised of my intention to move this motion, members of his caucus have not. Therefore, if there is any wish on the part of my honourable friend to consult with his colleagues as to the correct course of action, as far as we on this side are concerned, we would be disposed to make arrangements for him to do so. However, I do think the matter ought to be discussed today.

Senator MacEachen: Honourable senators, I have had a brief opportunity to consult with, not all but a number of my colleagues who have been principally involved in this matter, particularly a number of those who have participated in the committee. While one would have liked to hear yesterday—or even earlier today—the comments on the constructive proposal I made yesterday to provide certainty for future borrowing, I do not believe that it is necessary to have this motion debated today to have those comments.

Senator Roblin: I appreciate that this is an exchange of views between my honourable friend and me and I am not entirely clear whether we are entitled to deal with this indefinitely. However, I would like to tell him that I have information to give the house which I think would indicate that his proposal of yesterday is not suitable in the circumstances and that there are good and sufficient reasons, adequate reasons why this is so.

In view of that fact, and in view of the pressing nature of the financial constraints in which the government finds itself, I think it would be unfortunate if we lost time in respect of this matter.

I want to tell my honourable friend that the government so regards the matter that, if the Senate were to concur in this bill today, it would be prepared to advise the Speaker of the House of Commons, in the strongest possible terms, to recall

the House of Commons so that Royal Assent could be given. So, this is no minor matter. However, if my honourable friend refuses to give me leave, I will have to accept that, but I must express my deep regret.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Some Hon. Senators: No.

FEDERAL-PROVINCIAL RELATIONS

FIRST MINISTERS' CONFERENCE, REGINA, FEBRUARY 14-15, 1985—FAILURES AND SHORTCOMINGS—NOTICE OF INQUIRY

Hon. Hazen Argue: Honourable senators, I give notice that on Thursday next, February 21, 1985, I will call the attention of the Senate to certain failures and shortcomings of the First Ministers' Conference held in Regina on February 14-15, 1985.

BORROWING AUTHORITY BILL, 1984-85, (No. 2)

NOTICE OF MOTION TO INSTRUCT NATIONAL FINANCE COMMITTEE TO REPORT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I give notice that tomorrow I will move:

> That the Standing Senate Committee on National Finance be instructed to report Bill C-11, intituled: "An Act to provide borrowing authority", later this day.

QUESTION PERIOD

[*English*]

THE ESTIMATES

DATE OF TABLING

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. In doing so, I refer to a question I addressed to the Acting Leader of the Government in the Senate on Thursday, February 7. I pointed out, in asking that question, that "in recent years the practice has been to table the main estimates in the third week of February." I asked the Acting Leader of the Government whether that normal procedure would be followed this year, and in his reply, the acting leader said that he had no reason to believe that the normal procedure would not be followed.

I then proceeded to ask the Acting Leader of the Government in the Senate whether he would tell us the timing of the tabling of the main estimates, particularly whether they would be tabled before or after the planned parliamentary break. The acting leader replied that he would make the inquiry and report back to the chamber. That assurance was given on Feburary 7.

Today is February 19, and we are in the midst of very important deliberations, yet we have been unable to secure from the government a precise date for the tabling of the main estimates.

I want to ask the Leader of the Government whether he would facilitate our understanding of the problem before us by telling us today when the main estimates will be tabled.

Hon. Duff Roblin (Leader of the Government): Honourable senators, that question was addressed to the Minister of Finance yesterday at the committee meeting, and he was not able to give a specific date. It may be that he can do so now. I will ask him.

Senator MacEachen: Honourable senators, I am surprised at this particular attitude, because we know perfectly well that it is a key point, and I am surprised that the Leader of the Government should have been so careless about this inquiry made on February 7 and the inquiry made of him last week by Senator Kirby as to the timing of the main estimates that he should today be unable to tell us whether he has asked the Minister of Finance. Why has he not asked him? As a member of the government, is it not possible for him to call the Minister of Finance to ask him, and then tell us what the answer is?

Senator Roblin: Honourable senators, my honourable friend was present at the committee meeting yesterday and had an opportunity to speak with the minister directly, and he did. He got the minister's answer. It is quite unreasonable to expect me to say any more than the minister has already said.

My undertaking is that I will prompt the minister, to see if I can get a positive date for my honourable friend.

Senator MacEachen: The Leader of the Government realizes that last year the main estimates were tabled on February 21; the year before, on February 22; and the year before that, on February 23. The then Acting Leader of the Government, Senator Doody, said he had no reason to believe that that procedure would be altered.

Can the Leader of the Government give us an assurance that he will tell us tomorrow the precise date of the tabling of the main estimates? Surely that decision must have been made, or is the government so out of control of the management of its affairs that it is unable to tell us, on February 19, when it intends to table the main estimates, which must be tabled before the end of the month? I want an assurance that we will get a precise date tomorrow from a member of the government.

Senator Roblin: My honourable friend overlooks the fact that, on the dates he was talking about, another government, which had been in office for some time, was in power. It is an entirely different matter when a new government assumes office and has to prepare the estimates itself for the first time, with all the complications that arise in respect of a change of administration.

I tell my honourable friend that, if the dates differ by several days, he need not be surprised. However, as he knows,

they will be down before the end of next week. When I can give him a date, I will.

Senator MacEachen: I am delighted that the Leader of the Government has given us the assurance that they will be down before the end of next week; that would be, under the regulations of the House of Commons, by February 28.

Surely the matter is of more than academic interest to the Leader of the Government, because he knows that the moment these estimates are tabled there will be set in motion a procedure by which the government will receive its borrowing authority in short order. The Leader of the Government was earlier asking for leave to give him an opportunity to deal with this matter.

In view of the difficulties in which we find ourselves because of the inaction of the government, we think it is beyond comprehension that we are unable to know today, and be without assurance that we will know tomorrow, when the main estimates will come down.

Senator Roblin: The Minister of Finance addressed the matter in committee. My honourable friend must recognize that he is the man who will give me the information as to when they will be available. I cannot produce the date out of thin air. I have to get it from him. I will do my best to get that date from him.

We know they will be down before the end of next week because the regulations will be adhered to.

Senator MacEachen: Honourable senators, I think the Leader of the Government is under a misapprehension. The person who tables the main estimates is not the Minister of Finance; it is the President of the Treasury Board.

Perhaps the Leader of the Government should ask the President of the Treasury Board when he intends to table the main estimates because, under the current law, it is he who has that responsibility, not the Minister of Finance.

Senator Roblin: That may be so. I will ask both gentlemen. That ought to satisfy my honourable friend.

Senator MacEachen: Will the Leader of the Government give us an answer and not engage in this kind of nonsense that is preventing the Senate from moving ahead to deal with a matter which the government regards as urgent, but with respect to which it is showing great negligence and considerable mismanagement?

Some Hon. Senators: Hear, hear.

Senator Roblin: If anyone is holding up this matter, it is my honourable colleague and his friends.

Some Hon. Senators: Oh, oh.

Senator Roblin: Yesterday in committee I asked when the committee should meet again. I asked that a date be set for a further committee meeting. There is no resolution before the committee. My honourable friend had an opportunity in that committee to submit the resolution, if he wished to do so; he did not wish to do so. He made a proposal. He does not want to hear from me this afternoon what my reply to that proposal would be. Yet, he says that we on this side are holding up the advancement of this bill. I do not think that is a fair accusation.

Hon. Ian Sinclair: Honourable senators, as a new boy here, perhaps I can be constructive and inquire whether it is proper to discuss in this chamber what took place in committee. My understanding is that it is not.

I should like an answer to my question, please.

Senator Roblin: Honourable senators, I do not make the rules of this place, but I do know that, when I am challenged by my honourable friend to deal with a matter of great public importance, I am entitled to give an answer which deals with the facts.

Senator MacEachen: And break the rules.

• (1420)

Senator Sinclair: Either the rules are there to be observed or they are there to be broken. That is all I am trying to find out. If they are to be broken, I can break them with impunity along with my honourable friend.

Senator Roblin: I have to tell my honourable friend that he does so daily. Each time there is a Question Period he breaks the rules which are usually observed by parliamentary bodies. Everyone knows that members do not adhere to any reasonable standard of questioning in oral Question Period, and my honourable friend has quickly learned that he can get away with it. So he has been doing it regularly.

Senator Sinclair: I have not been here as long as the Leader of the Government. I will follow him and try to break as many rules as I have seen him do. But I do not think I will be here long enough to enable me to do that.

While I am on my feet, I should like to ask him one question: When he is talking to the Minister of Finance, asking for instructions—I take it that is what he will be doing—would he also ask him why he was unable to comply with the normal procedure that the then acting leader, Senator Doody, said he felt would be complied with, which is the tabling of the main estimates in the third week of February, in accordance with the practice over the past three or four years. What were the specific reasons?

Senator Roblin: I will ask the Minister of Finance and the President of the Treasury Board questions addressed to me by the Leader of the Opposition.

Senator Sinclair: Would you not also ask the question I put to you?

Senator Roblin: No, honourable senator.

Senator Sinclair: Why not?

Senator Roblin: The answer that has been given is one that is accepted. One does not inquire into one's motives. I said "No," and I mean no.

Senator Sinclair: Honourable senators, it is an amazing situation, when the Leader of the Government can simply say "No," without giving any reason, when a reasonable question

is asked. He is the only person in the Senate who has the right to communicate in an official way with the Minister of Finance. It is an amazing situation, that this chamber requires information and he refuses to provide it. He refuses to carry out his responsibilities as a member of the cabinet to ask one of his colleagues what is going on.

Senator Roblin: Honourable senators, I am so interested to hear the expert on the rules advance that argument. If he were to take the trouble to read the rules dealing with Question Period he would find that it is an order, it is acceptable, and it is unchallengable that when an answer is given, that answer cannot be questioned on other grounds. If I say "No," the answer is "No." That is perfectly in accordance with the rules of Parliament. If my honourable friend is keen about it, I will even send over to him the quotation from *Beauchesne* so that he may become acquainted with this fact.

Hon. Philippe Deane Gigantès: Honourable senators, my question is for the Leader of the Government. Certain persons who are involved in the printing of government documents have been circulating information to the effect that the main estimates are at this moment being printed. If that is so, they should be ready for tabling fairly soon. Would the Leader of the Government do us the favour of checking to see whether that is so?

Senator Roblin: Honourable senators, I fully expect that the estimates are being printed, and when a date for tabling is given me I will let my honourable friend know.

AGRICULTURE

MARKETING OF POTATOES

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government. I may perhaps surprise him if I say that there is a war going on between Canada and the United States. In the last century there was a war between New Brunswick and Maine which was referred to as the "Pork and Beans War." Now, there is a potato war going on.

Last week I rose in this place to request of the Leader of the Government that his government reassess its prior decision to abolish the inquiry into the orderly marketing of potatoes in Canada. Other than assurances, which the leader has been giving me since I first set foot in this honourable house, I have had no indication whatsoever to the effect that the government would admit that it has made a serious mistake or that the situation is gravely deteriorating.

We now have a very unusual admission which was made last week in New Brunswick by Ms. Dorothy Kelley, Vice-President of the State of Maine Potato Council, who said that there is something dreadfully wrong with the potato industry, particularly as it refers to the movement of potatoes internationally. She was asked by a Canadian producer, in reference to harassment of the movement of potatoes through the state of Maine to other markets in the United States, "Don't you think that is harassment and dirty pool?"—To which she responded, "Yes, I do." Ms. Kelley went on to say that the problem was not so much with potatoes from New Brunswick as it was with marketing potatoes from Quebec and Prince Edward Island, that they were the culprits. I could present quotation after quotation to demonstrate the feelings of producers in Eastern Canada about this tragic situation. However, I shall not take up the time of the Senate to do that today, but I will constantly come back to this question until I get some satisfaction.

I ask once more of the Leader of the Government, who, I understand, has other serious preoccupations: Will he use his good offices to bring this government, particularly the Minister of Agriculture—who, last fall, under political pressure from his party, abolished the Royal Commission into the Orderly Marketing of Potatoes,—to re-establish that commission before things become even worse than they are now?

Hon. Duff Roblin (Leader of the Government): If there is a potato war going on, my bump of history tells me that it is the second one because there was one before between the State of Maine and the Province of New Brunswick, and this matter is a continual source of friction.

I am sympathetic to my honourable friend's plea for consideration with respect to trade into the United States. Trade has been a subject of negotiation between this country and the United States for several years. I can say that I have some personal knowledge of this, having listened to arguments on both sides at various inter-parliamentary meetings. I know that it is not easily solved.

I am disturbed to hear the honourable senator say, as I think he said, that there is also a quarrel going on among three provinces in the potato business. I am not sure, though, whether that is a matter that falls within the jurisdiction of the federal government or the provincial governments involved.

With respect to the question of the government's interest in the international trade in potatoes, I shall do my best to get statements from the Minister of Agriculture as to how he views the matter.

● (1430)

INDIAN ACT

STATUS OF WOMEN—REMOVAL OF DISCRIMINATORY PROVISIONS

Hon. Stanley Haidasz: Honourable senators, in view of the continuing embarrassment to Canadians, and indeed to Canada's name on the international stage, and also in view of the continuing hardship to Indian women and their dependants who have lost their Indian status, all due to a discriminatory and, in fact, unjust clause in the Indian Act, would the Leader of the Government in the Senate inform us why the government is neglecting to give top priority consideration to correcting this situation by legislative action?

Hon. Duff Roblin (Leader of the Government): Knowing my honourable friend's concern on this subject, I feel quite sure that he used the same eloquent, persuasive language with his colleagues in the former administration who struggled with

this problem for many years. I do not say that in any critical sense of the former administration, because it is a very touchy question and the answer as to what is right and what is wrong is not readily apparent. Some form of compromise may be necessary.

I can tell my honourable friend that I, too, read the article in the newspaper that I think he read, which gave the impression that the minister in charge of this matter was at the stage where he was hoping to arrive at a decision which might be reasonably acceptable to both sides. I know nothing more than what I read in the paper, but I shall ask my honourable friend, the minister in charge of this particular matter, whether there is anything further he can say at this time.

THE ESTIMATES

DATE OF TABLING

Hon. Philippe Deane Gigantès: I have a question for the Leader of the Government in the Senate. Perhaps I did not hear you correctly, sir, but I thought you said you were quite sure that the estimates were now being printed. Knowing where they are being printed, and with modern printing techniques, I am told that this process takes about 24 hours. How does this agree with your saying that under previous administrations, which were established for a long time, the estimates might come out on February 23 but, with this new administration we cannot be sure that they will be out in the same time frame as in previous years?

Hon. Duff Roblin (Leader of the Government): Is there a question involved? I would like to hear it.

Senator Gigantès: My question to the Honourable Leader of the Government is: If the estimates are being printed now, why can we not know when they will be tabled, when in effect the printing will be finished tomorrow?

Senator Roblin: There are so many assumptions in that question that I hardly know how to deal with them. I did not say they were being printed now. What I said was that I would be surprised if they were not, because it is a lengthy job.

I do not know whether it is expected of me to go into detail like this in answer to my honourable friend's question. Surely he must realize that the printing is a process which requires proof-reading, particularly when you have the figures and the vast amount of other detail that are contained in documents of this sort. It is not an easy thing to do and it is not going to be done in any 24 hours. That is a curious suggestion, to say the least.

As to the time element, if the estimates are not produced on February 23, they must be produced by February 28, so you have five days to quarrel about it.

INDUSTRY

VIA RAIL MAINTENANCE CENTRE LOCATION

Hon. Joseph-Phillipe Guay: Honourable senators, I have a question I would like to ask of the Leader of the Government in the Senate. I am sure he is as concerned as I am about the fact that Manitoba has received several blows recently. In fact, I am beginning to think that we are getting more than blows; it is almost like a slap on the wrist at the same time.

I mentioned yesterday that we were losing Co-op Implements from Winnipeg. That is the first among others and I am not going to spell out the others at this time. However, I know what I am about to say is not news to the Leader of the Government in the Senate. I am inquiring of him as to the possibility of getting together with the other three ministers in the cabinet from Manitoba to approach the Minister of Transport with respect to reconsideration of the proposal, with a view to keeping the VIA Rail maintenance centre in Manitoba, where it was scheduled to be in the first place.

Hon. Duff Roblin (Leader of the Government): My friend raises a point of real difficulty. When you try to make changes in any organization in the interests of efficiency, which in turn means in the interests of the survival of that organization as a transportation unit, you must have recourse to whatever economy is seen to be reasonable in the circumstances. I have no special knowledge of why the maintenance centre is being removed from Winnipeg, so I could perhaps find out for my honourable friend what the reasons for that may be, in the hope of satisfying myself that that is a rational thing to do.

Certainly, as a citizen of that part of the world, I know what he is talking about and I would like to see that maintenance centre stay in Winnipeg. However, I have to point out to him that there may be over-riding considerations in the interests of VIA Rail that this maintenance centre should be moved. If VIA Rail does not operate in the most economical fashion possible, taking into account the enormous subsidies it is now receiving, I fear it will not long continue to have the public support it needs. Therefore, it must become as efficient and as businesslike as it possibly can. If this means that we Winnipegers must join in this efficiency process, in terms of the loss of jobs in our community, I am sad, but I must look at the larger picture.

I shall ask my colleague, the Minister of Transport, to give me the reasons this move is necessary.

Senator Guay: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. The reason I am asking is that this move was scheduled before the decision was made to restore the passenger service lines previously removed from Edmonton, Vancouver and western Canada in general. Therefore, I get the feeling, as do others of my fellow Manitobans, that the necessity of maintaining this centre in Winnipeg is greater than it ever was.

I am pleased to receive the assurance of the Leader of the Government that he will discuss this matter with his colleagues and the Minister of Transport. I am hopeful that a decision will be made that will enable Manitoba to keep this maintenance centre which is worth $30.6 million a year to our province.

THE SENATE

TELEPHONE SERVICE

The Hon. the Acting Speaker: Honourable senators, before the Orders of the Day are called, may I inform Senator Langlois that the telephone in his office was cut off in error by Bell Canada.

There are now representatives from Bell Canada in his office and his telephone should be restored by the time we adjourn.

Hon. Léopold Langlois: Thank you, Your Honour.

PENSION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Nurgitz, for the second reading of the Bill C-28, intituled: "An Act to amend the Pension Act".—(*Honourable Senator Gigantès.*)

Hon. Philippe Deane Gigantès: Honourable senators, I rise in support of Bill C-28. I would like to praise the Honourable Senator Marshall for the warmth and humanity he has always expressed on issues dealing with the problems of veterans. In him, they have a friend who is diligent, understanding and courageous in his advocacy of their rights. I congratulate him, and I thank him. I share with him the view that what we have done in Bill C-28, and what we have done previously, is not enough. I share with him the hope that we will do more.

[*Translation*]

Those who served their country have a right to expect their country to take care of them. Canada may treat its veterans better than most other countries do, but not as well as some countries.

I shall, if I may, quote a few passages written by a former statesman on the subject. I will be brief.

[*English*]

These men deserve praise because they spared no pains to be able to leave their acquisitions to us, the present generation.

• (1440)

None of these men allowed either wealth, with its prospect of future enjoyment, to unnerve his spirit, or poverty, with its hope of a day of riches, to tempt him to shrink from the danger. They chose to risk death rather than choose dishonour, for heroes have the whole earth as their monument, and apart from written epitaphs on stone, the best remembrance is engraved upon our hearts.

If deeds are in question, those who lie beneath our monuments have received a very small part of the honour that is due to them, and for the rest, their children will be brought up at the public expense, and their widows, too. The state thus offers a valuable prize, not only the garland of victory, to those who fought for its defence, but the promise that their dependents, they themselves, and their progeny, would be defended.

That was said 25 centuries ago by Pericles in his funeral oration. I do not think it has been said better.

He began his speech by apologizing in advance for the inadequacy of his eloquence in treating of the glory of people who gave their best for their country. He said no words could match that. I am even less eloquent—of course, very much less eloquent than he was—but whatever eloquence I have, I would like to use in urging that this bill be passed and in praising those who have worked to produce it and produce earlier aspects of health to veterans, and to praise again Senator Marshall for his splendid feelings.

Hon. M. Lorne Bonnell: Honourable senators, this is too important a bill to let go by without saying a few words of praise. This is a piece of legislation that affects approximately 90,000 veterans in Canada; it is a piece of legislation that is worthwhile, and one which has the support of both sides of the chamber; it is a piece of legislation that all parties in the House of Commons supported; it is a piece of legislation that we, as senators, have been asking for; it is a piece of legislation that the Honourable Senator Marshall has been asking for; it is a piece of legislation that the committee on Social Affairs, Science and Technology has been asking for; it is a piece of legislation that we have asked for in the committee's report entitled: *They Served—We Care.*

As the former chairman of that committee, I feel it is my duty to stand before you in support of this bill.

Some years ago we tabled in the Senate that report entitled: *They Served—We Care.* Recommendation No. 1 in that report states:

> We recommend that under the *Pension Act:*
>
> (a) the proportionate pension to the spouses and dependents of deceased veterans who were in receipt of a disability pension of 47 per cent or less be paid immediately instead of being phased in over a six and a half year period as in the *Statute Law . . . Amendment Act 1980.*

After that report was tabled, the Honourable Gilles Lamontagne brought in Bill C-82, which did away with that phasing-in process enabling those spouses and dependents to receive their pensions immediately.

Recommendation No. 2 of that report states:

> We recommend that under the *Pension Act:*
>
> (a) the pension at the married rate when it is greater than the widow's/widower's pension continue to be paid for a period of one year to the surviving spouse of a deceased veteran;

That recommendation is contained in Bill C-28.

Recommendation No. 2(b) states:

> (b) the surviving spouse of a deceased veteran in receipt of an Exceptional Incapacity and/or Attendance Allowance continue to receive such allowance for a period of one year following the death of the veteran.

That recommendation is contained in Bill C-28.

Recommendation No. 3 stated:

> We recommend that pension increases reflect the principle of parity with the average wage of five unskilled categories of Public Servants or, the increase in the Consumer Price Index, whichever is the greater, and that this principle be entrenched in the *Pension Act*.

That principle was in the form of an agreement with the minister but was never entrenched in the Pension Act until now. As a result of Bill C-28, another one of the committee's recommendations is put into legislation.

Recommendation No. 4 states:

> We recommend that all necessary steps be taken immediately to eliminate the unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970 and that to this end, particular consideration be given to encouraging essential staff to continue working beyond the normal age of retirement.

That recommendation was put into effect by the Honourable Bennett Campbell as a result of the McCracken report which brought in extra commissioners. That has been expanded upon now as a result of Bill C-28 with more commissioners appointed to speed up that process.

Recommendation No. 5 states:

> We recommend that the residence requirement of the *War Veterans Allowance Act* and the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified persons to benefit from the legislation while residing outside Canada.

That recommendation has not been fulfilled as yet, but we will keep pushing for that. We have not stopped pushing, and we do not intend to stop.

Recommendation No. 6 states:

> We recommend that in the calculation of entitlement to a War Veterans Allowance, the annual exemption for income derived from bank deposits, bonds and dividends be raised to at least $500.

I am not 100 per cent sure as to where that stands at the present time.

Recommendation No. 7(a) states:

> (a) the Government appoint a Committee composed of officials from both the government and veterans associations to review and update those recommendations of the Woods Committee which have not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors;

That recommendation has not been fulfilled, and we will ask for further study of the Woods Committee report. Perhaps we can undertake some of that ourselves in our Subcommittee on Veterans Affairs.

[Senator Bonnell.]

• (1450)

Recommendation 7(b) suggests that the committee study the apparent inequities to a divorced spouse who, under existing legislation, has no entitlement to benefit under the Pension Act and the War Veterans Allowance Act.

Clause 1 of Bill C-28 contains some clarification regarding a divorced spouse or someone living apart qualifying under this bill.

Honourable senators, just the other day, I was in touch with the War Amputees concerning a widow of a 100 per cent disabled pensioner, a double-amputee, who died many years ago in an institution. Because she was living apart from her husband at the time he was in the institution, she did not realize she was eligible for a pension. In all these years, she lived in poverty when she should have been entitled to a full pension.

The last recommendation is that the committee study the apparent inequities concerning how veterans are compensated for periods spent as prisoners of war. As yet, that recommendation has been taken no further. I feel we should continue our efforts in that direction.

On several occasions, honourable senators, I have made the recommendation that veterans who were involved in the Chalk River clean-up and in the Nevada clean-up, who were exposed to radiation, should be given consideration for disability pensions. Those veterans in the United States armed forces have been given consideration and are receiving pensions for the effect of that radiation, whereas here in Canada the Department of Veterans Affairs has not given full consideration to our veterans. Our committee should push harder for compensation for those who were involved in the clean-up, many of whom today are dying, or have died, as a result of cancer.

Although it is difficult to prove that radiation did cause the cancer, I believe every benefit of the doubt should be given to the veteran. It is, therefore, my hope that our new minister will, in fact, recommend to the Pension Commission that all benefit of the doubt be given to veterans. It is my understanding that if two members on the committee disagree, one approving and one disagreeing, the veteran will receive the benefit of the opinion of the member who approves. Honourable senators, I agree with that approach. I am glad to see that principle set forth in this legislation.

Honourable senators, I approve of this bill although it may not go far enough. Still further benefits should be made available.

Veterans of Canada are receiving the best treatment of any veterans in the world. I know that increasing benefits is a gradual process, but since our veterans are becoming smaller in number and older in age, they need the help of the Department of Veterans Affairs. That department should make every effort to expand the benefits, especially to prisoners of war; those who were exposed to radiation; those who could not, because they married abroad, come back to our country. They should receive the full benefit.

Honourable senators, I would take this opportunity to congratulate the mover of the motion, Senator Marshall, himself a veteran, who has been working on behalf of veterans for many years. His efforts considerably helped the committee in formulating its recommendation. Senator Phillips, another veteran, also made an important contribution to the committee's work.

With many veterans in this chamber, this is one place where the plight of veterans will receive much sympathy. We will continue to work on their behalf.

Hon. Senators: Hear, hear.

Hon. Jack Marshall: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that, if the Honourable Senator Marshall speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Marshall: It is always a pleasure to debate veterans' affairs because I have found, in the 10 years I have spent in the House of Commons and in the seven years in this place, the non-partisanship and the camaraderie, which is reflected in these debates, is a good example for all those who debate in a partisan way. It is a pleasure to debate veterans legislation because it shows an overall common support of the veteran's cause, which is only as it should be.

I thank Senator Gigantès for his kind words. He should be complimented on his research which went back 25 centuries where he found appropriate remarks concerning veterans. I commend him for his words of support for the bill.

Senator Bonnell and I have worked together for several years towards the improvement of veterans' circumstances. It was most satisfying to note the support and the camaraderie that existed in the committee and the common purpose which was reflected not only from the veterans but from those who have the interests of veterans at heart.

The participation of female senators in that committee was most gratifying, particularly when, in this legislation, there are long-overdue amendments which will benefit widows.

Senator Bonnell raised the subject of residence requirements for war veterans who remained overseas or in foreign lands after the war. The requirement is that they come back to Canada for 365 consecutive days in order to qualify for War Veterans Allowance. This is something I feel is unfair, particularly when I consider the age of veterans. I can cite examples of ill veterans who have had to return to Canada from England and spend 365 days in this country, away from their families, and incurred the expense of maintaining two places of accommodation. Honourable senators, I think that is wrong, and that changing conditions should dictate changing rules.

The veteran who served and qualified for War Veterans Allowance is entitled to War Veterans Allowance because he served during the war. No one ever said that he had to live in Canada or return to Canada after the war.

Hon. Senators: Hear, hear.

Senator Marshall: This is an outmoded regulation.

Now that I am in government, it is pleasing to be able to go back to Mr. Hees, the new minister, and find a sympathetic ear. The minister has asked his officials to ascertain how many veterans are involved in this situation. I believe that in the near future there will be a positive reaction to this situation.

Honourable senators, many of us were involved when it was agreed to put into practice the POW Pension Act. However, after hearing from the Dieppe veterans, it is now obvious that their scale of compensation is unfair. For example, a prisoner who spent three months in a prisoner-of-war camp receives compensation at 10 per cent while the prisoner of war who was in a prisoner-of-war camp for one and a half years receives only 20 per cent. We have discussed this with the minister and I am hoping that we will see a change to recognize the suffering that was caused due to long incarceration.

• (1500)

With regard to the Chalk River situation and to the veterans who served there and who were subjected to radiation activity, the minister has met with them on a number of occasions. Agreement has now been reached with the Department of Health and Welfare that anyone affected by the radiation will be considered as being eligible for compensation. At the last meeting with those who were involved in the Chalk River episode, they appeared to be completely satisfied with the action that has been taken. We are hoping that this matter will be resolved to their benefit.

Concerning the interest rate on bonds, that is something that we must keep pressing for. The interest allowed a war veterans allowance recipient is exempt and is not charged against the maximum allowable.

As Senator Bonnell pointed out, the Subcommittee on Veterans Affairs will now be able to consider such matters. We can call witnesses and hopefully we can press these matters continually until finally we will have a Veterans' Charter of which Canada can be proud. Honourable senators, I believe that covers most of the points raised.

Motion agreed to and bill read second time.

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

On motion of Senator Marshall, bill placed on the Orders of the Day for third reading at the next sitting.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 20, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

BORROWING AUTHORITY BILL, 1984-85, (No. 2)

MOTION TO INSTRUCT NATIONAL FINANCE COMMITTEE TO REPORT—LEAVE GRANTED TO PROCEED TO MOTIONS IMMEDIATELY FOLLOWING QUESTION PERIOD

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a point of order I should like to discuss with the Senate. The motion of which I gave notice yesterday calling for an instruction to the National Finance Committee to report Bill C-11 later this day is the last item on our order paper, in accordance with the *Rules of the Senate*. I would like to move, with leave, a motion that would alter the order of business and make that the first item of business so that we could deal with it right away.

The reason for doing so is that the matter may be one that requires considerable debate, and in view of the time constraints, which we are all familiar with in terms of the position of the government in this matter, it seems to me it would be advantageous were we to get this debate under way now so that we could test the opinion of the Senate with the least possible delay.

I point out that on a previous occasion the Honourable Senator Connolly moved such a motion when he had an item he wanted moved to the head of the order paper, and the Senate graciously acceded to that request.

So, I make a similar request and move, with leave of the Senate and notwithstanding rule 19, that the Senate proceed immediately to Motions in order to debate the motion standing in my name without delay.

Hon. Allan J. MacEachen (Leader of the Opposition): Before we deal with the request for leave, I wonder if the Leader of the Government would tell us precisely what precedent it is upon which he relies.

Senator Roblin: The precedent is recorded in *Senate Debates* for June 27, 1978, when Motion No. 3, standing in the name of the Honourable Senator Connolly, P.C., was brought forward. That motion had to do with the appointment of a special committee with respect to the subject matter of Bill C-60, which was as important a matter as the one before us today. The Senate agreed to accept that motion at that time and did allow Senator Connolly to deal with the matter as the first item of business.

The Hon. the Speaker *pro tempore:* Honourable senators, with leave of the Senate and notwithstanding rule 19, it is moved by the Honourable Senator Roblin, P.C., that the Senate proceed immediately to Motions in order to debate the motion standing in the name of the Honourable Senator Roblin without delay.

Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

Senator Roblin: Honourable senators, I thank you for your consideration and move, seconded by the Honourable Senator Flynn, P.C.:

> That the Standing Senate Committee on National Finance be—

Senator MacEachen: Honourable senators, I think there is a misunderstanding. I gave leave that the Motion standing in the name of Senator Roblin be moved to the head of the order paper. I did not think that that would usurp Question Period.

Senator Roblin: The motion said "right away"; that is the way it was phrased, to enable me to speak now. I took it that that was understood by the Senate and received its approbation.

Senator MacEachen: No, honourable senators, it was not understood that way by me. It was I who gave leave for this side, and I think it would not incommode the honourable Leader of the Government to agree that his motion be called after Question Period.

Senator Roblin: I have no objection to that, honourable senators. That will mean that I will get it on inside of an hour and a half!

Senator MacEachen: Before that.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

QUESTION PERIOD

[*English*]

THE ESTIMATES

DATE OF TABLING

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I assure the Honourable Leader of the Government that I will not unduly protract Question Period, with the effect of delaying his statement on his motion. However, before we leave Question Period, I would like to

return to the subject matter I raised yesterday and upon which I would like further comment from the Leader of the Government today.

He assured us yesterday that he would ask the President of the Treasury Board and the Minister of Finance when the main estimates are to be tabled. I should like to ask him: What is the result of that inquiry?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have launched the inquiry, or perhaps I should correct myself and say that I have inquired again.

I am having difficulty reaching the ministers, but I have been assured that I will be able to give that information before the Senate rises this afternoon, and I expect to do so.

Senator MacEachen: Honourable senators, I thank the Leader of the Government for this slight progress.

Is it true that the main estimates were approved by cabinet for release last week, as reported today by the *Globe and Mail?*

Senator Roblin: I am afraid the report is not quite accurate. Cabinet did not meet on Thursday of last week so, obviously, it could not have dealt with the matter as the report stated.

I can tell my honourable friend what did happen. The special committee of cabinet that deals with orders in council passed the order authorizing those concerned to present the estimates to the Governor General for her approval when they were ready. They have not yet been presented to Her Excellency. They are not yet ready.

Senator MacEachen: When the Leader of the Government says that they are not yet ready, he intrigues me and suggests a further question. Is it not a fact that the blue book, as it is called, is totally printed, stacked and available for distribution?

Senator Roblin: If so, I am unaware of it.

Senator MacEachen: It is a key question because, if the approval had been given by the special committee of cabinet to present the estimates to Her Excellency, and if they are now printed, they could have been tabled in the House of Commons last week or, indeed, early this week, and this borrowing bill would be on its way to Royal Assent.

Hon. Jacques Flynn: Ha, ha.

Senator MacEachen: I think the Leader of the Government has a responsibility to be more candid with his colleagues and tell us the actual facts.

Senator Flynn: Joker.

Senator Roblin: If "ifs" and "ands" were pots and pans, there'd be no need for tinkers. I have told my honourable friend he will get the information this afternoon. I ask him to be patient. He will receive it.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in this chamber. My question is: Is the foreign exchange situation now reflected in the Canadian dollar a world-wide phenomenon or one related to Canadian conditions?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that is not a question I feel competent to answer in oral Question Period. I will take my friend's question as notice and give him an answer in due course.

Senator Sinclair: In view of the issues that are going to come before this chamber later this day, I feel it very important for honourable senators to know whether the government does view this as part of a world-wide phenomenon or a problem unique to this country. I believe that is very important.

• (1410)

Hon. Jacques Flynn: Make up your own mind.

Senator Sinclair: I would urge the honourable senator to provide an answer or perhaps one of his colleagues—I recall that recently a colleague sitting close to him was regarded as being an expert—could assist him.

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government. Might it be correct to say that one of the reasons the value of the Canadian dollar is dropping is because the authorities have paid a great deal of attention to the proposition put forward by Premier Lougheed at the recent First Ministers' Conference that the Canadian dollar should be related to a package of international currencies? If so, that would mean that it would be related to lower value currencies. Is this part of a new course to be adopted by the government, namely, to allow the Canadian dollar to seek a lower level?

Senator Roblin: Honourable senators, management of the Canadian dollar is undertaken by the Governor of the Bank of Canada, and I know of no statement by the governor that could relate to my honourable friend's question.

Senator Argue: Is the Leader of the Government of the opinion that the policy is still on course to keep the dollar at a given level, or a relative level, in relation to the United States dollar, and is not in any way affected by the proposition put forward by Premier Lougheed, with a great deal of support from other ministers, at the recent conference?

Senator Roblin: My honourable friend knows that it is quite unlikely that a minister would offer an opinion on a question like that. It is out of order.

BORROWING AUTHORITY BILL, 1984-85, (NO. 2)

MOTION TO INSTRUCT NATIONAL FINANCE COMMITTEE TO REPORT—DEBATE ADJOURNED

Leave having been given to proceed to Motions:

Hon. Duff Roblin (Leader of the Government), pursuant to notice of Tuesday, February 19, 1985, moved:

That the Standing Senate Committee on National Finance be instructed to report Bill C-11, intituled: "An Act to provide borrowing authority", later this day.

He said: Honourable senators, I must confess that up to the present I had felt somewhat frustrated by the majority in this chamber, because I have endeavoured, on a number of occasions, to rise to address the question of the fate of Bill C-11. While I admit the undoubted right of members of the Senate to refuse me leave to speak on other occasions, I cannot disguise the fact that I am sorry that they did so, and I wonder whether it was really in the best interests of the nation that that should have been done.

I am conscious that the bill is one that is before the committee, and I want to base my remarks this afternoon on a wider structure. I am not so much interested in discussing what went on in committee as I am in discussing what has gone on in other places in this country, namely, in the House of Commons, in the public prints, and, indeed, with respect to statements that have been made by members of the opposition when they have discussed the question before us with the media—television, newspapers and in other ways. So I hope to examine this bill and to present my arguments on that broad basis.

I must, however, begin by saying that one of the reasons that brings me to my feet is certainly the fact that when the committee met last Monday it declined to set any time at which it would meet again. That struck me as remarkable. At the time, I said to the chairman and to the members of the committee that I hoped they would set a date for a further meeting, but that appeal went unheeded. Consequently, the position the government is in is one where the committee that is in charge of this matter has no plan to meet again. I am not aware of any proposed meeting of the steering committee to consider the future of this matter. If they have made decisions, such decisions have not been communicated to me. As far as I am concerned, the committee has been in limbo since it adjourned *sine die*. That certainly makes the situation doubly difficult, not only for the government but for the country.

At the risk of telling some senators what they have already heard many times, though it may be new to others, I feel it important to trace the origin of this bill in the House of Commons. I think we should recall that this bill was not examined lightly in the other place. Not only was it debated for some period of time, but it was amended. The sum included in Part II of the bill before us was reduced from $16 billion to $12 billion, which is a pretty good indication that it received serious consideration by the opposition and by the government. While this bill was in the House of Commons no questions, that I know of, were raised respecting its regularity. No questions were raised as to whether or not parliamentary procedures had been fully considered in dealing with the bill. No questions were raised as to the timing for the amounts of money that would be borrowed under the bill. None of the points which have exercised some with respect to the defects of the legislation apparently attracted the attention of the members of the Commons, either in the government or in the opposition.

The result was that they found the bill to be a good one—sufficiently good that when all the talking was over they decided to pass it unanimously, without dissent. We in this chamber received a borrowing bill from the House of Commons, approved by that chamber without any consideration of the question of the estimates, without any consideration of the question of parliamentary procedures or technical niceties with respect to its presentation, and without any concern about the fact that part of the bill was for one fiscal year and part for another. It was approved exactly as we find it today. If there were concerns, they were not sufficient to cause anyone to object on the final decision day in the House of Commons. We in the Senate received a bill which received the approval of the government after it agreed to amend it, which received the approval of the official opposition in the other place, as conveyed by their financial critic and by their house leader and, as far as we can tell, by their caucus; and the same thing can be said of the NDP.

The bill has received lengthy debate here and, as I have said, I have no intention of going into the proceedings that went on in the Senate. However, I will say one thing that is apparent from the public statements that have been made by representatives of the opposition, that all the issues that may have been concerning them have now been resolved into one, and that one is the question of timing. The opposition has agreed to give us the whole bill, nothing but the bill, and it has agreed to give it by a certain time. It has agreed to give it to us some few days after the estimates are presented in the House of Commons and in this chamber. While I intend to deal with some of the ancillary arguments raised in connection with this matter, I want to make it clear to this house that, as far as I can see, that is the issue today. It is not a question of whether we are going to pass the bill; it is a question of when we are going to pass the bill.

• (1420)

We have received the most explicit public assurances from the representatives of the official opposition in the Senate that this bill will be passed by this chamber and it will be passed by March 1 next. There is no question about that. It is a question of timing. It is, therefore, important that I not only examine some of the issues which are now in the public arena—in the newspapers and under discussion elsewhere—affecting the progress of this bill, but that I offer some reasons to the chamber as to why the government does not find it a reasonable proposition to wait until March 1 next, or some other date of that nature, and asks for the bill now. That is what I am going to try to do.

I want to explain why, in my opinion, a further delay would be not only unwise but indeed obstructive. The matter of principle upon which the Leader of the Opposition and his colleagues have based their case for delay, with passage of the bill coming some time next week, is certainly one which could very well be questioned.

I have just received a note and I can now tell my honourable friend that the main estimates will be tabled on Tuesday, February 26 next. That is exactly three days later than the date upon which they were tabled last year. So, I do not think there should be too much complaint about the timing of this matter. It is obvious that the present government has been able to deal with this whole question as expeditiously as the predecessor government ever did, give or take three days.

The question of the tabling of the main estimates has become an important part of this whole discussion. Some of the leaders in this discussion, in their explanation of the Liberal position in the public press, have made it perfectly clear that, in their opinion, an important constitutional principle rides on this question of whether the main estimates should be in the possession of this chamber before it votes on Bill C-11. I should like to examine that issue with you for a moment or two.

The evidence that this is a well-established constitutional principle is, to say the least, not perfectly clear. In December 1977, as Senator Stewart will be aware, a borrowing bill—so described, let me add, by the legal advisers of the Crown—a borrowing bill was introduced authorizing the expenditure of $9 billion, part of which related to the first three quarters—not the first quarter, as is the case in the present bill, but the first three quarters—of the subsequent fiscal year, 1978-79.

I can tell those interested in this arcane historical research—which I must confess I did not find particularly fascinating—that in 1983 the then Minister of Finance repeatedly refused requests for full information on the government's fiscal projections. So, the question of whether or not this question of "estimates first; bill later" is as solid as some members would have us believe is certainly open to question. I do not regard it as ironclad. But let us suppose it is. Let us examine this thing for what it is. Let us try to understand what this "principle of procedure" really involves.

What do we get when we get the estimates? Well, what we get is the government's spending program—and that is very fine; but what we do not get is information respecting the income that the government will have to finance those expenditures.

To say that judgment on a borrowing bill depends upon the estimates, and that that is the principle upon which to stake our claim when the estimates tell you only half the story, is like a man trying to clap with one hand. You cannot get the information you need to make a rational decision on a borrowing bill by looking at the estimates alone. It is ridiculous, on the face of it.

But what happened in this case—because the information was available? Some members of the Senate did not wish to look at it, but it was available. The income and expenditure estimates were available on November 6, 1984. While there are fluctuations in financial situations over time, the structure on which to make a solid decision with respect to the figures in this borrowing bill was available then, and it was available in a far more meaningful form than will be available when the estimates are tabled in Parliament. Therefore, what we are being told is, "Substance does not matter to us, but we are interested in having one-half of the equation presented to us before we deal with this bill." I do not find that a convincing argument of principle, under all the circumstances. It is like a man with one hand trying to applaud a performer, and it just does not seem to me that it has a great deal of merit.

The real substance on which the decision should be based was given to the chamber and was given to the nation. It was there on November 8 with Mr. Wilson's statement, and all the argument in the world does not change that fact. It also does not change the fact that that statement told you something not only about spending but about receipts as well, and those surely supply the basic information one needs, rather than just one-half of this equation alone.

There was another reason advanced as to why we should have the estimates, and I will not attribute this to any particular senator, but if the gentleman concerned wishes to take credit for it, I will not object. One of the senators advised—and I think he did it publicly—that he wanted to see the estimates because it was good business practice, a sound business principle, and that he wanted to see those estimates before he would have anything to do with voting on this bill.

I, too, was a businessman once. I am not so sure that I was as good a one as the gentleman who made that statement. In fact, I rather think I was not, because he was a pretty good one. At any rate, I said to myself, "Just what does this statement mean? Let us follow this line of reasoning: I must see the estimates first. There are 400 pages. Never mind, I will riffle through them and, in the two or three days, I will pick out the salient facts, and, even though the estimates do not tell me anything about the revenues, I will look at the expenditures." Then comes the key question: So what? What are you going to do with them once you have them? We already know what the answer is: Nothing whatsoever, because there has been a clear statement—and this is available on the record—that the Liberal Party will vote for this bill, holus-bolus, warts and all, after the estimates are down, without change and without amendment.

It may be that, having one half of the page open and the other half closed, some members would like to write the report of the committee in a way that would reflect their displeasure with what is going on, and that may very well be the case. However, looking at the estimates will have nothing to do with the decision. I am not sure that I would like to walk into any boardroom in this country and say, "You have a proposition you want me to support? Give me a certain piece of paper; I will look at it and then, after I look at it, I will vote for your proposition anyway." I find that to be inconsistent with sound business principles. I would not like to advance that argument very far.

Senator MacEachen: You should confer with your colleagues in the government and find out why they advanced it.

Senator Roblin: I confer with my colleagues, in any case, and I also confer with my honourable friend. In fact, my

honourable friend said the same thing. He said, "We are going to give them the bill, the whole bill and nothing but the bill; the only thing we want is the estimates." He also said that there is no linkage between the estimates and the passage of the bill. That is what he said; there is no linkage. I say to him that if there is no linkage between the estimates and the passage of this bill, what is all the fighting about?

Senator MacEachen: You missed an important word.

Senator Roblin: Very well, you give me the word.

Senator MacEachen: Go back to the committee proceedings.

Senator Roblin: You give me the word.

Senator MacEachen: You can get it for yourself. The rest of your research has been so deplorable, you should try to improve it.

Senator Roblin: If you want me to give it, then I will be glad to. It is right here.

Senator MacEachen: You cannot quote from the committee proceedings; remember the rules.

Senator Roblin: My honourable friend is saying I cannot quote him, that it is against the rules. In that case, I will not quote him, and I also think he will not quote himself either when he comes to make his speech.

Senator MacEachen: You missed an important word.

Senator Roblin: I probably did. I have to admit one thing about my honourable friend: he is a master of ambiguity. If there is any way in which two meanings can be read out of two or three simple words, my honourable friend is a master at making that arrangement. I have to admit, I know of no one in Parliament who has the record my honourable friend has for ambiguity. Someone said the other day that if you asked my honourable friend the time of day, and presuming it was somewhere around 5 o'clock, he would have to say, "Well, it is somewhere between 5 and 7, but that is as close as I can get." My honourable friend is a master of ambiguity, and I wait with some pleasure to hear his explanation of this concept of linkage—

Senator MacEachen: You will get it.

Senator Roblin: —which he has decided is not to be found within this matter.

Senator MacEachen: You will get it, sir.

• (1430)

Senator Roblin: We are going to have the whole bill and nothing but the bill—except for this constitutional principle on which people seem to place so much emphasis.

Senator Phillips: Except for Senator Stewart.

Senator Roblin: The opposition is going to vote for the bill regardless of the word "linkage"—and if you want to find some other word, find it; if you want to qualify it, qualify it. Regardless of the concept of linkage, regardless of the concept of constitutional etiquette, the opposition is going to vote for the bill once it sees the estimates. That, to my mind, is a very hollow position indeed. That is nothing less than a charade. I do not call that a principle; I call that an unprincipled principle. They are saying that they are going to hold to a principle and then do nothing about it when they have it. I suggest to my honourable friends that they should forget that line of thought and see how they can minimize the damage they have been doing to the country.

[Senator Roblin.]

They say that this bill will be passed willy-nilly when the estimates are tabled. That was the offer made by the Leader of the Opposition in the Senate, and that is an offer that I, for one, intend to hold him to.

Here we are quarrelling about time. We want it now: they want to give it to us some time next week.

Senator MacEachen: You misinterpreted another part of the proceedings.

Senator Roblin: If I have misinterpreted, my honourable friend will have a great deal of pleasure in setting me right. If he is now telling me that he does not intend to pass the bill on the terms that I have mentioned, and that I am not allowed to quote what he said in the committee—and I am not—we will have to wait for a suitable time at which we can remind him of what he actually said. If I have misinterpreted him, he will take the first opportunity to set me right.

But let us forget about all this argument about procedure, who said what, who said this, who said that, whether I am right or whether he is right. I am not particularly interested in being right; I am more interested in getting on with business. If I have made a mistake during the course of my presentation, I apologize to all concerned, but that is not really what I am on my feet to talk about. I really want to ask this chamber: Who benefits by the course we are following? Forget about the parliamentary scruples of some, which I do not share; forget about the importance of the estimates, which I do not share: what good are we doing by the debate taking place today and by the course we are following? I do not think we are doing much good. In fact, I would like to bring some evidence to bear on that particular point, because I think it is well worth considering.

I will start with the Senate. Are we doing the Senate any good? Well, I do not know. That is a matter of opinion. I have some quotations, some of which are not very pleasant. I will give you one right now from the *Financial Times*, which states:

> The nonsense now being played out suggests to us that the ringmaster must always bear in mind that, regardless of the plans for the circus performance, . . . the clowns are always somewhere in the tent—

That is not a very pleasant comment to be made about a body of this kind, and it gives me little pleasure to report that to you, but we ought to know what people are thinking about our activities in this chamber. That quotation can be found in the November 11 edition of the *Financial Times*. That article has a good deal more to say about the Senate, but honourable senators can read the article themselves.

In the Ottawa *Citizen* of the other day, the following appears:

> Prime Minister Brian Mulroney has urged Opposition Leader John Turner—

Senator Davey: I would like to have the date of that article again.

Senator Roblin: Which one?

Senator Davey: The first one.

Senator Roblin: That is dated February 11.

Senator Davey: You said November 11.

Senator Roblin: I apologize.

Senator Davey: And I apologize for interrupting.

Senator Roblin: To assist my honourable friend in his research, that is found on page 43, under the column headed "The capital market", and was written by Hugh Anderson.

In an article in the Ottawa *Citizen* of February 18, 1985, under the heading "Fun and games in the Gritbunker," the following appears:

> Prime Minister Brian Mulroney has urged Opposition Leader John Turner to bring the Senate Liberals into line, warning that delay could force the government to borrow at higher interest and push up the deficit. Frith—

I am sorry that he is not here because I do not like quoting him or using his name in his absence, but he is somewhere else.

Senator Guay: How about that!

Senator Roblin: I am sorry I cannot restrict myself from giving the facts just because the Honourable Senator Frith decided to go to Florida instead of staying here.

Senator Argue: He went with Mulroney.

Senator Roblin: The difference is that the Senate is sitting and the House of Commons is not. One must admit that that is a difference. That article goes on to state:

> Frith answered for Turner—

That is an interesting phrase; we had better ask Keith Spicer about that.

> —and refused to budge. He called the Prime Minister "hysterical" and denied Turner is taking orders from the Senate.
>
> But, before this case, Turner had been on the side of the supremacy of the elected House of Commons, affirming that view on the Commons floor. Unless he takes a firm line with his senators, Turner will indeed look like their captive.

I make no comment on that; that is an internal problem for the Liberal Party, not for me.

Senator Haidasz: Tell us what you think.

Senator Roblin: I have told you what I think, but it will do you good to listen again. I am telling you what I think.

Senator Haidasz: You are taking—

Senator Roblin: If my honourable friend finds my conversation a little tiresome, he can withdraw. That will not hurt my feelings at all. He can go.

In the *Gazette* of February 20, 1985, the following appears:

> Walking in on the Senate finance committee is like stepping into a time warp where last year's federal election never took place.
>
> There is Allan MacEachen, former deputy-prime-minister-cum-chief-parliamentary-fixer to Pierre Trudeau orchestrating the proceedings with the backing of a dutiful Liberal majority.

I would like to say to those interested that the Honourable Senator Pierre De Bané, the Honourable Senator Romeo LeBlanc, the Honourable Senator Keith Davey, and the Honourable Senator Michael Pitfield are given honourable mention in the article. That can be found under the byline of Hubert Bauch of the *Gazette*. He goes on to state:

> The standoff has not only brought the Senate to the forefront of partisan manoeuvring in Ottawa after years of being dismissed as an inconsequential backwater of the parliamentary process, but it is already raising questions about the continued existence of the Senate as we know it.

In the *Telegraph Journal* of February 15—and these are only a sample of the clippings that I have accumulated—we find the following:

> If the authority to borrow almost $20 billion is denied much longer, a serious effect could be to push up interest rates.

I know that Senator Sinclair does not agree with that, but many others do.

Senator Sinclair: Who?

Senator Roblin: The article goes on to state:

> But if interest rates, and thus mortgage and loan costs, are nudged upwards anymore than they already are because of the Liberal tactic, the ordinary taxpayer is going to sit up and take annoyed notice.

The article goes on to state:

> So interest rates may go up and the Canadian dollar may go down—all because Liberal senators have decided to thwart the will of the House of Commons on what could not really be considered a critical issue.

That is only another editorial, and honourable senators may pay no attention to it if that is the way they feel, but I want to tell honourable senators that, in my opinion, the Senate is not profiting from this exchange. I do not think the parliamentary system is profiting either, because it is perfectly clear that the Liberal Party in the House of Commons does not share the concerns that some Liberal senators have. The Liberal Party in the House of Commons was apparently unaware of the parliamentary tradition of estimates that was eloquently expressed by Senator Stewart. In fact, I do not believe he even mentioned that to them. So, that indicates some idea of the seriousness of his concern in the matter when he did not take it up with the people who are really able to do something about

it, namely, the members of the Liberal Party in the House of Commons.

I do not think that this will do the parliamentary process any good, but what about the public interest? I think that the public interest is, indeed, the main point to which we must direct our attention. I think it is perfectly clear from the public statements made by the Minister of Finance that because he has been hindered by the lack of authority in this bill he has had to reduce his borrowings in the public market to the tune of some several hundred millions of dollars, and much more. Had he been able to use the authority to borrow, as he would have liked to have done, he would have paid a certain interest rate, but he was unable to do that so he had to give up borrowing certain sums of money, but the consequences are that he has to borrow at a later date. Yesterday the loss was $1,850,000. I have been informed that changes in the interest rate in the last short period of time have raised that loss substantially, to about $3 million.

Some may say that he has not borrowed it yet, and when he comes to borrow it he may find that he is all right. I certainly hope that that is the case, but if anyone here is bold enough to say that that is going to be the case, if anyone here is bold enough to say that that is a risk that a prudent Senate ought to tolerate, then I think that that is going a little too far. I do not think that that is the right thing to do. I think there is little doubt that a very real cost will accrue to the taxpayers of Canada. If you read the press reports by the members of the media outside this chamber right now, you will find that that is their general opinion as well. Of course, people have opposing points of view. Speaking for the country, I hope they are right; speaking from experience, I rather think they may not be right, and it will turn out to be the way I have said.

● (1440)

There is another very serious problem, and it has been alluded to already in this chamber today. It has to do with the situation facing the Canadian dollar. Honourable senators, I would read from a statement by the Minister of Finance made before our committee and publicly. On this point he said:

> —let me express to honourable senators my concern about international financial conditions. The United States dollar has experienced a period of unprecedented strength. The Canadian dollar cannot be isolated from that. It has fallen about three-quarters of a cent in recent weeks. The Bank of Canada has provided support in the market to moderate that decline. This has reduced our foreign exchange reserves. Any further Bank of Canada intervention may well necessitate external borrowing by the federal government.
>
> The international situation is quiet today. Some stability has returned to the marketplace, but this can change on short notice. None of us can say what will happen this week or next.
>
> In my judgment, it would be irresponsible for honourable senators to delay action on this bill any longer—

[Senator Roblin.]

Let us consider what happened after that statement. Yesterday, the rate of the Canadian dollar sank to its lowest level in history. I believe it closed at 74.10 cents, or somewhere in that neighbourhood.

Senator Argue: The price of wheat went up.

Senator Roblin: Thank God something good happened. I am not going to give my honourable friend credit for that.

Senator Argue: Give the credit to Premier Lougheed or Mr. Mulroney.

Senator Roblin: As a result, much sooner than I think the minister expected, he was called on by the bank for more money. He had to find $500 million to help the Bank of Canada in its effort to support the Canadian dollar. To do so, he had to have recourse to section 39 of the Financial Administration Act. It is the opinion of those who manage public finances that recourse to section 39 has only one effect, and that is it makes the price of money higher than it otherwise would be.

Today we have a similar situation. Earlier this morning, the price of the Canadian dollar was 73.99 cents—the lowest in history. It has recovered a little.

Senator Haidasz: Whose fault is that?

Senator Roblin: It certainly has nothing to do with anything the government has done.

Senator Haidasz: It certainly has nothing to do with the Senate study of Bill C-11.

Senator Roblin: It has a lot to do with the financial administration of this country.

Senator Haidasz: The mismanagement of the government.

Senator Roblin: My honourable friend will hear my point in just a moment if he will be quiet long enough.

One of the pressures on the Canadian dollar is the financial management of our country for the last 20 years. The senator sitting opposite has something to say about that because he was party to those arrangements. The present government has been in office for a short period of time and it certainly is not going to reverse those trends in any great hurry. The American dollar is the deciding factor which we have to take into account.

If the Canadian dollar keeps on sliding—and the evidence of the last two days is very discouraging—the Bank of Canada will need more money, and the government does not have the power to give it. It has to revert to section 39 of the Financial Administration Act, which is not the preferred route and which has hazards in respect of the cost of money which have to be faced. That is the fact of the situation.

There is another answer, though. If the Bank of Canada does not have the financial resources it feels it needs, it can raise interest rates. That is what I would like my honourable friend, Senator Haidasz, to think about: It can raise the interest rates. I am not predicting that will happen. I sincerely hope that it does not happen. I sincerely hope the government does not need another five-cent piece to support the Canadian

dollar, but how can I know? I cannot know. The situation right now is one that requires our attention.

If things go sour in the next few days, we will have a responsibility for part of it. I say to my honourable friends: Why not put all this contention aside? If my honourable friends want to use my next argument, I commend it to them. Why not say that the Canadian dollar is in a situation which was not before us when we started to talk about this several weeks ago; it is a new factor; it is an urgent factor and justifies our changing our minds? It justifies our saying we don't give up our principles. We are going to write a report to lambaste the government for what we do not think is right, but we are not going to delay the bill until sometime next week; we are going to give it to them now. We think, in the interests of the nation, that is what we ought to do.

I beseech my honourable friends to think about that. This is the chamber of sober second thought. No one will fault us if we change our minds. No one will fault us if we say, yes, there is a difficult situation and we are not going to let some principle, to which not everyone subscribes, stand in the way of action. We are going to say that we will change our minds and do what the circumstances require. We will do what senators ought to do. We will take sober second thought. We will pass this bill, though some may say we sleep with the government, but at least we will let them have the money. That is my plea.

Honourable senators, I say to you sincerely and with a great deal of trepidation: There is no man and there is no woman in this chamber who is truly representative in the parliamentary sense, in a way that our colleagues in the House of Commons represent the people. Think about that for a minute. I also say there is not a man or a woman in this chamber who is truly responsible, in the democratic sense, as are our colleagues in the House of Commons.

If one were to ask whom the members of this house represent; if one were to ask to whom these men and women are responsible, it would be a difficult question to answer except to say "to themselves," because we are not representative in the parliamentary sense. We are not responsible in the democratic sense. We are responsible to our conscience. That is what we are responsible to.

I appeal to honourable senators to consider that fact; to reflect on their duty; to engage in sober second thought; to support the government in this measure; to put aside their past difficulties with this bill; to recognize a difficult financial situation; and to act accordingly.

Some Hon. Senators: Hear, hear.

Senator Haidasz: May I ask the Leader of the Government a question? He has dragged into this debate the Governor of the Bank of Canada. Is it his opinion or suggestion that the Standing Senate Committee on National Finance should hear from him as to the relationship between Bill C-11, interest rates in Canada and the falling dollar?

Senator Roblin: If the committee decides to meet again, it can decide its own procedures.

Hon. Allan J. MacEachen (Leader of the Opposition): That is ambiguous, I guess.

Honourable senators—

Some Hon. Senators: Hear, hear.

Senator MacEachen: —I want to begin by saying that the problem we are facing today is just one piece in an overall problem, and that overall problem is the inability of the government to get its act together and to speak and act coherently. I think the spirited address of the Honourable Leader of the Government in the Senate illustrates how incoherent the performance of the government has been.

How surprising it is that, having asked on February 7 for the date of the main estimates, we are given that information through a note passed to the leader after he has begun his speech. How surprising that, having told the Leader of the Government that the passage of this bill could be facilitated and accelerated by the tabling of the main estimates, he was so negligent not to make an inquiry and give us some advance notice as to when those estimates would be tabled. We have been given this information today by virtue of a note from a messenger, which we hope is from an authoritative source such as the President of the Treasury Board or the Minister of Finance. The estimates will be tabled on Tuesday next, and that is an aspect of our debate that we will likely pursue further, because if the government is so desperately eager to have this borrowing bill at the earliest possible moment, then it can accelerate that moment by the tabling of the estimates on Monday.

• (1450)

Hon. Stanley Haidasz: Why not here, today?

Senator MacEachen: I would say further that if the government is so cognizant of, and the Minister of Finance is so alarmed about, alleged additional costs to the taxpayers, then that too could have been avoided by tabling the main estimates this week in the House of Commons. In that case, we could have had them before us here and the bill could be passed and given Royal Assent within the time schedule mentioned by the Leader of the Government.

Some Hon. Senators: Hear, hear.

Senator MacEachen: What is evident is that there is really no political management of the relationship of the estimates to the legislative program. I do not wish to be overly political—

Some Hon. Senators: Oh, oh.

Senator MacEachen: —but one cannot but be tempted by the highly partisan nature of the Leader of the Government's speech when he not only resorted to his own mouth but to the mouths of the deepest critics of the Liberal Party to support his contention.

We know that we have had very little legislation to deal with. We have received a couple of pieces this week, but for the past three weeks we have had nothing before us in this chamber. Why is that? Because the government has no legislative program, either here or in the House of Commons.

Some Hon. Senators: Hear, hear.

Senator MacEachen: That is the question. I do not find the plea of the Leader of the Government very impressive on the alleged delay in dealing with this bill, when I look at the guidance which the government itself has given to its passage.

We were in the midst of hearing testimony from the Minister of State for Finance and questions were still being asked by members of the committee when a motion was made to report the bill without amendment. That motion was defeated. The government then suggested that we adjourn for further reflection, until the country could find out what was going on. We lost eight days, honourable senators—

Senator Roblin: You had the majority.

Senator MacEachen: We lost eight days. The adjournment was sought by the government, and the meeting was adjourned by the deputy chairman. That is the reality. Eight days were lost and urgency is pleaded today. Then, last Thursday, when the committee was seized of the bill, and when the House of Commons would have been sitting on the Thursday and Friday, the Leader of the Government said, "Let us hear the Minister of Finance next Monday." I cannot make any sense of that proposal. He must have known that the House of Commons was to adjourn and that it would not sit this week, that even if the members of the committee were totally convinced by the minister's evidence, Royal Assent could not be given this bill until Monday next.

Don't talk to me about bringing back the House of Commons and attempting to influence the Speaker that the public interest requires the recall of the House of Commons. What is required is the political interest of the Conservative Party to get itself off the hook upon which it is now hanging because of its bad political management.

Some Hon. Senators: Hear, hear.

Senator MacEachen: I must say that I have heard a lot, but I have never heard such a profession of innocence on the part of the Leader of the Government when he says, "Well, the committee is in limbo." Why is it not meeting? The Leader of the Government is a member of that committee, and at the present time one of his colleagues over there is the acting chairman of the committee. Did they seek to have a meeting? Did anyone oppose a meeting?

Senator Roblin: Yes, you did. I tried to get you to agree to a meeting, but you would not do so.

Senator MacEachen: The meeting was adjourned to the call of the Chair, and it could have been called by the Chair with the consent of the steering committee. But the steering committee was not brought together to activate the committee. I do not know whether the acting chairman tried to have a meeting of the steering committee. But to say now that the committee is in limbo is a profession of innocence that is so unconvincing as to give further evidence to my statement that this government really does not know what it wants, and, if it does know what it wants, it does not know how to get it.

Some Hon. Senators: Hear, hear.

[Senator MacEachen.]

Senator MacEachen: Characteristic of this attitude is the refusal of the government to accept reasonable proposals, a refusal to listen to the suggestions that we have been making. The Leader of the Government has accused us of a confrontational approach. I disagree with that, because a month ago we were prepared to pass the borrowing requirements for this fiscal year in the amount of $7.3 billion. A month ago the Minister of Finance could have had his $7.3 billion. That was made clear and that would have been accepted. It is not exactly a novel departure, because time and time again Parliament has insisted that these borrowing bills be split.

Senator Flynn: The House, not the Senate.

Senator MacEachen: I said "Parliament".

Senator Flynn: I said "the House".

Senator MacEachen: I am speaking now. When you have the floor, you can speak. But don't speak from your seat. You are not an architectural beauty. Let me tell you that. Parliament has frequently insisted upon the splitting of these bills, and don't, honourable senators, let the government say that this delay is costing the taxpayers money. If it is costing the taxpayers money, it is the responsibility of the Minister of Finance and the government—

Some Hon. Senators: Hear, hear.

Senator MacEachen: —because they could have had the $7.3 billion four weeks ago. Don't talk to me either about the difficulties in the exchange market and relate them to this bill, because, of the $7.3 billion that the government asked for for this fiscal year, according to the evidence of the minister of state before the committee, $2 billion was intended to deal with unpredictable fluctuations in the foreign exchange markets. So had the government taken the $7.3 billion today, it would have been unnecessary to use the Financial Administration Act, because that $2 billion explicitly requested would be there for that purpose.

So I find that we have made a reasonable proposal. It was turned down by the government, or not accepted, because really it was never explained why it could not be accepted. We also said, regarding the $12 billion for the next fiscal year, "You will have it well before the effective date upon which you can borrow the money sought in the next fiscal year."

That was the proposal that we made, not in the spirit of confrontation but in the spirit of meeting, at one and the same time, the requirements of the government, the undoubtedly justified requirements to borrow, and preserving parliamentary principle; and that solution would have achieved both objectives.

I made another proposal, because the Minister of Finance had pleaded for certainty. He said to us, "Give me certainty on Monday next by passing the bill this week, and give me certainty by having royal assent next Monday". I said that we could not give certainty by Monday but that we could give certainty for next week, no later than Wednesday or Thursday.

• (1500)

Senator Flynn: Without any conditions?

Senator MacEachen: I thought the Minister of Finance was interested in the proposal when it was put before the committee. I think one or two of the colleagues of the honourable Leader of the Government were interested, but the Leader of the Government said, "No, I will stick to my guns." "Guns," he said—the gunslinger! When he said that he would stick to his guns, I thought it was reasonable enough for us to stick to our principles, and that is what we are doing.

Some Hon. Senators: Hear, hear.

Senator MacEachen: I am putting on record the fact that we did make a proposal, not a novel one because it has been frequently resorted to by Parliament in the past—

Senator Flynn: Not by the Senate.

Senator MacEachen: —to fully accommodate the requirements of the government and the requirements of parliamentary principle.

While I mention parliamentary principle, I want to deal with another point that has become one of the false issues of this debate. That is that what we are doing is thwarting the will of the House of Commons. In a letter from the Prime Minister to the Leader of the Opposition, which was made public, the following series of sentences were laid out. After having referred to financial markets and the alleged cost to the taxpayers, the Prime Minister said, "Let me return to my principle point, the Senate, a non-elected body, is thwarting the will of the House of Commons."

Senator Haidasz: Not so.

Senator MacEachen Here is Bill C-11 as it came from the House of Commons, and it will go out of the Senate in exactly the same form.

Senator Roblin: I hope so.

Senator MacEachen: That is not thwarting the will of the House of Commons, because the decision taken by the Senate, at least our side, will be identical to the will expressed by the House of Commons. In the next sentence the Prime Minister said, "This bill was not forced through the house by the use of our majority." That is right. The Liberal opposition and the NDP opposition did not bring the government to its knees by forcing it to use closure or time allocation, as was a regular tactic of the Conservative opposition. However, I pass that off as just an unpleasant memory. But the government comes on to say, "it passed, following an all-party agreement that had passed the scrutiny and approval of your caucus." What was the all-party agreement, what were the elements of it and who were the parties to the all-party agreement? It does not take much to find that out because it is recorded in a house order which can be found in *Hansard* of December 21, 1984, and it prescribes the conditions under which Bill C-11 would pass the House of Commons. I do not think it is important to relate the items in that agreement because they are quite technical, but it did provide a way of dealing with second reading, the committee stage, the report stage and when the bill would be passed.

I have searched through this all-party agreement, which became a house order, for any mention of the Senate or for any mention, commitment or expectation that the Senate would deal with the bill at any particular time and in any particular circumstance. The Senate was not part of that all-party agreement as inscribed in the record of the House of Commons. So let us drop that argument. Surely, the Leader of the Government in the Senate would not go as far as to say that every single thing that is done in the House of Commons is binding on the Senate. Even if he said that, the house order does not say when we should pass the bill, whether it be January, February or March.

Senator Roblin: Of course, I never said that.

Senator MacEachen: They were totally uninterested in the house order.

There is another surprising political comment that has been made; namely, that we are somehow taking an attitude that is not consistent with the views of our Liberal colleagues in the House of Commons. The Leader of the Government in the Senate surprised me in saying that the Liberals in the House of Commons did not express any concern about the matters which have agitated the members of the Senate on this side. That is false.

Senator Roblin: That is not what I said.

Senator MacEachen: Then, I shall put it positively and say that the views which we are putting forward are fully consistent with the views of our Liberal friends in the House of Commons. Let me quote from an amendment which was moved by the Honourable Don Johnston on November 28. He proposed as follows:

> this House will not proceed with a Bill to provide borrowing authority for a fiscal year for which the Government has not provided complete details of spending requirements or revenue projections.

That is what we have been saying.

Senator Flynn: You did it!

Senator MacEachen: Mr. Johnston's motion was ruled out of order.

Senator Haidasz: Shame!

Senator MacEachen: Subsequently Mr. Riis, a member of the NDP, moved a motion which said:

> that this House holds the opinion that the granting of an authority for the borrowing of a sum greater than the amount which is required to meet the government's needs to the end of the current fiscal year is objectionable in principle and this House therefore declines to give second reading to Bill C-11—

So both opposition parties held to principle. We are doing exactly the same thing, expressing a concern that was expressed by our colleagues in opposition in the House of Commons. May I say that it is fully in accord with the position taken consistently by members of the Conservative Party when they were in opposition, fully consistent because they demanded that this principle be observed, and fought fiercely to uphold it.

Senator Roblin: What did you do?

Senator MacEachen: The Leader of the Government asks what we did. In almost every case the government yielded to the demands of the opposition, which were much more rigorous than any demand that is being made upon this government by the members of the opposition. Of course, governments will ask, but is it not the responsibility of Parliament to refuse until the government comes to its senses? We still hope that this government will come to its senses in its denial of parliamentary principle and uphold the views which its Deputy Prime Minister, Minister of Finance, Minister of Employment and Immigration, Minister of Indian Affairs, and Minister of Energy upheld and fiercely battled for in the House of Commons.

• (1510)

We heard the Minister of Finance debate this question on television last evening. During that debate he implied that principle was not of paramount importance.

Let me quote the remarks of the current Minister of Finance, as reported in *Hansard* of July 20, 1982:

> There is a well established principle that Parliament only provides sufficient borrowing authority to a government to allow it to finance its operations within the current fiscal year.

These are the words of the current Minister of Finance, the Honourable Mr. Wilson. Again:

> There is a well established principle that Parliament only provides sufficient borrowing authority to a government to allow it to finance its operations within the current fiscal year.

Senator Haidasz: That is a flip-flop.

Senator MacEachen: I am amazed that the Leader of the Government in the Senate should ask us to abandon parliamentary principle. I am amazed that he has forgotten what has been said by colleagues of his today when they were dealing with these issues, not in the ancient past, but just a year, or two, or three ago.

Mr. Epp said, on the same question:

> This government is asking for an additional $17 billion, but we are not to ask any questions as to how they are going to spend it. It is not our right to know.

Those are the words of Mr. Epp, accusing the government of the day.

And Mr. Harvie Andre, a distinguished minister, a westerner—perhaps also a gunslinger—said:

> We are not told what the money is required for, what government expenditures are going to be next year, what anticipated revenues will be next year, what rates will be, and whether there will be increases or decreases in taxes. We are told nothing.

We are making a minimum demand, a demand much less rigorous than that made by Mr. Andre. His views were re-echoed by the present Deputy Prime Minister, the Honourable Mr. Nielsen, who said:

> We want the minister to follow the practice of previous ministers back to Confederation. We want him to outline his cash requirements in a budget for that period, clearly outlining the state of the economy, the government's fiscal/monetary position, the measures it contemplates taking to restore confidence and put Canadians back to work.

Let me also quote the words of the present Minister of Employment and Immigration, the Honourable Miss MacDonald, who said:

> The government refuses to provide the answers for the most fundamental of parliamentary procedures, the most basic issue with which we are ever asked to deal, concerning what the Government will do with the money which it is requesting authority from Parliament to borrow.

And we want to know, in the words of Miss MacDonald on February 28, 1983, what the government will do with the money which it is requesting authority from Parliament to borrow. That is why we want the spending program tabled before approving this borrowing bill.

I do not intend to go through all of the precedents. Let me just say that I view with amazement that members of the present government are prepared to abandon the principles for which they fought and had adopted when they were sitting in opposition. They are now turning a deaf ear to the pleas of an opposition that these principles be upheld.

Senator Haidasz: That is a hypocrisy.

Senator Phillips: You should know; you are an expert.

Senator Haidasz: That is pure hypocrisy. What a circus!

Senator MacEachen: To illustrate how deeply felt these principles were by the members of the opposition of that day, let me refer to an incident which occurred when the then Minister of Finance, Mr. Lalonde, came to Parliament for borrowing authority. Similar questions were put forward at the time. The minister brought before Parliament a borrowing bill authorizing borrowing for the then current fiscal year and for the subsequent fiscal year. At that time the opposition took the position that, even for the current fiscal year, Mr. Lalonde would not get his money. They held him off until the end of March—the moment that the present Minister of State for Finance described as "high noon."

Mr. Lalonde had used up all of his borrowing authority, totally. The opposition was unsympathetic, impervious to the pleas made by the government, as they were made today. "Forgive us our sins," the Leader of the Government was saying, "because it may affect the markets or it may affect interest rates."

The opposition was impervious to those demands when they were made by Mr. Lalonde. They forced him to use the Financial Administration Act—not once, not twice, but three times in March of 1983, for a total amount of $1.8 billion. Each time he went to the market, he had to get treasury bills in the amount of $600 million.

We heard the Minister of Finance tell us at the committee on Monday how pivotal the role of treasury bill rate setting is on the financial markets. Well, where were those thoughts in March of 1983 when Mr. Lalonde was forced to the market three times to borrow treasury bills in the amount of $1.8 billion?

And why did the opposition take that view? Because they felt, obviously, that parliamentary principle was important. They were ready to push the minister to the wall, not once, not twice, but three times, in the amount of $1.8 billion.

Senator Haidasz: Shame!

Senator MacEachen: So, let us bear that in mind, and let us bear in mind, also, that we are not taking that course. We have not done that to the current Minister of Finance. We have offered an alternative. Mr. Lalonde was not offered an alternative. A month ago we offered to approve a borrowing of $7.3 billion, a borrowing that would have financed all of the foreign exchange operations and domestic borrowing needs of the current Minister of Finance. That offer has been on the table for a month. But Mr. Lalonde had no alternative. He had to do that dreadful thing for which the Leader of the Government wept so copiously, saying: "This is unthinkable. Why are they doing this? The nation is falling apart. Look at the costs."

Well, I say, perhaps like the opposition of a former day, that while there may be costs—and I do not admit that they are—there are certain principles that have to be met. We have offered a way to eliminate the costs and preserve the principle, and it has been turned down.

• (1520)

Honourable senators, I want to conclude by making one more point and that is to say that the big argument being made is that there is an alleged additional $2 million in borrowing cost because of the Liberal Senate. I reject that. The responsibility for any additional cost is the responsibility of the Minister of Finance. He is the man responsible for the finances of Canada; he has an obligation to reduce the costs, and he did not do it. He could have avoided those costs by being reasonable and accepting the reasonable position that was taken by the members of this opposition.

Hon. Lowell Murray: Honourable senators, what we are seeing today, and what we have seen for some weeks now, in this chamber and in the committee, is the long arm of the former Minister of Finance reaching back from his political tomb—

Senator Haidasz: He is only five foot nine—

Senator Roblin: We call him Lazarus.

Senator Murray: —to create mischief and to introduce more chaos and havoc into the nation's finances. Surely the honourable gentleman did enough damage to the national economy and to the nation's finances during his ill-starred tenure in the Department of Finance a couple of years ago.

The honourable senators we saw coming into the meeting of the National Finance Committee these past few weeks are not the honourable senators we have been accustomed to working with in that committee for the past four or five years. What we saw coming into that committee was a hit team under the leadership of the Leader of the Opposition; a hit team inspired by frustration, bitterness and vengeance. Nothing could be clearer than that the inspiration is one of vengeance, and that the object is to get even; nothing could be clearer from the speech we just heard from the Honourable Leader of the Opposition.

What we saw in the committee are the remnants of the Trudeau machine, that government that Mr. Turner so pithily described as being without money, without organization and without policy. With no money, no organization and no policy, they have set themselves to the destructive work of creating mischief and of thwarting the will of the elected House of Commons. That is what they are up to.

I must say that I find it extraordinary to hear accusations of lack of coherence coming from one who, when he was the Minister of Finance, saw two of his colleagues in the cabinet joining with 10 or 12 other Liberal members from the Montreal area to dissociate themselves from his budget and a third minister of the crown, Mr. Kaplan—

Senator Haidasz: What has that got to do with Bill C-ll?

Senator Murray: It has everything to do with accusations of lack of coherence directed at the present government.

An Hon. Senator: When was that?

Senator Murray: It was not too long ago. It was at the time of the honourable senator's 1981 budget that we heard the Honourable Robert Kaplan going public with his opinion that Allan MacEachen's budget was a political disaster. Talk about cabinet solidarity; talk about coherence; talk about—

An Hon. Senator: You looked pretty sad on television last night—

Senator Murray: Talk about—

The Hon. the Acting Speaker: Honourable senators, order.

Senator Roblin: Honourable senators, it may come as a surprise to some, but this is a serious discussion. Please conduct yourselves in that fashion.

Senator Murray: Talk about cabinet solidarity—

Senator Roblin: I have some duties as the leader of this house, and one of them is to maintain order.

Senator Murray: To hear accusations of lack of political management coming from one who, when he was Minister of Finance, in one fiscal year forecast a budgetary deficit of $10 billion that turned into a deficit of $24 billion. How is that for political management, economic management or financial management?

I was also astonished to hear the Honourable Leader of the Opposition once again trying to put some distance between himself and his counterparts in the other place in respect of the all-party agreement that was achieved in the other place on this bill. It is not the first time that he has tried to do that. On several occasions in committee and in this chamber, he has put

the question: "What was this agreement? Who were the parties to it?" I find, in reading the current issue of *Maclean's* magazine, in an article with respect to the resuscitation of the Liberal party, the following quote:

> Every day that the Commons is in session, House Leader Herb Gray and party whip Jean-Robert Gauthier and their assistants meet with MacEachen and Fairbairn and the five MPs who head the caucus working groups.

I cannot believe that the Honourable—

Senator MacEachen: Do you believe everything you read in that magazine? My authority is House of Commons *Hansard*.

Senator Murray: I am telling the Honourable Leader of the Opposition that I cannot believe that he was not a party to that deal. If he meets every day, he and Senator Fairbairn, with the house leader and the whip in the other place—

Senator MacEachen: If, if.

Senator Murray: Does he deny his influence? Does he deny his influence on his counterparts in the other place? Surely he is no stranger to this deal. In fact, hearing him today, I begin to think that this whole business was cooked up; the honourable members in the other place being encouraged to go ahead on the understanding that, in this place, Liberal senators would drag their feet and thwart the will expressed by the passage of the bill in the other place.

When I heard the Leader of the Opposition today talking about the costs, and casting doubt on the statements made by the Minister of Finance about the costs of further delay, my mind went back in time some 17 years to a parliamentary crisis in the winter of 1968. At that time, the government of the day, the Pearson government, had lost a vote in the House of Commons on a budget bill. That was a minority government, and a government that was not, at that time, in very good odour in the country.

There was a stand-off in Parliament; the House of Commons was paralysed; there were demands from the opposition, from the media and from large sections of the country that the government resign, or that Parliament be dissolved and an election called. At the same time, in the international money markets, there had been pressures on the Canadian dollar.

At that time, no less a personage than the Governor of the Bank of Canada was dispatched by the government of the day to see the then leader of the opposition, Mr. Stanfield. I must say that I was not present at the meeting between the governor and Mr. Stanfield. However, I will say that I thought it was rather unconscionable for the government of the day to send the Governor of the Bank of Canada on such an errand. In any event, there was no doubt about the purpose of the mission, which was to impress upon Mr. Stanfield the risk that would be run; the risk of further pressures on the Canadian dollar if there was further delay in dealing with the budget, and if there was a protracted parliamentary stand-off.

On Monday of this week, the Minister of Finance came before our committee. This was not a private briefing by the Governor of the Bank of Canada; no secret meetings. It was the Minister of Finance speaking on his responsibility as the minister, and he warned us of the increased costs to the taxpayer of compressing the money requirements of the government into a shorter time frame. At that time, he was in a position to document his case by reference to two current examples in which he told us that delays had cost the government and the taxpayer more money.

At the same time, the Minister of Finance went, I believe, as far as a minister of finance could go in public at this time to caution us, to warn us, to express his concern about the state of the international money markets and the vulnerability of the Canadian dollar. Those concerns were expressed and placed on the record by the Leader of the Government earlier in this debate.

Notwithstanding those warnings from the Minister of Finance, notwithstanding the considered statement of the responsible minister in a parliamentary committee, notwithstanding his appeal—and it was an appeal—that we get on with our job and get this bill through, the Leader of the Opposition and other members of the committee, including Senator Sinclair, took it upon themselves to ignore or reject the judgment of the minister.

The Leader of the Opposition today said, "Don't talk to me about the increased costs; don't talk to me about the influence of delay on the exchange rate, you should have split the bill." He knows that if we split this bill we would have to send it back to the House of Commons, and to send it back to the House of Commons would mean a debate for who knows what duration, of who knows what quality, and on who knows what subject, but the debate probably would have centred very quickly not on the financial requirements of the government, but on reform of the Senate.

In any case, Senator MacEachen, at the committee meeting, told Mr. Wilson that he did not agree with his judgment. Senator Sinclair said, "It's just a matter of judgment." That is true, and it is true that Senator MacEachen has the right to disagree with the judgment of the minister, but it is still the minister's considered judgment that is important, and it is the minister's judgment, as the competent authority in this case, that further delay will cost the taxpayers money and render the Canadian dollar more vulnerable. That message came through loud and clear to me. Notwithstanding that appeal, honourable senators opposite have chosen to turn their backs on it.

Of course, they have been proven wrong already because yesterday, having said a day or so before that he could not predict what the needs would be immediately in view of the volatility of the world currency markets, the Minister of Finance had to use section 39 of the Financial Administration Act to increase the level of our international reserves by $500 million (U.S.). That is what he had to do. So, they have been proven wrong. The Minister of Finance points out in the press release that he issued that that will entail additional costs to the government's debt program, costs that will be borne by all Canadian taxpayers.

I say that in the face of the appeal made by the Minister of Finance to the committee, and in the face of the decision that he had to make yesterday, that for honourable senators to persist in dragging their feet on this bill, to persist in thwarting the will of the elected members of the House of Commons, borders on the irresponsible.

Honourable senators, I want to deal with this question of the main estimates, and in particular I intend to discuss the instance raised by Senator MacEachen in his concluding remarks. I will leave aside the ludicrousness of a position referred to by Senator Roblin in which the opposition is prepared to say "table the estimates and we will pass the bill no matter what is in the estimates."

The question of the main estimates and the connection of the main estimates to this borrowing bill is nothing but a red herring. There are three types of financial authority that Parliament gives to the government. There is spending authority, the approval of the estimates and appropriations bills. They go through Parliament in a process quite distinct from this one. Secondly, there is also the revenue raising authority which is granted to the government by means of a budget and the tax legislation that goes before the two houses of Parliament. Thirdly, there is the borrowing authority, which is, to oversimplify it, the difference between what is spent and what is raised by taxes. The borrowing authority is what this bill is all about.

The Leader of the Opposition referred to the precedents and to previous debates in which borrowing authority was held up because of a lack of adequate information for the fiscal year in respect of which the borrowing authority was being sought. But it was not the lack of main spending estimates that exercised the Leader of the Opposition in the other place and the members of the opposition in the other place at that time; it was the lack of information as to the size of the deficit, and a lack of an overall revenue and expenditure forecast.

I want now to refer to the situation with respect to Bill C-143, which the Leader of the Opposition referred to just before he concluded his remarks. Let me give the chronology. On February 17, 1983, Mr. Lalonde came to Parliament looking for borrowing authority of $14 billion for the next fiscal year. That is what he wanted. As I said, what exercised the opposition was not the lack of main estimates, because the main estimates came down fairly soon thereafter; it was the lack of fiscal projections for the year 1983-84. The last fiscal projections Parliament had had were Minister MacEachen's forecasts in his budget of November 1981. In his budget of November 1981, the minister of the day brought in forecasts up to 1985-86.

In June 1982, Minister MacEachen, as he then was, brought in a budget with fiscal projections for the current fiscal year, 1982-83, but no projections for the next fiscal year, 1983-84. Mr. Lalonde came to bat on October 27, 1982 with an economic statement. He provided the fiscal projections updated for 1982-83, but again refused to offer projections of the deficit and the revenue and the financial requirements for 1983-84, and then a few months later, as I said, on February 17, he came back to Parliament and said, "Give me borrowing authority of $14 billion for 1983-84".

If honourable senators read the debate that took place in the House of Commons at that time, and the debate that took place in the committee, they will see that what exercised the members of the opposition was not the lack of main spending estimates, because the estimates came down on February 22. That did not stop the argument for a moment.

Senator MacEachen: As I said, they were more vigorous than we are. You are proving my argument in that they were much more rigorous.

Senator Murray: No; I am saying that the spending estimates are irrelevant.

Senator MacEachen: You are saying that, but that is not what the current minister said.

Senator Roblin: Give him a chance.

Senator MacEachen: Yes, Speaker Roblin.

Senator Murray: I am saying that the spending estimates are irrelevant to the argument; I am saying that it was a failure of the previous government for 15 months to not provide revenue projections, spending forecasts and financial requirement projections for 1983-84 that caused that bill to be held up. That is why the government had to use time allocation on second reading, at the report stage and at third reading. That is why the government did not get Royal Assent for that bill until March 30.

On November 8 last, we received from Mr. Wilson, the Minister of Finance, his published projections as to revenues, as to expenditures, as to financial requirements, and those financial requirements—and the Leader of the Opposition should know them fairly well—are of the order of $29 billion for 1985-86. Surely, no one questions that the financial requirements of the government in that year are going to be of that order of magnitude. Surely, no one questions that $12 billion, which is what is being asked for now in respect of 1985-86, is but a down payment on the overall financial requirements. In any case, we have an undertaking given by the Honourable Ray Hnatyshyn, the government house leader in the other place, that in two weeks following presentation of a budget the government will be back with another borrowing authority bill to give honourable members of the other place and honourable senators an opportunity to have their say.

● (1540)

On November 8, the Minister of Finance brought in his projections as to expenditures, as to revenues and as to financial requirements. This was the information that was lacking in the case of Bill C-143 back in 1983, the case to which Senator MacEachen referred earlier. This was the information that was lacking, and that is why the opposition of that day held that bill up as they did, and properly so.

I want to put on the record, if I may, a statement made within the past few weeks at the committee by the Deputy Minister of Finance. He told the committee:

> —you do have before you, with respect to the fiscal year 1985/86, all of the information that you would ordinarily have had there been a budget. Again, I repeat—

Senator Sinclair: Is it in order to read—

Senator Murray: Honourable senators do not want to hear this again because it destroys their argument.

Senator Sinclair: It does not destroy anything. I am just asking if it is in order to repeat verbatim the transcript of the proceedings.

Senator Flynn: It has been done from the beginning of this debate.

Senator Sinclair: It should be paraphrased and not read.

Senator Murray: If the honourable senator wants me to paraphrase what the deputy minister said, I will do so. I thank the honourable senator for his instruction. I will paraphrase.

Senator Sinclair: I have heard paraphrasing which is, in fact, verbatim before.

The Hon. the Acting Speaker: If any senator wishes to speak, he should stand up and be recognized by the Chair.

Senator Murray: I am sorry that honourable senators find this testimony from the Deputy Minister of Finance, whom they appointed, so uncongenial.

Hon. Charles McElman: Honourable senators, I rise on a point of order. This is the second time today that the His Honour has intervened in the proceedings. I suggest to you that honourable senators are in charge of their own house and do not require interventions from the Chair.

The practice of this august body is that we, the senators, are in charge. We address our peers. We do not address the Chair. The Chair does not intervene in our proceedings unless the Chair is asked to do so.

I would hope we could follow the traditions of this body.

Senator Roblin: In speaking to the point of order, may I say, if all senators conducted themselves with the decorum Senator McElman displays, we would not have a problem of this kind.

I do second his suggestion that senators should exercise reasonable self-restraint and gentility in their dealings with this chamber. Sometimes I myself may be guilty of an ill-advised word and, if I am, I apologize for it, but that is no excuse for anyone else.

The Hon. the Acting Speaker: Honourable senators, rule 15 states:

> The Speaker shall preserve order and decorum, and shall decide points of order, subject to an appeal to the Senate. In explaining a point of order or practice the Speaker shall state the rule or authority applicable to the case. When the Speaker rises, all other senators shall remain seated or shall resume their seats.

Honourable senators, I was merely attempting to restore some civility in this honourable distinguished house.

Some Hon. Senators: Hear, hear.

[Senator Murray.]

Senator McElman: On a point of order, although I do not wish to upset the speaker—

Senator Murray: The honourable senator will not upset me; he will delay me.

Senator McElman: I do not intend to delay him at any length.

The point I have raised is one that is very clear within the traditions of this body. There are senators here who know of what I am speaking.

The honourable person occupying the Chair at the moment has intervened a second time without being asked to do so.

In order not to delay Senator Murray, since it is not my wish to do so, it will be my intention, at a later date, after discussion with others, to refer this matter to the Standing Senate Committee on Standing Rules and Orders so that there will be a clear delineation of what the Speaker can and cannot do in this body. This is not the House of Commons. This is not a confrontational place in normal circumstances.

Senator Roblin: Hear, hear.

Senator McElman: The Speaker is not required, by tradition or otherwise, to act in this house as is required in the House of Commons.

I am sorry to have delayed Senator Murray.

Senator Murray: I thank the honourable senator.

Before the various interruptions, I was attempting to convey to honourable senators something of the testimony the committee heard from an expert witness whose objectivity can surely not be in any doubt, the Deputy Minister of Finance. He told us in committee that we had all the information that we would have had in respect of this borrowing bill had there been a budget in November last. He told us there was nothing more. He told us there was an economic forecast as current as it could have been at the time. He told us there are some measures, and the fiscal impact of those measures was reflected in the economic statement of the Minister of Finance. He told us that the department had given us a view which indicated that there was not enough in those measures to alter the underlying economic view. The deputy minister told us we had the fiscal requirements flowing from that. He told us that although there was not a budget last November the pieces of information before us added up to all the information that we would have had had there been a budget last November. He went on to repeat that he was talking with respect to the year 1985-86, not with respect to the five-year plan. He told us that, in terms of the pieces of information that are before us, they are not significantly or profoundly different in any way, shape or form from what we would normally have.

That is the testimony of an experienced public servant, the Deputy Minister of Finance, appointed by the previous government. I think his testimony on that matter, while I cannot read it directly into the record, ought to be read in the verbatim transcript of the proceedings of the Standing Senate Committee on National Finance for Thursday, January 31, 1985.

Honourable senators know that the "linkage," to use Senator MacEachen's term, between the estimates and this bill is tenuous at best. As I say, approval of the estimates is a matter that is the subject of quite a distinct process in both houses of Parliament. The estimates are brought down on or before March 1. When that happens, they will be divided up in the other place and sent to various standing committees of the House of Commons. The committees will examine them until May 31. They have the opportunity to call ministers of the Crown, and to examine each estimate in detail if they so wish. They can reduce any estimate that is before them.

Then there are interim supply bills and opposition days on which estimates can be brought forward and reduced. There are appropriations bills.

I find it rather puzzling that a procedural expert like Senator Stewart should say, as he said on numerous occasions, that the borrowing bill is the bottom line. I do not understand that. There are plenty of opportunities in the other place and here to call the government to account for its spending, for its taxing, and for its borrowing. We have three different procedures in respect of each of those exercises.

The estimates are tabled in the Senate. They go to the Standing Senate Committee on National Finance, and that committee is perfectly free to examine them as it wishes. We can call various ministers of the crown; we can go into a particular department in detail, as has been done on occasion. Typically, we call the President of the Treasury Board and have a general discussion of the estimates. Debate in this chamber tends to centre sometimes on supplementary estimates or on the appropriation bills.

It seems to me to be a complete red herring to suggest that the borrowing authority should not be granted until the spending estimates are down, especially when, as of November 8 last, we had before us an updated set of projections as to revenues, expenditures and financial requirements in the name of the Minister of Finance.

• (1550)

Finally, I wish to say a word about what this exercise is doing to the Senate, to the role of the Senate and the future of this chamber. While much criticism can be made of it, and some quite far-reaching reforms have been advocated by senators themselves, I believe the Senate has usually done useful work with respect to legislation, to policy, and to government spending and borrowing programs.

Senators are familiar with the device of pre-study, by which we have an opportunity to suggest to ministers and to the government amendments that should be made in the legislation before it comes to us officially and formally. Senators are also aware that from time to time we take it upon ourselves to pass a bill about which we have some doubt, or about which we have reservations as to the process or principles involved. We pass a bill and we attach a narrative or commentary stating what we consider to be the proper course, and telling the government that we consider that changes should be made to the procedure in the future.

All of these devices are used by the Senate precisely for the purpose of avoiding confrontation between this chamber and the elected house. These devices that have been used have been helpful and constructive; they have contributed to the legislative process, to policy development, and to the welfare of this country. But it seems to me that the conduct of Liberal Party senators on this bill indicates that in the present Parliament they have decided to take the path of confrontation. They have decided to abandon the path of moral suasion vis-a-vis the government and the House of Commons. They have opted instead for the confrontational approach. I say that if they think they are going to repeat this performance on future bills coming before this body, they are signing their own death warrant—

Some Hon. Senators: No, no.

An Hon. Senator: And yours.

Senator Murray: And mine, but more important than that, the Senate, because I tell honourable senators that we have a Prime Minister and a government that has (a) an overwhelming mandate in the House of Commons; (b) overwhelming popular support still in the country, as evidenced by every poll that has been taken since the election—

Senator Roblin: You are in third place now.

Senator Murray: —and the people have had an opportunity to judge the conduct by the government of the nation's affairs; and (c) I suggest, on the basis of last week's meeting in Regina, that there is now a climate of federal-provincial relations that would enable the government, if it were faced with systematic obstruction by the Senate, to get whatever provincial consent is required to take whatever measure of reform, up to and including abolition, that it thought was necessary under the circumstances. I believe it is important for honourable senators to bear that in mind, particularly those honourable senators who value the work that this Senate and its committees have done over the years and who have themselves, in the past, made a useful contribution to that process.

Some Hon. Senators: Hear, hear.

Hon. Ian Sinclair: Honourable senators, I have listened carefully to what honourable senators had to say. I do not intend to discuss the various procedures that have been followed in the past. Others know more about those procedures than I do, and I am sure they will draw them to the attention of honourable senators in due course. However, I wish to say that I am not at all interested in what happened between the Governor of the Bank of Canada and the leader in the other place in 1980. I know from experience that one cannot walk backwards into the future, no matter how hard one might try, and I was astounded, as I am sure were many others, to see an attempt made at saying "Let us look back and see what happened two or three weeks ago, and let us project that forward and see what would have happened under those circumstances".

Let us take a look at what I understand the parliamentary principle to be, the principle that we have been discussing.

Senator Flynn: I am very curious.

Senator Sinclair: I believe it is important to understand it from the modern viewpoint of business and money markets. I am not interested in confrontation. I am interested in getting a job done. No matter what anyone says, I did not come here with the idea that I was to rubberstamp everything that was sent here from the other place, irrespective of whether it is right or wrong; and, as long as I am here, I will continue to maintain that position.

The parliamentary principle to which I refer is that one does not permit tranches of anything involving total expenditures. One gives the whole picture. That is the principle. That is what I understand is meant by the main estimates. The main estimates are tabled. They set out the government's spending program. That is the only time, as I understand it, that the government's spending program is set out in the one place. As Senator Murray has said, they take a look at it in the house and send it forward to various committees as it is divided up. Quite so, and why not? But the point is that it has to be tabled first so that people can see it; otherwise—and here I will use the phrase of the Honourable Michael Wilson, who, at another time, said: "If that is not so, what you are asking for is a blank cheque. "That phrase is his, not mine, and that is why business does not give people blank cheques.

Borrowing authorities are very carefully considered. The Leader of the Government said something earlier about having only one side of the ledger. Of course that is so in government, because the government is sovereign. It has the full power of direct and indirect taxation. It can raise money, and, with its majority, it can raise money easily if it wishes by putting through bills and taxing in any way it so desires. It could have a value-added tax, even a flat tax; or it can increase taxation wherever it wishes, impose an import tax or an export tax and impose foreign exchange controls. It can do all kinds of things. So why, then, in accordance with business principles, do we look for the total government's spending? That is what I mean by good business practice. That "good business practice" requires us to have it, and if we do not have it, then, as the Honourable Michael Wilson has said, it amounts to a blank cheque.

Let us take a look at the money markets. The money markets have, for a considerable time, been volatile. But they are monitored, the information is available and judgments have to be made as to which way they will go, whether it be long-term, medium-term or short-term. Year after year the government goes short, open-ended, even so short that it sometimes constitutes billions of dollars in demand money. Why is it so horrendous to use 90-day money under a Governor General's warrant? Three-month money is certainly more stable than demand money. Why does the government have lines of credit to $4 billion U.S. if it is not going to use it? I see nothing wrong or horrendous about using these forms of borrowing in the way they have been used, if that is the proper thing to do.

• (1600)

I will not say whether it is right or wrong to borrow American money at this time and convert to support the dollar. However, I will say that it has not been effective. This approach has not been effective in this country, in the United Kingdom or in West Germany. I do not think that a bill of this kind has been introduced in the Australian Parliament. Yet, the Australian dollar hit an all-time low against the U.S. dollar yesterday. So did the deutschmark and the pound. Why did these currencies go way down?

The Minister of Finance cannot have it both ways. He constantly says that, "I am proud of what we have done in regard to the dollar." Let me give honourable senators a couple of percentages using the year-end close as compared to the February 21 close on the devaluation of certain currencies as against the U.S. dollar. The deutschmark is down five per cent; the pound, six per cent and the Canadian dollar, 2 per cent. These major currencies have devalued by two to three times more than the Canadian dollar. That is why I asked the question earlier today as to whether the foreign exchange markets were a world phenomenon or whether they were unique to our country. I did not get an answer, but I would have been very surprised if the answer was other than that it is part of a world phenomenon. The story is not the Canadian dollar. The story is the American dollar.

Senator Murray said something about the Deputy Minister of Finance. The Deputy Minister said that he could not say where the delay would cost money. Any person who is experienced in money matters would have to state that that was the position. You can only say "may." With all due respect to the Leader of the Government, I am not impressed when he says that we are going to experience some squeezing, that it will cost a premium. To make such a statement means that he is capable of saying just how many government securities the market can take. I do not think he has the experience or the knowledge to make such a statement. The Minister of Finance and his experts would not say such a thing.

We in business fight to preserve principles that result in the orderly handling of money affairs. That is why I support the parliamentary principle we stand upon. I have been called many things in my day. But I do not play crap any more, and "Guys and Dolls" is a wonderful show though I never made as much money as the character Big Julie. However, I want to thank the honourable senator for including me on a hit team. That is new for me. I think hit teams are generally successful and if that is what he meant, then I thank him for it. If we are successful, we have made a valiant stand against the intransigence of my friends on the other side for principles and for good business practice.

Senator MacEachen has indicated that if there is a loss it is blood on the head of the Minister of Finance because he did not take advantage of the $7 billion offered to him. I do not blame him for not taking advantage of it. He has the right not to take that advantage. He may have thought that he would rather have it later on. How do I know that he did not want to

use Governor General's warrants? Just because he said so? I do not know. Why are they there? The minister would like flexibility. Everybody likes flexibility, but at the same time the people of this country have to get the signal that good business practices will be upheld.

Senator Flynn: CPR practices.

Senator Sinclair: They should also be made to feel that good business principles shall be retained, irrespective of grunts and groans from those on the other side.

There has been quite a bit of talk about a statement that was made back in November. I read that statement. I think everybody knows that there has been a lot of back-tracking from some of the basic principles set out in that statement. Who knows what further changes will be made? However, we are not dealing with November 7. We are dealing with February and with the situation that exists now. Senator MacEachen has very reasonably offered to the government a *modus operandi* which would give the opportunity of more flexible financing within a few days.

• (1610)

They turned their back on that. And why? I wonder why. Is it because they do not wish to say to the Senate: "Yes, you have a point; yes, we think we should accede to that; yes, it seems to be a reasonable proposition."

Are they of the view, as Senator Murray seemed to indicate, that this is a means by which we would test the resolve of the government? Of course not.

Senator Flynn: Of course you are.

Senator Sinclair: If we were going to test that, there are other ways of doing it at other times.

Senator Flynn: There are better ways, of course, but the best is not what you are doing now.

Senator Sinclair: You may think what you wish; that is your privilege. I hope you will recognize that I may also think as I wish.

Senator Flynn: Oh, sure.

Senator Sinclair: Thank you. I am wondering why there is such a reluctance to accept compromise. Why does the Minister of Finance insist that it be done his way and only his way, when there are alternative ways that have been brought to his attention?

Senator Flynn: It has been a long-standing practice.

Senator Sinclair: Senator Murray talked about the great Tory leaders having gathered, at great expense, on the windswept plains of western Canada a few days ago and the fact that they were all in lockstep together—

Senator Perrault: A love-in.

Senator Sinclair: —and would be prepared to march to the whistle of Brian Mulroney.

Senator Perrault: An Irish flute.

Senator Sinclair: An Irish flute. I say to Senator Murray that he is wrong.

If he plays that flute, as you have suggested, you will find out that, for one, he might have difficulty with the distinguished first minister of the second largest province of this land.

In any event, the Mulroney tune that he talked about will be tested. It will be tested in the province of Manitoba on the question of transfer payments; it will be tested in the province of Ontario on the question of free trade; it will be tested in the Province of Quebec in respect of many matters.

So, don't come here and suggest to honourable senators that unless they do what you say, they may not be here. That does not bother me at all.

Some Hon. Senators: Hear, hear.

Senator Flynn: We knew that. That is not a revelation.

Senator Phillips: With your pension, it shouldn't.

Senator Flynn: If I were in your place, it wouldn't bother me either.

Senator Sinclair: I thought we were going to have civility and gentility and not confrontation.

You mustn't talk unless you stand up. You look better standing up. Why don't you stand up and I will sit down.

Senator Flynn: I will stand up. I have no objection—

Senator MacEachen: You look better sitting down.

Senator Flynn: Of course I do; but I wanted to give honourable senators a rest from Senator Sinclair by forcing him to sit for a few minutes. I see that a good many of them are on the verge of sleep.

Senator Sinclair: If they are going to fall asleep, that's fine.

The learned Leader of the Government made an impassioned speech and then rushed out of the chamber. I do not know whether he had another appointment, or whether he just got tired.

Senator Perrault: He went to get reinforcements.

Senator Sinclair: Whatever the reason, he is not now in the chamber. The Leader of the Government, in speaking to this matter at the outset this afternoon, said, according to my note, that it is a matter of timing; that that was the whole question. He was going to tell us why the government does not find it reasonable to wait until next week to get this bill passed.

I listened carefully as the Leader of the Government went through his harangue, and I heard no answer to that question. I may have missed it, but I do not believe he answered the question, a question posed by him, as to why the government does not find it reasonable to wait. He did not address it in his remarks.

He said that the Minister of Finance wants the bill to go forward. He said that the delay has affected interest rates and the foreign exchange situation. I think I have demonstrated quite conclusively that foreign exchange is not a factor in this. It is a red herring to bring foreign exchange into this debate.

Certainly the government used Governor General's warrants under the Financial Administration Act to draw down on its line of credit in American funds in support of the dollar through the Bank of Canada. Governments have done that before; they will do it again. There is nothing wrong with that. That is why it is there. But to say that a delay in the passage of Bill C-11 somehow impacts on the world's interlocked money markets is nonsense. It is absolute, utter balderdash.

Senator Murray: That is not what the minister says.

Senator Sinclair: It is a contention that was brought forward in an attempt to mislead, and for no other reason, in my judgment.

Honourable senators, we have a duty in the Senate to rely upon principle and to correct mistakes, however made. I think it is wise that we do so in a way that allows the government to save face in the matter. That is important. It seems to be important to the government, in any event.

This is why we are in session this week discussing this measure. I suggest that we even work in the evening so that we can take a good look at these estimates and the total program. We can try to accommodate the government by working long hours.

Senator Phillips: You are not going to pass this bill without looking at the estimates?

Senator Sinclair: I certainly hope that where there are departures from the estimates in the future, there will be explanations demanded. And they will change. Once we see the estimates and they are there in stone, we can refer to them and require explanations in the future as to any changes.

● (1620)

I urge honourable senators—

Senator Flynn: May I put a question to the honourable senator? Are you suggesting that we should delay the passage of this bill until the Senate or its committee has had an opportunity to look all through the estimates? Is that what you are suggesting?

Senator Sinclair: No. I am suggesting that, once the main estimates are tabled and in our hands, that we will expedite our look at those estimates. Then, as they proceed through the House of Commons, if those estimates are altered, explanations can be demanded—

Senator Flynn: But you said that you would pass the bill; that is what you said.

Senator Sinclair: Yes, we will pass the bill, as has been said, next week, after the estimates have been given to us and we have had an opportunity to look at them.

Senator Flynn: The Senate has always proceeded in that way. That is nothing new. Perhaps you do not understand how it works.

Senator Sinclair: I do not know whether I can quite hear what my honourable friend is saying, but if what I have just reiterated is what has always been done, then why are you not doing it this time?

In any event, I think that is the proper way to proceed. I am sorry that the Leader of the Government in the Senate feels that my questions to him from time to time are improper. I do hope that he understands that when a government produces the full spending program, it is not necessary to have the other side in order to make a decision. Thank you, honourable senators.

Hon. Orville H. Phillips: Honourable senators, since the beginning of the year I have been attempting to find some logic in the irresponsible and reprehensible action of the Liberal senators in dealing with Bill C-11. Unfortunately, their action has been devoid of logic, reason and conscience. They still continue in the old ways of placing the Liberal Party above the welfare of Canadian taxpayers.

Today, I thought we would get some reasonable explanation from the Leader of the Opposition in the Senate. When that honourable gentleman was the Minister of Finance, and defending his budget, I thought he was pathetic; I thought he was even more pathetic when he was defending the Gillespie affair. Today, however, his actions are beyond description, except to say that they are worse than pathetic.

I tried to find some possible explanation for the behaviour of the Liberal Party in the Senate. In this morning's paper, I read an article describing their actions and I thought to myself, "That is the real problem there." The real problem is that Senator Davey has been manipulating and controlling the Liberal Party in the backroom for years. After the last leadership convention and the last election—

Senator Davey: I wonder if the senator would accept a question? It is merely for information. I would like to know to which publication he was referring to when he said "this morning's paper."

Senator Phillips: I believe it was the *Gazette*, but I will certainly send you a copy of the article. I am sure you will find it enlightening.

Senator Davey: Thank you.

Senator Phillips: Senator Davey then decided he did not like being just an ordinary Liberal; that it was not fair after some 20-odd years, so he decided to highjack the Liberal Party. Senator Davey thought he was highjacking a 747. Imagine his surprise, honourable senators, when he found out that he had highjacked a hot air balloon. It was not even a modern balloon; it was one of the original balloons from around 1880. Senator Davey had a bit of trouble keeping that balloon afloat, and, as everyone knows, when a balloon is having difficulty staying afloat, particularly in turbulent weather, you throw ballast overboard—

Senator Davey: More hot air; that is what keeps the balloon up in the air, senator, hot air.

Senator Phillips: I will come to your hot air in a moment. Take your time. Be patient.

The first piece of ballast to be thrown overboard was John Turner. They threw him out of the basket so quickly that he broke the sound barrier on the way down. Senator Davey then looked around for the next piece of baggage or ballast that could be disposed of and he settled on Herb Gray. They threw Herb Gray overboard and he broke the law of gravity on the way down.

Senator Davey then looked around at the rest of the people in the basket and decided he must keep a few of those, so he kept Senator MacEachen and Senator Frith to be a front for him.

Senator Davey looked around again, and decided, as he said, that he needed some hot air. He then picked Senator Sinclair for that purpose and, for a backup, he picked Senator Gigantès. Ever since, he has been attempting to keep the balloon up with the aid of those two senators.

A balloon, however, also requires ground crew. For that purpose, Senator Davey used Senators Kenny and Kirby for manipulating the ropes. There is another factor necessary that is known in the trade as dead or dumb weight and, for that purpose, he has been using the Senate.

There is another possibility and that is that Senator MacEachen looked at the present leadership and said, "I have lost my opportunity. The present Leader of the Liberal Party must go." Senator MacEachen remembers his efforts to obtain the Liberal leadership and has come to the conclusion that it is unfair that he never became Liberal leader.

Senator Davey: I wonder, senator, whether all of this information is in the Montreal *Gazette*, or are you making it up? I would just like to know which?

Senator Phillips: No, I am just reminding honourable senators of the background to this opposition.

Senator Davey: So you are making it up.

Senator Phillips: I do not want Senator Davey to be confused, as he usually is. I am attempting to straighten him out, and I wish he would pay attention.

Senator MacEachen decides that it is time he became Prime Minister. He assesses his situation. He leads the majority in the Senate; he leads the majority in the Liberal caucus, so he decides that he is now Prime Minister MacEachen—a sort of Prime Minister in exile. Honourable senators, when Senator MacEachen gets up in the morning, he looks in the mirror and says, "I am just a shorter version of General de Gaulle in exile."

I believe my honourable leader and Senator Murray both mentioned the agreement in the House of Commons. Honourable senators, I would like to emphasize that that agreement was made in caucus. It was approved by all three parties in caucus—

Senator Davey: May I ask Senator Phillips if he attended the Liberal caucus? Is he sure of what happened there?

Senator Phillips: God forbid that I would attend that group.

Senator Davey: That is the first thing you have said that I agree with, senator.

Senator Phillips: I merely took the word of the Leader of the Liberal Party and the house leader of the Liberal Party in the House of Commons, who both said that it was approved in caucus.

Senator Davey: May I ask another question, senator—

Senator Roblin: Why don't you wait until Senator Phillips has finished? You can make your own speech later.

Senator Davey: If Senator Phillips does not choose to answer the questions, that is his decision.

Would you like a question or not, Senator Phillips?

Senator Phillips: No, I am getting tired of your questions. They are not very good.

Senator Sinclair: Gentility, gentility.

Senator Phillips: That is right; if he keeps his seat, that will be gentility, senator.

As I have said, the agreement was made and approved by the Liberal caucus. Now here is an interesting situation that arises: The majority of those attending the Liberal caucus are senators, and let me remind you, if you did not have Liberal senators, you would not have a Liberal caucus. You would not have enough members to hold a caucus meeting. Therefore, somewhere, those honourable senators must have agreed to the principle that was later adopted in the House of Commons. Honourable Senator Stewart shakes his head; I am sure that when he speaks, he will explain to us what took place in Liberal caucus, and I look forward to hearing that.

● (1630)

I think a third possibility for the origin of the delaying action by the Liberal senators is due to the fact that the Honourable Senator MacEachen looked back in history and thought: "Well, Trudeau came back, why can't I?" Perhaps he sees this as his first step on the long road back. I understand that he has also picked his theme song. He went back a few years and picked a hit tune, "The Cat Came Back", and Senator MacEachen is trying to come back through his actions on Bill C-11.

However, honourable senators, a more likely course of action is that John Turner is masterminding the whole nefarious scheme. The public is aware that it was John Turner who not only appointed Senator MacEachen to this chamber, but also made him Leader of the Government in the Senate.

Senator MacEachen: No, they are not aware of that because he did not. That is not true. Get your facts straight.

Senator Phillips: He made you Leader of the Government in the Senate and, after the election, made you Leader of the Opposition in the Senate.

Senator MacEachen: No, he did not appoint me to this chamber.

Senator Phillips: He made you Leader of the Opposition in the Senate.

Senator MacEachen: That is right.

Senator Phillips: Fine; I am glad to hear we are making progress.

Senator MacEachen: Prime Minister Trudeau summoned me, and I was rather reluctant.

Senator Phillips: I wonder why you had to have that letter if Prime Minister Trudeau appointed you.

If the Leader of the Liberal Party is dissatisfied with the performance of Senator MacEachen, and is opposed to his action, it would seem logical that Mr. Turner should replace Senator MacEachen. Since we see him there, we see him meeting with Mr. Turner every day—

Senator MacEachen: One threat a day is enough.

Senator Phillips:—one can only assume that Mr. Turner supports Senator MacEachen's actions.

Senator MacEachen: I lost my job anyway, according to Senator Murray. So, another blow is all right.

Senator Phillips: That would be progress.

John Turner made an agreement in the House of Commons on behalf of his party. The question arises: Did he instruct the Honourable Senator MacEachen, as Leader of the Opposition in the Senate, to break that agreement? Obviously he must have, or he would have replaced Senator MacEachen.

In all fairness to honourable senators opposite, I want to make it clear that not everyone on the other side who has spoken to me about Bill C-11 supports the action taken by Senator MacEachen. He obviously has had some dissension in his caucus over this, but he persists, in his petulant manner, to oppose Bill C-11. He must be getting instructions from somewhere or he would have listened to the objections in his caucus, and those instructions, I am sure, originate in the office of the Leader of the Opposition in the other place.

There has already been some discussion about replacing Senator MacEachen. I will skip the rest of my speech in that regard in deference to my friend and hope that he will be man enough to depart on his own.

Senator MacEachen: I am disturbed enough already.

Senator Phillips: At the meeting of the Senate Committee on National Finance we heard from the Minister of Finance concerning the urgency of passing this bill. The deliberate delay—and it is deliberate and petulant—has already cost the taxpayers of Canada $3 million.

Senator Guay: It is going up.

Senator Phillips: Obviously the Leader of the Opposition in the Senate is thinking back to a former television program entitled *The Six Million Dollar Man.* He wants to become the "six million dollar man"; he is prepared to delay this bill until it has cost the taxpayers of Canada $6 million so that he can walk out of here and call himself "the six million dollar senator." I hope that he will reconsider and settle for being "the three million dollar senator." Not even Senator Guay or Senator Kenny cost that much, and surely they would be satisfied with being three million dollar senators.

Senator Guay: I do not say anything unless I know what I am talking about.

Senator Phillips: That is good. I am always glad to see someone reform.

Senator Guay: Don't start anything.

Senator Phillips: The Minister of Finance has already explained that he has cut back on two bond issues. He is most anxious to proceed with another one on Monday.

I was disappointed with the reaction of the committee to that plea. I found a smirk of glee on many faces there that I did not appreciate. That is something new in the Senate.

Senator MacEachen: Happiness is new, is it?

Senator Phillips: Ministers who have appeared before Senate committees in the past have always received consideration for their requests. I have been here many years now, honourable senators, and that principle has always been followed, particularly for a Minister of Finance who has appeared before a Senate committee and explained his reasons. In 22 years I have never seen a minister refused.

Senator Sinclair: Would you permit a question?

Senator Phillips: Certainly.

Senator Sinclair: When did a similar situation exist where a parliamentary principle and good business practice had been ignored? That is why the situation is different.

Senator Phillips: I am not impressed by the arguments of sound parliamentary principle and of financial responsibility from the Honourable Senator Sinclair. Anyone who supported a party that doubled the national debt in seven years is on very shaky ground when he starts talking about parliamentary principles. In case you have forgotten, Senator Sinclair, you supported that government.

Senator Guay: Would you permit another question?

Senator Phillips: I should like to finish my remarks and then talk to you.

Senator Guay: In your 22 years' experience in the Senate, have you ever seen a Minister of Finance walk out of a Senate committee meeting before it had finished its inquisition?

Senator Phillips: I have seen many occasions when ministers appeared before a committee and said that they had a limited amount of time.

Senator Guay: The House of Commons was not sitting on Monday.

Senator Sinclair: He did not say that he had to leave, he simply left.

Senator Phillips: When he began his remarks he said that he had a limited amount of time. As to your idea of the house not sitting, surely you, as a former cabinet minister, realize that ministers have other duties to perform as well as duty in

the House of Commons. I believe you were in the cabinet when cabinet duty was initiated, when a roster was established with each cabinet minister having to spend so much time in the House of Commons, and the rest of his time on department business.

Senator Guay: He knew he was going to appear before the committee on Monday morning, so he could have made arrangements to stay until the end of the meeting.

Senator Phillips: The difficult thing for a number of senators to accept is the decision made by the electorate last September. We repeatedly hear from those opposite about this being a matter of judgment, a matter of timing. Honourable senators, the public told honourable senators opposite last September that they did not want any more of their judgment or their timing. How many times must they hit you over the head? They have already hit you over the head 211 times, and you have not absorbed it. How many more times do you want to be hit?

Senator Sinclair: I am a hit man.

• (1640)

Senator Phillips: The honourable senator is certainly behaving like one. That was not formerly his practice, but he certainly seems to have changed because he has come under the tutelage of Senator Davey. If the honourable senator would just revert to being himself, he would get back to being a reasonable sort of man.

The $6 million senator attempted to explain his instructions in committee. He has now been instructed not to divide the bill. Part II is now quite acceptable to the Liberals. Up until a week ago, they insisted that the bill be divided.

Honourable senators, why that change in attitude? Somebody in John Turner's office found out that, if the bill went back to the House of Commons, it would have to be debated again. We all know what would happen if it went back to the House of Commons. John Turner would have to explain the actions of Liberal senators. He is not any keener about being associated with them than senators opposite are to be associated with him. Mr. Turner wants to make sure that the bill is not returned to the House of Commons. That is why he does not want it divided.

Senator Sinclair asked why it should not be divided. The reason is that if it goes back to the House of Commons, it may be there for some considerable time. They will make senators opposite look like pikers by delaying it. Perhaps that is what they wanted in the first place—that is, for the bill to be returned and cause a delay.

Senator MacEachen: There was an all-party agreement.

Senator Roblin: Not to divide the bill.

Senator MacEachen: That was never discussed.

Senator Phillips: I wonder if Senator MacEachen has read the agreement.

Senator MacEachen: Yes. I will provide a copy of the *Hansard* in which the agreement is contained.

Senator Phillips: The agreement would not apply if the bill were returned.

Senator MacEachen: They never mentioned the Senate. We did not even exist in their minds.

Senator Murray: We meet every morning with them.

Senator Phillips: Do those in the other place realize that Senator MacEachen is a member of the Senate? I am sure they must.

Senator MacEachen: I have never tried to conceal it.

Senator Phillips: I hope he will from here on in.

The Liberals are awfully keen to see the estimates. They are trying to create a smokescreen by suggesting that there is something in the estimates they may object to. They keep asking what this money is going to be used for.

Has any senator opposite looked at the national debt recently? Do they realize what legacy they left behind? Do they realize that the interest on the debt next year will be $24 billion? The borrowing authority requested for the first three months of the next fiscal year would merely pay half the interest of their legacy. Need they ask any more questions regarding the reason for the borrowing? I would think they would be the last people in the world to be asking what that money is going to be used for. I repeat, honourable senators, the interest on the debt next year will be $24 billion, which is $2 billion per month.

Honourable senators opposite pretend to stand up and say they want fiscal responsibility. I wish the honourable senators opposite had adopted that attitude years ago and we would not be in debt for eternity because of their reckless spending.

In our discussions about the estimates, one thing disturbed me. Senator Sinclair started equivocating about when this bill would be passed after the estimates were presented. He wants the estimates to be studied. He has been a member of this chamber now for perhaps one or two years and he must know very well that the Standing Senate Committee on National Finance studies the estimates every year. In committee the other day, Senator Stewart expressed the same sentiment when Senator Roblin asked for a guarantee that Bill C-11 would be passed as soon as the estimates were tabled. Then the expert on equivocation started shaking his head and retreating from his statement.

Honourable senators, let us have some clarification on that point. Will Bill C-11 be passed as soon as the estimates are tabled?

Some Hon. Senators: No.

Senator Phillips: Another "no."

Senator Sinclair: We still want an opportunity to look at them.

Senator Phillips: What is their intention in that regard?

Senator Sinclair: Within the next week.

Senator Phillips: Honourable senators, since I know there will be a number of questions, I will omit some of the points in

my notes. I will mention, however, that, when I hear Liberal senators talking about financial responsibility, it seems to me they have now become responsible. I think to myself, "Ye gods, Pierre Elliott Trudeau would never make that claim." I find myself in agreement with Mr. Trudeau for this first time in my career in Parliament. Perhaps it is too bad that he left.

The Leader of the Government referred to the effect on interest rates. Surely, honourable senators do not wish this government to return to the exorbitant interest rates of the previous government. Does Senator Argue want farmers in western Canada to return to paying interest of 16.75 per cent? Does Senator LeBlanc, who opposes this bill, want fishermen to return to paying interest of 22 per cent? Is that why he is opposing this bill?

Senator LeBlanc: I am concerned about vessel insurance.

Senator Phillips: If the honourable senator had studied the bill, he would know that it has nothing to do with vessel insurance.

Of course, we have heard a great deal about universality. All the social programs ought to be continued. Senators opposite were very busy attempting to paint the Conservative Party as being opposed to social security. Are they attempting to leave the government in a position where it will have no money and have to reduce social security payments? We may even hear Senator Sinclair's inquiry on that one of these days.

Honourable senators, I cannot see why the timing of the estimates is so urgent. Why are senators opposite so keen to see the estimates? In committee the other day they agreed to pass the legislation when the estimates were tabled. Surely, someone must be expecting something unusual in the estimates. What do they expect to find in the estimates and what do they expect to find omitted from the estimates? Can they tell us what is so magical about the blue book?

One of the honourable senators opposite suggested to me that I should give Senator MacEachen last year's blue book because he would not know the difference. Perhaps we would have solved the whole problem if we had done that. He would probably have been satisfied.

Honourable senators, later on this evening we may be asked to vote on this motion. The public is not only watching us carefully; they are watching John Turner's leadership to see what instructions he has issued to senators opposite. Between now and the time of the vote, he will have an opportunity to change his mind. If he does not change his mind, he will be labelled in the same way senators opposite have been so justly labelled.

Senator Murray mentioned the future of the Senate. I, too, will touch on that, but not in any threatening way. We all know the public's opinion of the Senate now. We know what the public will demand. You know what the public will demand. This is a government that believes in consultation, and when it gets that message from the public, you can be sure that reform will be moved to the front burner. That is too good an opportunity for the government to miss. Your vote will decide not only the future of the Senate but also the future reputation of the Liberal Party. Perhaps many of you are like Senator Sinclair who says he does not care. Others have been around here for a long time and have respect for this institution, for the way it has behaved in the past and for the way it has handled legislation and made every effort to accommodate governments in the past. I hope the Senate will continue to show to the government that respect and co-operation it has always shown in the past.

• (1650)

Some Hon. Senators: Hear, hear.

Senator Davey: I wonder whether the honourable senator will now take a question.

Senator Phillips: If the honourable senator will guarantee that it will be better than the last one.

Senator Davey: I cannot guarantee that. The last one was so good. As the obvious Tory expert on the all-party agreement in the other place, I wonder whether the honourable senator can tell us whether in that agreement there was any reference to the Senate or to Royal Assent?

Senator Phillips: The agreement was of the Liberal Party—that is, before it was hijacked. Perhaps that is the distinction the honourable senator is trying to make.

Senator Davey: It is very simple. Is there any reference to the Senate or to Royal Assent? Either there is or there is not. Presumably the honourable senator has read the agreement.

Senator Phillips: I have already given the honourable senator an explanation, but I suppose that it takes more than one attempt. I will try once more.

Senator Davey: You are incapable of giving a "Yes" or "No" answer.

Senator Phillips: The answer is that the agreement was made by the party, by the caucus. If the honourable senator is part of the party and the caucus, he is included.

Senator Davey: The answer to my question is "No". Thank you.

Senator Phillips: I would ask the honourable senator how many different caucuses one would have to include in the agreement? Would we have to include the Quebec caucus, or the Ontario caucus? In the past, agreements have always been made by caucus and applied to that party.

Hon. John B. Stewart: Honourable senators, I believe that for the most part this has been an excellent debate. If we have to have what Senator Murray deplores as confrontation to bring forth Senator MacEachen and Senator Roblin to heights which hitherto I had not heard them reach in this chamber, and Senator Murray in the way he held forth this afternoon, then this argues that perhaps we should have more such confrontations.

I am not at all impressed with the notion that if someone happens to detect that the Senate exists, they will immediately get a flyswatter and squash us out of existence. That, it seems to me, is not the principal threat to our future. If we want to

make this institution the important body that the Fathers of Confederation conceived of it as being, then we have to be prepared to accept some confrontation and the debate that goes with it, and also some of the publicity, good and bad, that that will entail. So I do not believe that we should entertain the notion that somehow or other we are preaching our own funeral sermons here today. That is not the case at all.

Senator MacEachen: Thank God.

Senator Stewart: If this motion is carried, Bill C-11 will come back to the Senate. The third reading motion will then be moved and honourable senators will be forced to line up either for or against the bill. The effect of adopting Senator Roblin's motion, I suggest, would be to frustrate the constructive proposal put forward by Senator MacEachen. Under that proposal the unamended bill would come up for third reading when the main spending estimates for 1985-86 have been presented to Parliament. Under that proposal, Bill C-11 can have Royal Assent next week. I do not believe that honourable senators want to reject this middle course, a course that will give the government the borrowing authority it has requested, while doing no violence to a fundamental principle of parliamentary government.

I believe it is important, honourable senators, to look at this bill, because it is almost unprecedented. The bill, as we all know, is in two parts. Part I will produce a distinct statute called the "Borrowing Authority Act, 1984-85, (No. 2)". That part will become effective immediately after Royal Assent. It will authorize the government to borrow $7.3 billion in the fiscal year ending March 31, 1985.

It is important to notice that that act will permit the government to carry over $2 billion of that $7.3 billion for use in the forthcoming fiscal year. That is a very important point to note, because, as I shall show later, it was the antecedents of that non-lapsing aspect of Part I of the bill that in previous sessions attracted the hostility of the Progressive Conservative opposition.

Part II of the bill will produce a separate statute entitled "Borrowing Authority Act, 1985-86". As we all know, that part will become effective only on April 1, 1985. It will authorize the government to borrow $12 billion for the fiscal year that will end on March 31, 1986.

The problem facing your committee is that the parentage of those two separate statutes is provided in this one bill. I suggest that had we been confronted with only Part I, there would have been no problem. The bill would now have been enacted and the government would have $7.3 billion, with $2 billion available to be used in the forthcoming fiscal year.

But the government, in its wisdom, decided to anticipate the borrowing needs for 1985-86. The government made that decision. It is my view that it was a mistake to incorporate Part II in the bill, because it was that decision, the decision of the government, that led to the problem that has been troubling your committee. The problem confronting your committee is that the bill raises the following question of fundamental importance: Has the Senate, and therefore the committee, the right to pass Part II of the bill? That is the question Senator Roblin's motion puts before the Senate this afternoon. In order to answer this question, we must turn to the parliamentary precedents for guidance. The precedents show that if Part II of this bill goes forward for Royal Assent at this time, it will be without precedent. The problem is that Part II is premature. The Leader of the Government is asking this house to acquiesce in an action for which there is no relevant precedent. It has been stated—and I do not question the validity of the proposition—that the committee's extensive consideration of the bill is extraordinary. It is extraordinary because the committee has been confronted with an extraordinary and unprecedented request.

• (1700)

This matter is very important. I think it is worthwhile to look at the precedents which bring us down to where we are now. Until 1977 Parliament conferred borrowing authority on the government in the appropriation bills, which are based on the main estimates. We all know that the main Appropriation Act is the one that goes through at the end of June, the one that produces the headlines which say, "Parliament votes $10, $15, $20 billion in 10 minutes." This is when we get our biggest black eye. However, during the middle seventies, the official opposition objected to this procedure. It said that by reason of the changes to the rules of the House of Commons it was no longer possible for it to perform its responsibility with regard to the request for borrowing authority. It wanted borrowing authority factored out of the appropriation bills. The government of the day agreed.

There has been reference to what was done in the fall of 1977. The Leader of the Government looked back to that instance this afternoon, if I heard him correctly. In the fall of 1977 the then Minister of Finance requested borrowing authority for fiscal 1977-78 and 1978-79 in a bill to amend the Income Tax Act. I should mention to honourable senators that the Minister of State (Finance) and the Minister of Finance regard this precedent as a relevant basis for the bill now before the Senate. I suggest that they are mistaken. I think honourable senators will find upon reviewing the record that what was done in 1977 was an aberration. It was a half-way house between two settled types of procedure. In introducing his bill, the Honourable Jean Chrétien, then the Minister of Finance, dealt with this matter. What he said can be found on page 646 of the *House of Commons Debates* for November 7, 1977. He laid out what I have just mentioned, that traditionally borrowing authority was incorporated in the appropriations acts. He went on to say that honourable members had complained and that as a result:

> —it was agreed that the government would change the procedure for obtaining a new borrowing authority. The government intends to introduce a bill soon providing a new procedure which will give ample opportunity for normal debate. In the meantime, there is need for an increase in the borrowing authority.

The minister's statement did not escape notice. A former speaker of the House of Commons, the Honourable Marcel Lambert, called it to the attention of the house when he said:

> —following the adoption of the throne speech resolution, a ways and means motion was put down, as well as what I call a bootleg motion, to increase the borrowing authority of the Government of Canada. It has been a good smuggling effort on the part of the government.

In other words, Marcel Lambert regarded what was done in 1977 as a bootleg motion or a good smuggling effort on the part of the government.

Later, the present Deputy Prime Minister dealt with this instance. I know that the quotation is becoming a favourite of the Leader of the Government and I am almost deterred by that consideration from reading it. However, I know that some senators have not had an opportunity to read the notable words of the Honourable Eric Nielsen. On February 10, 1982 he referred to the development of the procedure by which borrowing bills are dealt with. He mentioned what was done in 1976-77. Then he went on to mention what was done in 1977. He said that a borrowing authority clause had been included in an income tax bill. He went on to say:

> It should be noted that this slipped through without any comment, but it is a very doubtful precedent because the practice was not confirmed by ruling, was not accepted as a definite precedent in your ruling, Madam Speaker, of January 19, 1981, and, most important, it has been superseded by the practice subsequently adopted in the last three administrations.

In other words, the Honourable Eric Nielsen dismissed the 1977 incident as a kind of aberration which, he thought, had slipped through without comment. Actually, as I have mentioned, his colleague, the Honourable Marcel Lambert, had detected what was happening. Mr. Nielsen's point was that since 1977 the request for borrowing authority has been dealt with distinctly and has become a very important part of the financial legislation program of Parliament.

Now, we have to look at the years since then. I do not intend to go through every year in absolute detail. We know what happened in 1978-79, when the government of the day brought in a bill to provide borrowing authority for 1978-79 and 1979-80. The opposition objected and said that this was improper. What happened then? The government of the day decided, regardless of how much face was involved, to drop Part II of that bill. Then in 1979 the Clark government sought borrowing authority for the balance of the fiscal year 1979-80. During the session from 1980 to 1983 seven borrowing bills were introduced. I should like to put before honourable senators the dates of Royal Assent for those bills because they are very revealing. They are as follows: July 17, 1980—well into the fiscal year; April 8, 1981—a week into the fiscal year; June 17, 1982—again, well into the fiscal year; August 4, 1982; November 8, 1982; March 30, 1983; and June 29, 1983.

• (1710)

During the 1983-84 parliamentary year, one borrowing bill was introduced. That bill received Royal Assent on April 5, 1984.

Only one of those eight bills contained two parts, one part requesting borrowing authority for the then current fiscal year, and one part for the subsequent fiscal year; that was Bill C-143, which received Royal Assent on March 30, 1983.

In respect of all that legislation, the Progressive Conservative Party, then the official opposition, made very clear what it believed to be the principles that should guide Parliament in dealing with requests by the government for borrowing authority. It is important to be reminded of those principles.

On June 15, 1982, the Honourable Michael Wilson had something to say about this matter. The main estimates for that year had been tabled, and the budget was to be delivered on June 28, about two weeks later. However, Mr. Wilson urged the government to withdraw its bill until after the budget had been brought down. At page 18479 of the House of Commons *Debates* of June 15, 1982, he stated as follows:

> —for this minister to come to the House and ask for permission to borrow $6.6 billion is totally in contempt of Parliament and in contempt of the Canadian people. We are being asked to vote on something when we have no idea what the end result will be.

In other words, he thought that the then Minister of Finance, the Honourable Allan MacEachen, should not come to Parliament to ask for borrowing authority until he could give a specific statement as to the total borrowing requirement for the then current fiscal year.

He had other things to say later on. After the June 28, 1982, budget the government of the day sought authority to borrow $11 billion for 1982-83, the then current fiscal year. As in the case of the bill now before us, there was a provision that a certain portion of that request—in that case, $4 billion—would not lapse at the end of 1982-83. What the opposition did at the time was to attack the idea that any part of the borrowing authority for the then current fiscal year should remain valid in the following fiscal year. They argued that March 31 was a real end; that there was a kind of guillotine that dropped at midnight on March 31, and that in no case should borrowing authority be provided by Parliament to the government if that borrowing authority were to extend beyond midnight of March 31 of the fiscal year in which the authority was being requested.

The Right Honourable Joe Clark moved an amendment. He proposed that the motion for the second reading of the bill be amended so that, if carried, the House would have resolved that:

> —this House holds the opinion that the granting of an authority for the borrowing of a sum greater than that amount which is required to meet the government's needs to the end of the current fiscal year is objectionable in principle—

Speaking in that debate, the Honourable Michael Wilson explained Mr. Clark's amendment. In doing so, he said, in clear, distinct and admirable prose, the following:

> There is a well established principle that Parliament only provides sufficient borrowing authority to a government to allow it to finance its operations within the current fiscal year.

If that principle were to be applied to Bill C-11, the bill now before your committee, not only would Part II be struck out, but even part of Part I of the bill would be out. That is how rigorous the present Minister of Finance was in 1982. That is how rigorous a standard he enunciated in respect of this matter of giving borrowing authority for a subsequent fiscal year.

He also picked up from another member of the other place, the expression "slush fund," an expression which he used to describe borrowing authority that extended beyond the end of the current fiscal year. Why did he pick up that term? He did not originate it. He picked it up because, he contended, it was not known how that money was going to be spent and that it would be irresponsible to provide the government of the day with a "slush fund."

That is not language that I am adopting; indeed, I suspect that, on reflection, the Honourable Michael Wilson, would not adopt it either. But that is the way such a measure struck him at the time. It struck him that the providing of borrowing authority beyond March 31—in other words, authority for a subsequent fiscal year—was simply providing a "slush fund."

And what did the government of the day do when confronted by this statement of high principle? The government of the day responded by agreeing to amend its bill. I do not know how much face was lost; I really do not care. It agreed to amend the bill by dropping the amount that would have been provided by the non-lapsing part of the bill. That was the response of the government of the day!

Honourable senators, we then come down to the one bill which, in my opinion, is sufficiently similar to the one now before us as to be a guiding example, and that is Bill C-143, a bill introduced in Parliament in 1983.

On February 17, 1983, the Honourable Marc Lalonde, then the Minister of Finance, moved the second reading of Bill C-143. That bill, like Bill C-11, contained two parts: $5 billion for the balance of the then current fiscal year and $14 billion for the forthcoming fiscal year. Mr. Lalonde stated in his speech on the motion for the second reading of the bill that the main estimates would be tabled in Parliament on February 22, 1983, and that a budget would be presented to Parliament early in the new fiscal year.

On February 22, 1983, the very day the main estimates for 1983-84 were tabled, the Honourable Erik Nielsen stated in the House of Commons that it was absolutely and vitally necessary that Parliament have adequate time to study and debate the budget, as well as the new borrowing bill. On that same day Mr. Wilson reaffirmed his support for what he regarded as parliamentary principle. What he said is to be found, in part, at page 23086 of the *Debates of the House of Commons* of February 22, 1983. He is referring to a statement by the Minister of Finance and he says:

● (1720)

> Last October the Minister said:

And he now quotes the Minister of Finance:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year—

That budget, as honourable senators may remember, was presented April 19, 1983.

Mr. Wilson went on to say:

> He has not done that.

He then continues his quotation:

> —set out estimates for 1983-84—

> We have not seen them.

And then he refers to the matter to which Senator Murray referred, the projection for future fiscal years. He did not refer, as Senator Murray seemed to imply, only to this matter of projections. He wanted also both a relevant budget and the current, main spending estimates. Of course, the main spending estimates were tabled that very day, February 22, 1983.

The Minister of Finance, the Honourable Michael Wilson, stated at that time that, since the relevant budget was not before the house and that since the main estimates had not been seen, he would not be prepared to support the motion that the bill be read a second time. We know what happened; that bill eventually became law on March 30, only at high noon, notwithstanding that Part 1 of that bill provided money for the fiscal year which was then expiring—virtually in its grave—as well as borrowing authority for the forthcoming fiscal year which would start on April 1.

In March 1984 the government brought in a bill to provide borrowing authority for 1984-85. That was after both the main estimates and the budget had been presented. However, there was a provision in the bill that provided for non-lapsing money in the amount of $4 billion, and of course the official opposition, consistent with the position it had always taken, objected. It attacked that non-lapsing provision. Some honourable senators may remember this, because so strongly opposed was the Progressive Conservative Party to the provision of non-lapsing authority in Part I, indeed to the provision of non-lapsing authority of any kind, that they conducted what I call a "bellabuster" on March 28, 1984. Senator Flynn remembers that. He remembers that that was the night when—

Senator Flynn: What kind of a filibuster are you conducting yourself, now?

Senator Stewart: Thank you for your assistance. He remembers well that that was the evening when the representative of His Excellency, the Governor General was seated at the foot of the Throne, waiting to give Royal Assent to various bills. The "bellabuster" to which I refer made it impossible for that Royal Assent to take place that evening. I know that Senator Flynn remembers that very well.

The following day, so ardent were the Progressive Conservatives in maintaining their principle that a borrowing authority for a current fiscal year should never contain a non-lapsing provision that they had a second "bellabuster" on March 29, 1984. We must concede that they certainly were consistent: they believed in their principles; they stuck by them; they rang the bells.

They did something else; they moved an amendment. I know that Senator Flynn does not like the words of his Conservative friend; he finds them abhorent; but this is what they proposed:

> That this House holds the opinion that the granting of a sum greater than the amount required to meet the government's needs to the end of the the current fiscal year is objectionable in principle . . .

That quotation is to be found in *Hansard* at page 2641.

Honourable senators, I ask you: Is it any wonder that the people of Canada become cynical about ourselves, the politicians? I ask you, I ask myself, is it any wonder, when these principles have been laid down so clearly and have been so persistently maintained against the former government, is it any wonder that the people become cynical about politicians?

Senator Flynn: There is no doubt about that.

Senator Stewart: The truth of the matter is that Parliament has never enacted a borrowing authority bill before the main estimates have been presented. That is the parliamentary principle demonstrated by the relevant precedents. Moreover, Mr. Wilson and his friends have opposed even non-lapsing provisions as contrary to the principles of sound parliamentary government.

Senator MacEachen has said that the opposition here is not being as rigorous as were the Progressive Conservatives, and he of course is right. What they objected to when in opposition is mirrored in Part I of this bill; yet we have said that the present government could have had that part a month ago. They could have had $7.3 billion, notwithstanding that $2 billion of that sum is non-lapsing. It will carry forward beyond April 1, 1985.

Notice, however, that these men of principle talk of much more than the main estimates. They say, "We must have the relevant budget." That is what the Honourable Michael Wilson said on February 22, 1983. Honourable senators, he had a point. However, the timing of a budget is a matter for which there must be flexibility.

The Honourable Michael Wilson, the present Minister of Finance, intends to bring in a budget within the next few weeks. This will be a most important budget. It overhangs our economy. I hope it does not overhang too long, because then we will hear some politicians saying that it is causing insecurity, and they will undoubtedly tie it in to the value of the Canadian dollar and other such considerations. That is what we can expect. That forthcoming budget will be a very important budget. I say to those honourable senators who scoff at the importance of the tabling of the main estimates that what they are really arguing is that we should have been much more rigorous; that we should have said, "No, in conscience we cannot give you the second part of this bill until we have seen not only the main estimates but the forthcoming budget." I plead with those honourable senators that that kind of rigid position would have been excessive. I think we save the principle by insisting upon only the main estimates.

The government is applying for the authority to borrow. Its application, like every other application for permission, ought to be in order. Its application ought to be properly supported. Merely to say, "We know that everything is going to be in order," is not an approach that any issuer of licences would ever accept. The application ought to be in order. The government ought to explain its spending intentions, just as one might say that the pilot of an airplane ought to be required to file a flight plan. To continue with my metaphor, to fill up the tank without a flight plan would be irresponsible. I know Senator Phillips will want to vary that and say that to gas up the balloon without a flight plan would be utterly irresponsible, and he would probably accuse Liberals of behaving in that way.

I have gone over these matters because I think it is fair to say that the Progressive Conservatives established that the borrowing authority bill is a very important bill. They fought the Liberal government in past parliaments on precisely this point. They were insistent. Their standards were high. What they were objecting to was non-lapsing borrowing authority, and I suspect that they were too demanding in that regard.

● (1730)

I want to go back to the beginning; I will not be long. I do not think that it is devastating to have a good debate in this chamber.

Senator Flynn: You do not contribute to a good debate.

Senator Stewart: Senator Flynn, in all likelihood, is going to give an eloquent speech, and when my poor speech is taken with his, the average will be extraordinarily high. I am counting on him for that.

Senator Roblin: You won't be disappointed.

Senator Stewart: I suspect that most of us did not come here to be sober, rubber stamps. But that is the suggestion that is being put before us. I do not think that that suggestion is being put before us maliciously. I have a good deal of sympathy for my friend, Senator Roblin. He has a tough job to do but he soldiers on and sticks to his guns. We have to admire him for that.

Hon. Senators: Hear, hear.

Senator Stewart: I may not be from Manitoba, but we from Nova Scotia recognize a good man when we see one. He has a tough job. He reminds me of a lawyer who has been assigned a weak case; he is doing a good job of it, and we have to admire

his effort, notwithstanding that he is not convincing us as the jury.

Senator Sinclair has demonstrated that it is quite inaccurate to assert that the country's finances have been devastated because Royal Assent has not been given to Part I. If it were accurate that serious consequences for our dollar, our finances, and our economy flow from the fact that Part I of this bill has not become law, I think it could be argued, as it has been argued here this afternoon, that Mr. Wilson has to assume some of that responsibility. He is the one who rejected the enactment of Part I.

I think we have to be sympathetic. The Minister of Finance is a very busy man, and I rather suspect that this bill was fairly well along before he detected that there were serious objections on grounds of principle, principle which he well understands. I think this bill was fairly well along before he became seized of the matter. I would hope that, even at this late date, he will take advantage of the proposal which is before him.

May I say to my Progressive Conservative friends that I think that if the Minister of Finance had said "yes" a month ago, if he had said, " I do not care about losing face; I can explain this to my colleagues, but I am going to do the right thing consistent with what I have always advocated"—if the minister had said that, it would have redounded to the political advantage of his government and his party.

I suggest to honourable senators that, if the government would demonstrate that kind of flexibility and consistency today to the principles that they formerly advocated, the same will still happen. If I were an ardent, rank, rabid Liberal, I might be uneasy that they may come to see and grasp the opportunity. I think it would be good for the country and for Parliament to have the Progressive Conservative Party in power, as in opposition, recognize the great principle that Parliament ought not to vote borrowing authority without adequate documentation of the need to spend that money having been placed before Parliament.

Thank you, honourable senators, for your attention.

Senator Sinclair: Would the honourable senator permit a question?

Senator Flynn: Not another speech!

Senator Stewart: I am hesitant to permit a question because someone might suspect that I have prompted my seatmate, but I will try to answer the question.

Senator Sinclair: On Monday, when the Minister of Finance gave evidence before the Senate committee, he put a great deal of emphasis and reliance on the precedent that he said permitted him to do what he wanted the committee to do and what he wanted the Senate to do.

My question is this: Is the precedent on which he was relying the one that the Honourable Mr. Lambert referred to as "bootleg" and the Honourable Erik Nielsen referred to as being "flawed," and one that had not been accepted? Is that the precedent the minister was relying on?

Senator Stewart: Honourable senators, the short answer is, yes. I thought I had made that abundantly clear. That precedent of 1977 occurred during transition from the old procedure, when borrowing authority was contained in appropriation bills, to the new procedure, which came into use in 1978, the new procedure under which borrowing authority is sought in separate and distinct bills.

So, the 1977 instance occurred during a time of transition, and I think it ought not to be relied upon at all. It is not a relevant precedent. That is my answer, Senator Sinclair.

Senator Phillips: I wonder if I could direct a question to the Honourable Senator Stewart. In my brief and concise remarks, I asked him to explain his attitude concerning passing the bill after receiving the estimates. I noticed that he carefully avoided that in his remarks. Would he now tell us what his intentions will be after receiving the estimates?

Senator Stewart: Yes, I have no problem with that. What I am arguing is that the government's application for authority to borrow ought to be in good order, as any application ought to be in good order.

What my reaction will be to that application, supported by the main estimates, I can tell you in candor. If the main estimates do not contain provision for money to support the Parliament of Canada, I will have great difficulty in reacting favourably. Frankly, I do not expect the absence of that kind of provision. If, for example, the Department of Fisheries and Oceans is abolished, if there is no provision for that department, I will have great difficulties. But I do not expect that; consequently, I can give Senator Phillips an assurance on which he can rely. I can assure him that, if the main estimates are tabled on Monday next, I will be prepared to vote on Wednesday next for the acceptance of this bill. If they are tabled on Tuesday next, I will do so on Thursday next. I have no problem there at all.

However, if Parliament were going to be deprived of its necessary funds, I would have difficulties, but I have no notion that the present government would ever think of doing that. That is why I can give the honourable senator that kind of assurance. I think that is a fairly reasonable position, and Senator Phillips seems to agree with me.

• (1740)

Hon. Finlay MacDonald: Honourable senators—

Hon. Senators: Hear, hear.

Senator Macdonald: I think what I have to say I can say before 6 p.m. I can assure you that, had I had my druthers, I would have chosen another occasion to rise in this chamber for the first time, and it would have been to speak on just about anything other than Bill C-11.

It is almost a month since I was sworn into this august chamber—almost the same length of time since Bill C-11 had second reading. I rather feel that Bill C-11 and I have started to grow old together.

Senator Gigantès: You age better.

Senator MacDonald: Listening to my colleagues, Senators Murray and Phillips, this afternoon I also had the chilling feeling—having checked the order of precedence of the swearing-in—that my colleague, Senator Barootes might, in years to come, be pickled and put on display at the Museum of Man as "The Last Senator." That thought brings me no joy.

I would like to take this opportunity to thank honourable senators for the warmth of their welcome, their greetings and the many courtesies which have been extended to me. I have the happy privilege of knowing about 40 per cent of the members of this chamber, which makes the task of my becoming acquainted a little easier. I will not single out those who greeted me so warmly except for one, and that is, of course, the distinguished Leader of the Opposition in the Senate, Senator MacEachen. He was kind enough, when welcoming me, to make some very generous remarks, and I would simply reciprocate those sentiments.

Senator MacEachen and I go back a long period of time. We were classmates. Over the period of years I have known him, I have regarded him as a credit to his native province, to his native county, to his alma mater, and to the Parliament of Canada. I regard him as probably one of the ablest parliamentarians Nova Scotia and Canada have ever produced.

Without intending to simplify this matter, I suppose the question which may divide us is whether the length of time we have taken to study this matter has been either reasonable or necessary. As I think back over the last month, I find myself wondering if there was at any particular time, an opportunity—as they say in matters involving motor vehicle cases—to avoid the last chance for an accident.

Senator Sinclair refers to matters involving compromise. I think the offer Senator MacEachen made, when he suggested accepting $7 billion now and leaving the $12 billion until later, was a splendid idea. It would have solved the problem, and I was pleased to hear that offer. Unfortunately, we were in no position to accept it. That option was closed out. It was made abundantly clear by the minister, the deputy minister and the House of Commons that they regarded the entire bill as constituting an interim borrowing measure so, for reasons best known to themselves, it could not be returned. The dog was back in our laps.

Where, then, did the opportunity come to avoid what appears to have been an unprecedented time span? Considering the nature of the temperament of members of this chamber, where would students of conflict have seen an opportunity for some kind of deal, some way to resolve this matter? Would Barbara Tuchman have been able to find some material for a book, which would have resolved this matter? Has this been a charade, or is this an experience for me to which I will have to become accustomed in the next 13 years?

When I use the term "accident," I use it in the sense that this borrowing bill has created an increasing amount of public attention with an accompanying amount of misunderstanding. I really cannot conceive of this reflecting any credit on this chamber.

[Senator Gigantès.]

Honourable senators have clung, with scholarship and I have to say some tedium, to their constitutional right to insist that a borrowing authority be preceded by something other than that which was presented on November 8. They have discarded that as a responsible forecast; they have considered that the precedents are irrelevant; and they have been impervious to the suggestion that this is but an interim borrowing measure with the assurance from the House of Commons and the minister that the balance of the expenditures will be outlined following a budget. I should have thought that would have been enough, but apparently it was not. That which is wanted now is the estimates. That has always been wanted. Not even the silken persuasive arguments of Senator Phillips could convince the senators opposite otherwise.

Senator Perrault: Synthetic silk.

Senator MacDonald: I should have thought those three things would have been enough: the November statement; the compelling precedents of other borrowing bills; and what appears to be the evidence of the delays costing taxpayers money.

I should have thought a compromise might have been—and I quote a right honourable distinguished Canadian—for us to "hold our noses and pass it," and to be encouraged by the remarks of the Minister of Finance to accompany the passage of this bill with our views as to why this should not happen again. I thought we might be unanimous in that regard, but apparently that is not to be the case.

The Leader of the Opposition in the Senate has made it clear that his colleagues do not intend to defeat the bill, to amend it, or to send it back, now that that option has been closed. He tells us that, once they see the estimates, they will pass it. It is very clear that there was a guarantee in his statement, which resembled that which a Customs inspector might make—"We will let you into the country; we will look inside your bags; but we do not want to inspect them."

Senator Sinclair suggests that the presentation of the estimates is a matter of "good business practice." Does the presentation of estimates, which you consider to be *pro forma,* constitute sufficient grounds upon which to defend the principle of good business practice? You must fight on some grounds. What are they? Tell us where it is. Last night I watched with great interest the televised discussion between the Minister of Finance and the Honourable Senator Sinclair. I found it fascinating. Without suggesting anything with respect to the outcome of that matter, I was fascinated to note that when Senator Sinclair started to make his point and to get into the discussion, he was repeatedly interrupted by Barbara Frum who said, "But you are appointed." That is the expression she used on more than one occasion to interrupt the honourable senator. She should not have done that with heaven knows how many hundreds of thousands of people watching.

• (1750)

Senator Sinclair: Would the honourable senator permit a question?

Senator MacDonald: Yes.

Senator Sinclair: I did not feel that it was my place to explain to Barbara Frum the British North America Act, parliamentary procedures and so on. I did not consider that to be the time to do so.

Senator MacDonald: I agree. As a matter of fact, I was trying to make it clear that I was somewhat frustrated that you were unable to make your point. The fact that she would say "But you are appointed," indicates that hundreds of thousands, if not millions, of people are starting to miss the entire point. That is why I return to my original point and say that I do not believe that these past few weeks have been the greatest weeks in the history of this assembly, and, since this is my first month here, I do not particularly like to begin my appointment in this particular way.

In conclusion, I would say that those senators who have chosen to fight this bill on a matter of principle cannot but be admired, even though, in this instance—

The Hon. the Speaker *pro tempore:* I am sorry to interrupt the honourable senator, but it is now six o'clock and, according to our rules, I have to leave the Chair. We shall resume the sitting at eight o'clock.

Senator Roblin: Your Honour, that is indeed the rule and you are quite proper to invoke it. However, I believe the honourable senator has only a few sentences, or perhaps a paragraph, left to conclude his speech. If he promises not to go beyond the next five minutes or so, I am sure that we would be disposed to hear him now rather than interrupt him in his concluding remarks.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator MacDonald: Honourable senators, I believe that I can conclude what I wish to say in less than one minute. An enormous amount of political capital has been expended on this matter, on the part of ministers of the Crown, of honourable senators and others. I get the impression, from my briefings, that some important matters lie ahead of us for which all of the political capital that we have will be required. I believe that the amount of political capital that has been exhausted on this matter has been disproportionate, and I hope that we can get on with passing this bill.

Some Hon. Senators: Hear, hear.

Senator Gigantès: Your Honour, may I request that the debate be adjourned until eight o'clock in my name?

The Hon. the Speaker *pro tempore:* I will now leave the Chair until eight o'clock.

The Senate adjourned.

• (2000)

At 8 p.m. the sitting was resumed.

Hon. Philippe Deane Gigantès: Honourable senators, I would like to take this opportunity, though it seems to be a digression from the debate, to congratulate Senator MacDonald on his maiden speech. In fact, it is pertinent to the debate to do so because here is a reasonable man, a gentleman, a decent man, urbane, witty, civilized and admirable. I wish some of the others were like him. They were not. We have heard this evening one of our colleagues say to another senator that if he kept his seat it would be gentility. We have heard threats, which in Tory terms constitute civility.

Senator Nurgitz: What do you know?

Senator Gigantès: We have been told that one should respect this house. I ask the senators on the Tory side if there is any greater form of disrespect than to use threats against people who disagree with your views.

Let us review the facts a little. I shall not repeat at length what my distinguished colleagues have said. We were given a convincing demonstration by Senator Stewart that what we are dealing with is a principle for which the Tory party has fought, and fought hard, in the other place; and not just any members of the Tory party, but the very members of the Tory party who are now asking us to retreat from that principle. We heard Senator Stewart, following Senator Sinclair, say that it is perfectly normal and reasonable to ask that we see the Main Estimates, just to determine whether something untoward and unacceptable has been included. When you go to get your driver's licence, you are asked for a certificate of insurance and they will not give the driver's licence to you until you have shown the certificate. You cannot merely say that you will call or that you will show it to them next week. You have to show it first.

We have been told by Tory senators that there are financial dangers the country is running because of the obduracy of us Liberals. If we accept that the Prime Minister, the Right Honourable Brian Mulroney, and the Minister of Finance, the Honourable Michael Wilson, have the welfare of the country at heart—and I accept that—then it seems to me that, if there really were a danger, they would have accepted the Liberal compromise. They would have accepted the NDP amendment long ago to avoid those dangers. If they did not accept that compromise, which was along the lines they have fought so hard to establish in the past, then the only conclusion must be that they did not really believe that there was any danger.

We are told that we must abandon this principle. The first reason given is that we are costing the taxpayers money. However, the government knew what it was planning to do before we broke for Christmas. The Honourable Leader of the Government in the Senate could have approached the Honourable Leader of the Opposition in the Senate and told him then what the government plans were. I am sure that the Honourable Leader of the Opposition in the Senate would have informed the Honourable Leader of the Government in the Senate before Christmas that we would oppose this bill in its present form, that we would not want to pass Part II before seeing the estimates. Then the government could have split the bill. There is no likelihood that they would have had trouble splitting it and there would not have been a long debate because splitting it would have meant accepting the views of

the opposition in the House of Commons. It would have been a reasonable act and they would have gotten the $7.3 billion. Immediately after the estimates were tabled they would have gotten their other $12 billion. But, no.

Such flexibility on the part of the government would not have been unprecedented. On February 14 the Honourable Leader of the Government in the Senate—and I shall not quote him verbatim, since it is not allowed—during a meeting of the finance committee praised previous administrations for listening to Senate suggestions and for changing government proposals. However, these reasonable situations, which Senator Roblin presents to us as laudable examples, arose because the government then consulted and informed the Senate that the government was willing to reach a compromise. Earlier we heard Senator Stewart lay out the record. The Liberal government backed down before the persistence of the then opposition. That did not happen this time. Moreover—and this is what I find hard to take—the government has already approved the estimates. With the modern printing techniques at its disposal, those estimates could have been tabled by the government last Friday.

• (2010)

Senator Haidasz: Oh!

Senator Gigantès: Yes.

Senator Haidasz: How do you know?

Senator Murray: A good question.

Senator Gigantès: It is information that came in a brown envelope. I will tell you afterwards. I cannot give you more details, because the person who so informed me would be fired. This government is sufficiently paranoid to believe that it can keep secrets. You cannot print 450-page blue books and have stacks of them lying about and still keep it a secret. That is how I know. There are too many people who have seen them, people who have bundled and labelled them. They are ready to be distributed.

Senator Haidasz: And they told you so?

Senator Gigantès: They did not tell me so. An employee of the government told me so.

The government could have had this bill last week. They could have shown us the estimates this week. But no, they chose not to. And we have to ask ourselves why. Why do they want to create this psycho-drama?

Senator Flynn: And what is your answer?

Senator Gigantès: I can only speculate as to why—and I do not accuse any member of this house of having a part in this reasoning, because the members of this house are honourable men and women. I think it was to create a diversion in the minds of the media and the public so that they would stop harping—

Senator Flynn: Who is trying to create a diversion?

Senator Gigantès: —harping on the constant errors and foot-in-mouth mistakes of members of the government and concentrate on some other event.

[Senator Gigantès.]

They could give us the estimates this week. The government has said that it is willing to bring the House of Commons back. Why not bring the House of Commons back and table the estimates. If the government were to do that, it would have Royal Assent on this bill on Friday. But no, it does not want to do that. What it wants is to have this little crisis. Well, it is having a little crisis—

Senator Flynn: We are not the ones having a crisis.

Senator Gigantès: It is a crisis that has been deliberately fabricated by the government. It knew it could have avoided it. Why was it fabricated by the government? For the answer to that, I should like to quote from a newspaper interview given by Senator Lowell Murray. The article states:

> In terms of the borrowing bill, the government could easily agree to a compromise with the Liberal senators without adversely affecting the government's borrowing capacity.
>
> But if it does so it will represent a political victory for the Liberals and an ominous portent of troubles to come.
>
> "If they get away with this one," said Senator Lowell Murray, one of the Tories on the finance committee—

Senator Murray: Just one moment—

Senator Gigantès:

> —"they'd be encouraged to repeat the performance on any bill that strikes their fancy."

Senator Murray: May I ask the honourable senator to read the quotation that is attributed to me within quotation marks and not attribute to me statements that are made by the reporter in interpreting a political situation.

Senator Gigantès: I did not attribute the remarks to you, Senator Murray. You attributed them to yourself. So, if the shoe fits—

Senator Murray: I am asking the honourable senator to attribute to me the words that are attributed to me in the article between quotation marks—

Senator Gigantès: I am about to do that.

Senator Murray: Enough of this dishonesty!

Some Hon. Senators: Order!

Senator Murray: Enough of this dishonesty. My honourable friend had some difficulty a few weeks ago with Senator Phillips. Let us not have the same type of problem tonight.

An Hon. Senator: Are you threatening again?

Some Hon. Senators: Order!

Senator Murray: I am asking the honourable senator to place on the record—

Senator Gigantès: If you will stop for a moment, I will read it.

Some Hon. Senators: Order!

Senator Murray: I ask the honourable senator to place on the record the statements that are attributed to me within

quotation marks and not attribute to me the interpretation of the journalist.

Senator Gigantès: If you will just stop for a moment, I shall do so.

Reading between the quotation marks, then, Senator Lowell Murray said:

> "If they get away with this one, they'd be encouraged to repeat the performance on any bill that strikes their fancy."

Senator Murray: Right.

Senator Gigantès: And the journalist says:

> In terms of the borrowing bill, the government could easily agree to a compromise with the Liberal senators without adversely affecting the government's borrowing capacity.

Senator Murray: The journalist said that.

Senator Gigantès: I have just said so. Continuing:

> But if it does so it will represent a clear political victory for the Liberals and an ominous portent of troubles to come.

Senator Murray: That is the journalist again.

Senator Gigantès: Yes.

An Hon. Senator: Sometimes they speak the truth.

Senator Flynn: Sometimes. Not very often.

Senator Gigantès: The second argument which we have heard from the Progressive Conservatives seems to be that if the House of Commons passes a bill, even in circumstances when the government has not consulted this chamber at all beforehand, this chamber should acquiesce, that it should not discuss the measure but let it pass.

This view asserts that if a bill is passed by the House of Commons, it is perfect. That is what it means. If it is passed by the House of Commons, it is perfect; it has no flaws.

This view asserts that what the majority in the other place wants is, of necessity, right and infallible. That is the only possible conclusion.

What then of the occasions on which, by some procedure or another, the Senate obtained a change in the view held by the majority in the other place? I am referring to those very cases which the Leader of the Government placed before the Finance Committee on February 14 last, on which occasion he said that the Senate's views have been heard by ministers when the Senate produced those views.

This happened because the ministers were prepared to compromise, were prepared to listen. That is not the case now. We were not even consulted.

Senator Roblin thinks that the changes which the Senate suggested and which ministers of previous governments accepted were good changes. So he told the committee. I agree with him.

Are we to understand now that only those changes effected by the Senate should be considered good which have been effected by a Liberal Senate majority on views held by a Liberal Commons majority? That is the only conclusion. If we touch a holy of holies, a sacred trust Tory view, then it is not all right.

There is more to this. Various members of the government have been maintaining that if the House of Commons passes legislation, the Senate must roll over and play dead. What that means is that we would no longer be able to bring about the types of improvements to legislation that the Senate has effected in the past and in respect of which Senator Roblin had praise.

What the Leader of the Government is saying to us, both Liberals and Progressive Conservatives, is that we do not exist and should not exist; that we do not matter. What he is saying is that what we suggest should not even be listened to by the other place; that the type of compromise that has been made in the past should no longer be made. If we do not roll over and play dead, we are menaced by the Honourable Leader of the Government speaking in front of the committee. That was a more implied threat than the one made this evening by Senator Murray. I do not refer to the threats made by Senator Phillips. He is not here, and I must be coming down with a cold because I am beginning to have a sneaking feeling of affection for him.

• (2020)

I am surprised that Senator Murray should stoop so low. In my opinion, it is demeaning to the institution and to its character to have a member of this institution menace other members of the institution because they express their opinion. This is not democratic, and yet we all heard it.

I owe a great debt and obligation to this country. I do not think that I would fulfill this obligation, and even remotely begin to repay this debt, if I were to allow myself to be impressed by threats. And I am convinced that the members of this chamber on both sides will not be impressed by threats. In my opinion, it is demeaning and unworthy to have uttered such threats.

In sum, what is happening here is that the government has shunned normal practice for reaching a reasonable compromise. The government could have tabled the estimates, kept the Commons sitting and had Royal Assent by this Friday. It chose not to do so. The government has caused this crisis. It is a convenient diversion, I repeat, from the public embarrassments of some of its minister so of course, the government says that it is all our fault. This reminds me of a trial during which a man accused of rape pointed to his victim and said to the judge: "This is all her fault, Your Honour. If she had said 'yes' this would not have been rape." Thank you, honourable senators.

Senator Guay: Honourable senators, I rise on a point of order—

Senator Roblin: May I speak to a point of order before my honourable friend speaks? I am attempting to get the flavour

of the house as to how the members want this debate to proceed. We have had a pretty stimulating three or four hours' debate on this matter and I suppose that there are still quite a number of members who would speak, if encouraged. I know there are on my side, and I am quite sure it is probably the same on the other side.

However, it occurred to me that there might be some merit in giving consideration to the proposition that, since many of the points—possibly not all but most of them—have been ventilated in the debate so far, we might be willing to draw the debate to a conclusion.

Speaking for myself, if I were allowed to close the debate at this minute, I would be glad to do so. I do not say that that is anything I have any control over. Obviously, it is not. Members will use their discretion as to when they decide they have had enough of speaking on the subject. I simply raise the topic to find out if there is any interest in having an understanding as to how long we want the debate to proceed.

Senator Guay: Honourable senators, my point of order was the mention by Senator Gigantès of an article in *The Gazette* of February 20, about which Senator Lowell Murray took objection and asked Senator Gigantès to quote him properly. I rise on a point of order, or privilege, as the case may be, to finish the quotation properly. In the article, it says, quoting Senator Murray:

> 'If they get away with this one', said Senator Lowell Murray, one of the Tories on the finance committee, 'they'd be encouraged to repeat the performance on any bill that strikes their fancy.'

The article then continues:

> Until now, Senate reform has been low on the government's list of priorities, but that might change. 'If they keep doing this kind of thing for very much longer,' said Murray, 'the prime minister will feel obliged to act on some measure of Senate reform.'

Honourable senators, I say that is unbelievable. Not only did he say it this afternoon. I call it a real threat—

Senator Murray: Far from being unbelievable, I assure my honourable friend that that is exactly what I said, and I was quoted quite accurately.

Senator Guay: I know what you said. That is why I am quoting it, because I would like the record of the Senate *Hansard*.

Senator Flynn: This is a phony point of order. I ask the Speaker to intervene. This is not a point of order.

Senator Guay: Honourable senators, let us call it a point of privilege, then.

Senator Flynn: No, not during the debate—

Senator Guay: Call it what you want; I am telling the truth in any case.

Senator Roblin: I just wonder how far my modest proposal about the course of the debate will go now. In any event, I would like to elicit some response to that idea because, if we could have an understanding as to how far we want to proceed, I think that would be advantageous. There are other items on the order paper which will be dealt with at some time. Perhaps we should not try to deal with everything tonight, but if there is a disposition to conclude the debate, I would certainly be agreeable to such a move.

Senator MacEachen: Honourable senators, the Leader of the Government has suggested that a response be made. It would not be my expectation that this debate would conclude today. I would expect that the debate would continue tomorrow so that the maximum number of members can participate.

Senator Roblin: I thank my honourable friend. I am quite agreeable and I recognize the right of the Senate to continue the debate in accordance with our rules.

The Hon. the Speaker *pro tempore:* Honourable Senator Flynn.

Senator McElman: Before Senator Flynn begins, honourable senators, I would like to ask the Honourable Leader of the Government in the Senate if he has some compromise to offer that might be of interest to the Senate. If so, perhaps he could seek the indulgence of the house to offer such a compromise and have it considered.

Senator Roblin: If you are talking about a compromise in the proceeding and the time of the debate, I may be able to make some suggestions on that.

Senator McElman: No, I thought it was quite clear that honourable senators who might wish to speak in any debate should have the privilege of doing so.

Senator Roblin: Quite so.

Senator McElman: However, since the Honourable Leader of the Government is speaking on behalf of the government, I thought perhaps he might have some compromise to offer on the part of the government which could have appealed to the senators at large. In that event, it would be useful, of course, if he were to state such a compromise at this point.

Senator Roblin: I cannot really respond to that in a constructive and authoritative sense, because we must realize that the resolution is one which refers the matter back to the committee. The committee will then have to consider what to do. I do not know what the committee will wish to do. If this motion is defeated and the committee does not meet—and I must confess from the tenor of the debate so far, that that seems to be the possible fate of the resolution—then we have to see where we go from there. However, until this debate is concluded, I think it would be premature to consider what move we make after that.

Senator Haidasz: Honourable senators, the Leader of the Government in the Senate, I believe, gave the impression that he would like to see this debate concluded as early as possible. In view of the allegations made by our colleague, Senator Gigantès, that the 1985-86 estimates are already printed and ready to be distributed at the decision of the government, I am wondering whether the Leader of the Government in the

Senate would seek permission from his government, as a member of its cabinet, to table the estimates in this chamber. Our committee could then look at these estimates and deal quickly with Bill C-11.

Senator Roblin: To put it very bluntly, I am afraid Senator Gigantès does not know what he is talking about.

Senator Phillips: Would you take last year's estimates?

An Hon. Senator: Senator Gigantès is not here.

Senator Gigantès: I am here, thank you very much.

• (2030)

Hon. Jacques Flynn: You are here, but you are not in your seat.

[*Translation*]

Honourable senators, I have been in the Senate for over 22 years, and I do not remember having taken part in a debate as superficial, artificial and unworthy of this chamber as this one.

I heard the arguments put forward by the Leader of the Opposition, I listened to the senators who spoke today, including those who have been newly appointed and I wondered exactly what they were trying to prove.

The only reason I could find was in the comments we saw in the press and to which the Leader of the Government referred. There is one I would like to read into the record, since it seems to provide the only possible explanation for this very unusual occurrence, which, I hope will not be repeated within the lifetime of this institution.

This morning, in an article by Lise Bissonnette headlined: "Games in the Senate", the newspaper *Le Devoir* offered the following conclusion:

> —our newly appointed Liberal senators who have nothing to do and are bored with petty politics are indulging in some post-electoral kneecapping.

I emphasize the phrase "post-electoral kneecapping . . ."

> This should come as no surprise—

I am not surprised either.

> This may give the public cause to ask some serious questions about the usefulness of this institution. However, their golden handshakes are blatant enough without making the public pay for their expensive little games. Eventually, it might be advisable to create another kind of Senate, but the Senate we see in action today gives ample justification for requesting the abolition of that institution—

I do not mean this as a threat to Senator Gigantès, nor to Senator Sinclair, who says he couldn't care less, and I am not surprised. Nothing scares him.

I am not worried about the senators but about the institution itself and what value it may have. Honourable senators are aware that I have always been outspoken about the fact that this institution needs major reforms. I agree with the Leader of the Government who said that an elected Senate would be a better institution than what we have now.

I have seen this group of senators for years on this side of the house, keeping quiet, never speaking up if they could help it and following the instructions given by their leader who was himself receiving instructions from the Leader of the Government in the other place, who was, for a time, Senator MacEachen. He gave his instructions to Senator Frith, for instance, who relayed them from the other place. That is an issue raised by the present debate and it will continue to be an issue.

To get back to the editorial by Lise Bissonnette, I was rather amused by the phrase "newly appointed Liberal senators". Indeed, Senator MacEachen is a "newly appointed senator". Senator Sinclair may be a little less newly appointed but not by much. Senator Stewart and Senator Gigantès are also "newly appointed senators".

I noticed that other senators who have had differences of opinion with Senator MacEachen have not spoken in this debate. It would have been interesting, for instance, to see whether Senator Davey would have been able to support the arguments put forward by Senator MacEachen and repeated, without necessarily being understood, by Senators Sinclair, Stewart and Gigantès.

I have not heard a single experienced senator who was willing to support the absurd arguments—and I say this without any hesitation—of Senator MacEachen.

I suppose the only explanation is the one we find in this article, which is that they are seeking revenge. They are seeking revenge for what has been happening in the House of Commons, to soothe their wounded pride and express their partisan feelings. However, this is not the appropriate place. The debate in the House of Commons and the debate in the Senate are separate and distinct.

During the time I have been in the Senate, there has never been any delay of the kind we are experiencing now in connection with this legislation.

Bill C-11 was adopted by the House of Commons on December 21, 1984, more than two months ago. It would have come to us on the twenty-first if we had been sitting that day. Since we were confident that the Liberal majority would use its head and dispose of the bill after the holidays as has been customary in the Senate, we could assume—

[*English*]

Senator McElman: Do you not remember the Air Canada bill that you and I worked on ?

Senator Flynn: What Air Canada bill are you speaking of?

Senator McElman: The one in which we stopped the Minister of Transport cold in his tracks and forced him to accept our amendments before he got the bill.

Senator Flynn: I am not disputing at this time the question of whether the Senate can amend bills; it has done that often, thank God, but that is not the situation in this case. Do not mix things up.

[*Translation*]

You are not trying to amend the legislation, it is mere filibustering. Your strategy is both despicable and hypocritical. I am going to prove it irrefutably.

Some Hon. Senators: Shame!

Senator Flynn: First of all, I say that contrary—

[*English*]

Senator McElman: Would you reconsider—

Senator Flynn: Coward! That is the word.

Senator McElman: Would you reconsider that?

Senator Flynn: No, not at all, because I am speaking collectively. You can assess things for yourself and decide whether it applies to you, but collectively I will prove that point. "Coward" is the word I used.

[*Translation*]

Following this interruption, I come back to my notes. This is against our practice. I remember the days when even the party leaders were asserting that the Senate had nothing to do with finance and borrowing bills. Even their referral to committee was considered as being a useless exercise.

In the days when you were on this side of the house, you would probably have obtained before the Christmas recess our formal agreement, recorded in *Hansard*, that as soon as we would be back on January 21 or 22, the bill would go through within the next three days. Otherwise the Senate would have been recalled on January 14, that is a week earlier. This we have not done because we said to ourselves that usually this type of legislation is passed within three days. Given those assumed conditions, the Senate was only recalled on January 22 and even, at the end of that week, the bill having been referred to committee, the Senate adjourned for another 10 days.

Now we have a bill passed two months ago by the House of Commons still before us. This is silent filibustering because in committee, as soon as we were through hearing a witness, they did not want to proceed any further. They would say, "Maybe next week we will decide what is to be done." This filibuster is something that goes absolutely against the practices of this house.

Second, the Senate practice concerning borrowing and appropriation bills certainly is to make recommendations, never to obstruct. In matters of finance, and especially appropriation and borrowing, the views of the elected house are paramount. This debate, or the lack of it, this refusal to proceed we are being faced with since we came back from the Christmas recess flies in the face of the Senate's role in this respect.

Let us come now to Senator MacEachen's argument that there is a basic principle that the government is not to be granted any borrowing authority unless it has put before the House the budget or the estimates. In fact, in the November 8, 1984, economic statement of Finance Minister Wilson, the government clearly explained the budget requirements.

If we refer to pages 18 and 19 of the French version, we note that total revenues will amount to $70.50 billion and total expenditures to $104,968 billion, which leaves a $29,193 billion deficit for financial requirements excluding exchange operations. This is the situation outlined by the Minister of Finance on November 8.

At that time, we knew that the 1985-86 estimates would amount to about $105 or $104 billion.

What more can you learn by looking at the detailed estimates? Absolutely nothing substantial.

Of course, Senator Sinclair, who does not have a lot of experience in Parliament, but who has a lot of business experience, spoke of being able to look at these estimates. We know that the estimates are examined by House committees throughout the year. There is no way to get a specific and detailed idea of expenditures only by looking at the blue book. This changes nothing. It will confirm within a few million dollars the figures mentioned by the Minister of Finance in his November statement. We know exactly what to expect.

You have all the information you need. When you say that this is a matter of principle, I say that it is a farce, it is spurious and infantile to act in this way and to present such an argument. This is a strategy invented by an old hack like Senator Davey, who has, of course, come back to the Senate. He very humbly admitted that he had been busy elsewhere. Now, he becomes a senator once more and says that he will play his role fully. His first task it seems was to devise this strategy in an effort to make trouble and perhaps to improve the image of the Liberal Party or to console himself about the results of the last election.

Hon. Stanley Haidasz: Neither suggestion is true.

Senator Flynn: I understand his reaction quite well and I also understand Senator MacEachen for having the same feelings and for recruiting—

• (2040)

[*English*]

Senator Davey: Senator Flynn has been listening to Senator Phillips too much.

Senator Flynn: I have also been watching Senator Davey very closely.

Senator Davey: I have been watching the honourable senator opposite for years.

Senator Flynn: Yes. Perhaps Senator Davey will tell me that he did not participate in this plot. I am quite sure he is very proud of it up to now, but I am not sure that in the days to come he will be as proud of the consequences of his actions.

I saw Senator Davey in committee, along with Senators Sinclair, Stewart and others.

Senator Davey: On a question of privilege, I really wonder if the fact that I have attended committee meetings with my colleagues, who are friends, indicates that I am part of or head of a plot. That is a fairly serious charge which has no foundation at all.

[*Translation*]

Senator Flynn: Well, there are all sorts of plots. Political plots like those I am talking about are not very serious. During most of your political life, I am sure you have plotted with various individuals during election campaigns to pull the wool over people's eyes. I do not see anything wrong with that.

[*English*]

Senator Davey: Do I remain, in Senator Flynn's view, an honourable senator?

Senator Flynn: Oh, sure.

Senator Davey: Thank you.

Senator Flynn: I can assure him that, in my view, he has not changed a bit since I first met him.

Senator Davey: I am happy to pay Senator Flynn the same compliment.

Senator Argue: Both youthful.

[*Translation*]

Senator Flynn: Undoubtedly, when they got together in committee, they thought of delaying the passage of this bill to create a diversion. I find it amusing when Senator Gigantès claims that it is the government, not the opposition, which is creating the diversion. He probably knows the story of the boy who was pulling a cat's tail and, when ordered to stop, claimed that he was not to blame, that the cat was doing all the pulling. That is Senator Gigantès' position.

[*English*]

Senator Gigantès: Honourable senators, I rise on a question of privilege.

Senator Flynn: Again?

Senator Gigantès: Honourable senators, I am a lover of animals. I have never pulled a cat's tail at any time. I want this clearly understood.

[*Translation*]

I also wish Senator Flynn would admit he was saying that as a figure of speech and that he did not mean to say I mistreat animals.

Senator Flynn: Don't worry. I won't call the Humane Society.

So my point is there is no justification for the argument based on the tabling date of the main estimates. If we were to agree with the lengthy and I would even say boring argument set forth by Senator Stewart, it would boil down to a full and absolute censure of the opposition in the House of Commons.

You would be telling your Liberal colleagues in the Commons and the NDP members that they did not do their job, that they voted without knowing what they were doing. That is exactly what you are saying today. If you accuse us, you accuse your Liberal colleagues and the NDP members. After all, when they decided to adopt this bill, after a compromise was reached, they knew what was involved, or at least they should have known. Is it the job of the non-elected members of Parliament to tell them what kind of precautions they should take? Do you realize what kind of situation you are creating for Mr. Turner and your Liberal colleagues by saying they did not know what they were doing on December 21? That they were imprudent and abandoned their principles, their basic principles, as Senator Stewart has been repeating *ad nauseam*? They adopted the bill unanimously. And that is a fact.

I realize that it takes time for newly appointed senators, to quote Lise Bissonnette, it takes time for Senator Stewart, Senator Sinclair, Senator Gigantès, to learn all the subtleties of Parliament. However, it is very dangerous to go along with an argument like the one proposed by the Leader of the Opposition without having had a chance to think about it or to understand what is involved, and then recite the kind of platitudes you have been repeating all afternoon. That is incredible. You swallow that and at the same time you want to teach your colleagues in the other place a lesson. Senator Guay, you know perfectly well that members, as far as borrowing authority bills are concerned—

Hon. Joseph-Philippe Guay: Excuse me. I was only saying that Senator Phillips was indulging in a lot of rhetoric. I apologize for commenting while you have the floor.

Senator Flynn: That's all right. I have no objection.

Senator Guay: I did not want to interrupt because I was trying to listen.

Senator Flynn: No, I understand. In fact, I did not expect to be able to explain everything to the honourable senators. I am perfectly aware of this because there are some people who will never be able to understand.

Senator Guay: I find this quite possible to believe when I look at the other side.

Senator Flynn: It is quite possible. Moreover, there is no need to draw you a picture to tell you who I have in mind at this time.

Senator Guay: Me neither; but the problem is that we do not see you as often.

Senator Flynn: Then, Senator MacEachen told us: "We have not been informed." This is not true. You already have the information, and Tuesday, you will have the estimates. You will be willing to pass the bill the next day. Come on. This is nonsense. Who are you kidding when you say that you will be better informed on Tuesday than today? No one will take you seriously. I challenge you to find someone who will.

Now, you are telling us: "Come to a compromise; be nice and accept what we are asking for. Table the estimates and we shall vote for the bill." It is a whim. In the last year, the Senate has seen every one of its vacancies filled with supporters of a government which had lost the confidence of the people. Now the Conservative government has been given a clear and definite mandate by the people in September. If, everytime instead of acting responsibly you were to use your numbers and if we had to give in to all your whims, the government could no longer operate. You know quite well that you cannot expect that. I think that Senator MacEachen will

realize eventually that what he has begun here at this time can become an extremely dangerous precedent.

Finally, you will have won because you will have delayed us the passing of the bill. What will be the cost to the Canadian taxpayer? The Minister of Finance says yes. He adds that at least the risk is there and everyone agrees. One cannot make the required calculations in that area. But sure enough this is a kind of filibuster that is carried out under a false, childish pretence and it does not hold water. Such a delay could be costly to Canadians and may jeopardize the Senate's normal operation. This is a dangerous precedent that is undermining the Senate's credibility. On some occasions, your duty is to fight the government, but you made a very wrong choice for that first battle. It is not justified, neither by the subject of the bill nor by your own argument. You have obtained all the useful information, and you will not have any more the day the bill receives Royal Assent. However you will have jeopardized this institution's credibility.

Under the circumstances, if we are to close this debate, one of you who supports that resolution will need to have the courage to tell us exactly at what specific moment the Opposition will agree to support third reading of the bill in order that the issue be placed before all the members of the Senate. I seriously suspect that the opinion held by the Leader of the Opposition is not shared seriously by all the Liberal senators. You should tell us at what time you will be ready to accept the bill and introduce an amendment to the resolution of the Leader of the Government asking the committee to report the bill back next week, but please have the heart to say so.

It is in that sense that I maintain that your strategy was cowardly, because from the outset you never had the heart to say you were only groping in the dark. You are caught in your own snare, with your own problem. You have the baby on your knees, try to get rid of it now. At least do tell us at what time you are ready to let go. Have the heart to suggest a clear solution to the debate.

At that point, we will know where you, as the Leader of the Opposition and the other senators will be sitting. Apparently some of them support the Leader of the Opposition, but I am sure a good number will not be here. I challenge the Leader of the Opposition to prove that the vast majority of the Liberals here endorsed that scheme which is in my view, unworthy of the Senate. It is unworthy of a group of people who oppose a new government with a strong mandate, and which picks on a matter that is so far remote from the Senate's responsibilities as a borrowing bill to say: "No, we are not passing that bill because we do not have adequate information". And you know full well beforehand what you will be getting as far as information is concerned, since you already have to the extent needed for making a decision.

Therefore, I urge the Leader of the Opposition to appoint someone who will tell us at what time you are ready to pass the bill and who will introduce an amendment, so that we know where we stand and stop wasting our time nit-picking as we have now been doing for too long here.

• (2100)

[English]

Hon. Henry D. Hicks: Honourable senators, I would like to begin my remarks by complimenting Senator Roblin on making such a good plea for such a bad case. He really did a very good job, and I was glad that Senator MacEachen followed him and demolished his case so expertly. I am quite aware of the fact that this is a motion to direct the Standing Senate Committee on National Finance to report Bill C-11 forthwith today. I am also aware that most of the debate has taken into account the merits of Bill C-11, which is not surprising, and I shall continue my remarks along the same lines.

I am opposed to the passage of this bill in its present form at this time. I am opposed to it because it is bad parliamentary practice, and we have heard many well documented arguments to verify that in this chamber this afternoon and this evening.

Senator Flynn: You don't believe them.

Senator Hicks: Furthermore, the action would be unprecedented, so far as I can discover, but I do not need to elaborate on that in view of the very elaborate presentation given by Senator Stewart this afternoon, who certainly did his homework. In any event, I agree with the argument that to give a blank cheque to a government to borrow for a future fiscal year without any spending program being outlined, either by way of a budget or even by tabling the main estimates, ought not to be done. We had some indications from Senator Stewart this afternoon that the same Conservatives who now form the government had expressed even stronger views about this when they were in opposition and had insisted, not only that they should see the main estimates before passing the borrowing resolution, but that the legislation should wait until the budget resolution had passed. Frankly, that was the view that I took when I originally addressed myself to Bill C-11. My colleagues persuaded me that we could compromise to the extent of saying that we would allow the bill to be reported after we had a chance to examine the main estimates. That is the situation in which we find ourselves now.

I do not want to be repetitive and I need merely recite that we have no objection to Part I of the bill. We were willing to grant the $7.3 billion borrowing authority for the current fiscal year fully a month ago. However, I am totally opposed to Part II of the bill as, indeed, are all my colleagues on this side of the house.

Senator Murray: But they are going to pass it.

Senator Hicks: In due course, after they have examined the evidence which the honourable senator's colleagues in the other place consistently insisted upon while they were in opposition and to which Liberal governments in those times, even though they had a majority and might have forced such legislation through, gave way. That would have been the gracious thing for the present Minister of Finance to have done.

Senator Flynn: What about your colleagues in the house?

Senator Hicks: I point out that the Progressive Conservative minority opposition opposed similar propositions which the Liberals wrongly tried to have passed, which was well documented by the Leader of the Opposition when he referred to the 1978 episode when the then Finance Minister Chrétien attempted to get borrowing authority for a succeeding fiscal year. He gave way when the Conservative opposition objected strongly to it. Of course, Senator Stewart documented several other instances in his speech this afternoon. I agree with all those.

Interestingly enough, Senator MacEachen also referred to the Progressive Conservatives insisting, while in opposition in 1984, that the Liberal government cut $5 billion from the borrowing authority which otherwise would have been sustained today and would have prevented them from getting in such a hassle over the present borrowing bill before us now. The birds have come home to roost. That is ironic, but they may very well have been right in insisting that the Liberal government cut that $5 billion.

I want to make one or two other remarks. The Minister of Finance alleges that delaying the passage of Part I of this bill may have added or may add to the cost of borrowing. I think Senator Sinclair dealt very adequately with that assertion and I cannot deal as well with it. I know something of the difficulty in predicting reliably the future cost of money. We made it clear on January 23, exactly four weeks ago today, that we would not oppose Part I of the bill. Money may cost more today or it may cost less next week. Who knows? However, if the Minister of Finance felt a month ago that delay would increase the cost of borrowing he should have accepted Part I of the bill and abandoned or, more accurately, delayed his insistance on the inclusion of Part II, and all his problems would have been solved.

Senator Guay: Right on!

Senator Hicks: Again, I repeat that that is exactly what the Liberals did in 1978 and on the other occasions to which Senator Stewart referred and documented for us this afternoon. I suggest that the present situation is due entirely or nearly entirely to the stubbornness and intransigence of the present government, particularly the Minister of Finance. I am encouraged to underline the view by the evidence that we have had today—though it is perhaps not provable in a court of law—that the main estimates have been ready for tabling for some days and they might have been before the other place and this house earlier this week. It makes one wonder if the holding up of those main estimates was not an outcome of the stubbornness and intransigence of the Minister of Finance, who wanted to see if he could force the Senate to do what he would not have allowed the Liberal government to do when he was in opposition, hold up the main estimates so we could not see them until we had granted the borrowing authority.

Senator Haidasz: Shame!

Senator Flynn: You won't even look at them.

Senator Hicks: I will look at them.

Senator Flynn: Oh no you won't.

Senator Hicks: I realize that there is some speculation—

Senator Flynn: Be serious.

Senator Argue: He wants to see what has been cut.

Senator Hicks: I am serious. I realize that there is some speculation in this assertion but it looks to me from what we have heard in this house and elsewhere today that this is true.

The other thing that amazes me about this whole debate is that there has been no explanation whatsoever and no apology for the different attitude of the Minister of Finance and some of his colleagues today compared with their views of a very few years ago which they expressed when they were in opposition. I would have thought that someone would have felt it necessary to try to justify the 180 degree turnabout on the part of the Minister of Finance, the Deputy Prime Minister and others in the Conservative Party in the other place. Also, I am not the least bit concerned—

Senator Flynn: That is not true.

Senator Hicks: Of course, it is true.

Senator Flynn: No.

Senator Hicks: Were you not here this afternoon? Did you not hear Senator Stewart?

Senator Flynn: I heard him.

Senator Hicks: How can you dispute his documentation from the records of the House of Commons?

• (2110)

Senator Flynn: Oh come on! You have all of the information you need. You will not know any more when you have the blue book. That is it. You have never understood. Try to get that into your head.

Senator Hicks: This is not the view that the present Minister of Finance took in 1978 and on those other occasions already referred to. But I do not want to get into a dogfight with Senator Flynn. I did not interrupt him when he was speaking, notwithstanding the fact that he made some statements with which I disagreed violently. Perhaps he will let me finish my remarks uninterrupted.

The threat that the Senate will be interfered with if it does not bow to the majority vote in the House of Commons has no weight with me whatsoever.

Some Hon. Senators: Hear, hear.

Senator Hicks: I am ashamed that threats of that type have actually been made by some honourable senators on the other side of this house. This is absurd. If that is the view we have of the Senate, then I think we should agree voluntarily to its abolition.

Some Hon. Senators: Hear, hear.

Senator Hicks: If the Senate is not entitled to take a position different from that of the House of Commons, then let's agree voluntarily to its abolition.

The British North America Act sets out very clearly that, while we cannot add to money bills, we can curtail expendi-

tures set out in money bills. We are certainly within our constitutional rights in what we are doing now.

The allegation that Liberal senators should be bound by the actions of the House of Commons falls into exactly the same category. This is a matter within the Liberal Party, but we are an independent house, and the fact that I am a Liberal senator in no way means—

Senator Flynn: A Liberal-controlled house.

Senator Hicks: —that I have to agree with the actions that were taken in the other place. Senator Flynn, I am sure, will agree that I have, on several occasions since I have been in this place, voted against government measures when I felt it was right to do so, and I shall continue to do so. On this occasion, I am entirely in agreement with what my colleagues are doing.

Senator Flynn: Of course.

Senator Hicks: The last statement that Senator Flynn made was that what the Liberal senators are doing constitutes a dangerous precedent. Not so. The passage of this motion and this bill under the present circumstances would be a very dangerous precedent, a precedent not before seen in our parliamentary history.

Some Hon. Senators: Hear, hear.

Senator Hicks: For this reason, honourable senators, we are insisting upon a sound parliamentary principle and practice, and we shall continue to insist upon it. Hence, we will not support this motion.

Hon. Heath Macquarrie: Honourable senators, Senator Hicks has, I hope, set a trend for shorter speeches for the rest of the evening. I am going to try to emulate him, at least with respect to the quantity of the remarks that I pass.

I have listened carefully to this debate today and, while at times it has been enjoyable, there have been times when I have had intimations of unreality coming in upon me. I am not quite sure where in fact all of this is leading. As I listen to the contributions of the members of the other party, I am unclear as to what they want.

I hear now that the production of the main estimates will bring about a profound transformation of judgment—judgment based upon not just what is in the bill but on the most profound views as to the value of the second chamber.

I have been on the Hill for 28 years and I have heard those heavy tomes drop 28 times, and I have yet to see them bring about the claimed transformation—the intellectual thunderbolt that I have heard referred to several times today.

I have noted, especially this evening—a very poor time for people to be making speeches or to be listening to them—a concern about threats.

My usually genial colleague, Senator Murray, has become a bête noire. He has been making terrible threats, acting like a fierce dragon; a terrible man so it has been said.

He, of course, can look after himself, and always could. But I think that there has been some abandonment of realism in honourable senators saying that the course being pursued by the majority of this chamber is not one that is bound to arouse bitter public criticism.

We all know that people have written of, and hoped for, Senate reform for years and years and years. I have had to put a new shelf in my library to accommodate all of the reports dealing with Senate reform. Everybody knows what to do with it. Some people think that if senators were elected, everything would be great. I say that with both houses elected, you would really have confrontation. In any event, we will see about that.

As Senator Roblin mentioned in his excellent speech this afternoon, there is danger in this for the Senate.

What do you suppose the public of Canada will think, and will say, if this non-elected body carries out a course of non-action that costs the taxpayers of this country millions of dollars—

Senator Haidasz: Not so.

Senator Macquarrie: —at a time when they are deeply concerned about economic issues.

Senator Hicks, in his very concise and excellent speech—wrong in some ways, of course, but a good speech—quoted the British North America Act.

If one looks at the British North America Act, one will find that this Senate is one of the most powerful second chambers in the whole world. But we know that in reality it is not.

The Senate has preserved itself. It has survived. It has survived because always there were people with sufficient wisdom to stop it from moving into the formal area of its powers; always, there were people with sufficient wisdom to keep it within the realm of common sense.

In the Speaker's Chambers there are some Latin inscriptions on the wall, one of which is *sapere aude*—dare to be prudent.

And I would invite the Liberal majority, with all of the muscle that it can flex—and I read Senator Frith's comments about these threats—to dare to be prudent, to dare to be wise.

Someone said earlier today that he doesn't care whether the Senate is abolished. I do care—not that I will personally be here all that long and not that I do not realize that the Senate can get along without me, but because it is a body that should not be foolishly altered, and certainly not abolished.

As its changing status is undertaken, it should not result from a hasty act of obstruction, such as the present one—and I use that word advisedly.

We talk about prudence and we talk about wisdom; but one of the essential elements of wisdom is to know something about timing.

What a time, as Senator Murray mentioned, for the non-elected body to take on the elected!

● (2120)

Robert Borden used to say to Wilfrid Laurier, when the Liberals were scuppering the legislation of the government of that day, "You will stand up and say that you are not bound by the House of Commons and make great statements about independence, but you will bind yourself to the minority of the House of Commons. That is what you are doing." However,

that is not the situation today; all parties supported this bill. I do not know about the Liberal Party. Like Senator Phillips, I have never been in their caucus, but in the Conservative caucus members of both houses are members. Some years ago, a historian wrote that R.B. Bennett had ordered the senators out of the Conservative caucus. At the time, I talked to Arthur Meighen about that. Imagine ordering Arthur Meighen out! His reply was that of course he could do that. The caucus is a coming together of all the parliamentarians. It is not up to a leader or a prime minister to invite them or not invite them.

In our party, we senators are there. We sometimes keep quiet because the young bloods do not always want to be coached by the old-timers; the old-timers can sometimes be boring. However, what is done in the national caucus binds us. We have a chance to be there and give our views, and once in a while we are listened to.

Senator MacEachen: Binds your actions in the Senate? You said that it binds you. Do you mean you are bound by the actions of the members of that caucus?

Senator Macquarrie: In our caucus, Senator MacEachen—and again there may be a profound gulf fixed here—when a decision is taken, I consider myself bound by that while I am in the party. If I cannot do that, I then must go through certain motions of intellectual separation, if nothing else. In any event, I thought that this was a pretty general way of proceeding, and I am convinced that it is.

There is an old story that a majority in the non-elected house usually is called in as a sort of avenging angel for the defeated party in the other house. It is interesting that the only chamber in the whole country today that has a Liberal majority is this one, and it is using that majority. The day may come when it can use it with wisdom and with great effect, but I say—

Senator MacEachen: I hear senators say all the time that that day will come when we all reach our 75th year.

Senator Macquarrie: I, too, hear that all over the place. You and I are far too young to be thinking alone those lines. I used to tell Stanley Knowles, over in the other place, that when I was 74 and one-half years old, I would support the bill that he proposed that would abolish this chamber, but not until then.

Senator Guay: You, too, will get the cheque that Stanley Knowles is receiving.

Senator Macquarrie: I have already received mine, and most welcome it is, too, if I may say so. There is nothing like cushioning old age with a little cheque every month.

I promised that I would be brief, but I am concerned about the growing ill-will in the press and among the people of Canada. Senator Roblin did not complete his reading of the editorial from the *Telegraph Journal*. I hope no one is offended when I say that that is a pretty sedate paper. That editorial winds up by saying:

> The Liberal senators seem to be using their power play to test the nerve of the Mulroney government. But if a principal result is to make life more difficult for ordinary Canadians with loans and mortages to pay, the stalling tactic could backfire.

And so say I.

Hon. Michael Kirby: Honourable senators, in rising to speak on Bill C-11, I do so mindful of some of the things that Senator Murray said in his remarks.

May I say at the outset that I rise to speak as a member of what he called the "hit team" for this particular issue and for this particular debate. I think it is only fair, at the outset, that I say to Senator Murray how much I appreciate his compliment. It seems to me that, if one looks at the concept of "hit team" or "SWAT team," as it is popularly used these days by teenagers and others, one discovers that it is a modern version of what many years ago would have been regarded as a "gun slinger." The nice thing about being regarded as a member of a "hit team" is that it is good to be up-to-date, whereas it seems to me that the Leader of the Government in the Senate much prefers to be thought of in quite an old-fashioned role, that of a "gun slinger." I would therefore like to thank Senator Murray for his compliment.

The second thing I would like to say at the outset is that, as the fifth Nova Scotian senator to speak in this debate, I would like to compliment Senator MacDonald on his maiden speech today. While pointing out that I am the fifth Nova Scotian senator to speak on this issue, in fairness to Senator Murray, although he is a senator from Ontario, I think all of us from Nova Scotia regard him as one of our own. In effect, then, I am the sixth Nova Scotian to speak today on this matter. To my mind, this is tremendous testimony to the fact that political parties and democracy are certainly very strong and alive in one of the four provinces that formed this country in 1867.

During my attendance at all of the meetings of the committee, and in listening to the debate today, I have been repeatedly asking myself one very simple question. That question was alluded to in Senator MacDonald's remarks, which I thought were very pertinent. The question essentially is this: Why is it that an issue such as this has evolved over the last four weeks into an issue in which, effectively, there appears to have been, at least on the side of the government, essentially little or no compromise? Why is it that we wind up in the position we are in today, dealing with the motion that was introduced by the Leader of the Government in the Senate yesterday, and the debate on which started today? It seems to me that one has to look back over the last four weeks to try to understand what led us to our current situation. If we go back—

Senator Flynn: You must go back further than four weeks. You can go back to the election.

Senator Kirby: I would go back four weeks, Senator Flynn, because it was four weeks ago tomorrow, as Senator Hicks so rightly pointed out, that the committee first met to deal with this issue. During every meeting of that committee, not one minute has been wasted in dealing with Part I of this bill, the part of this bill which could have been in effect four weeks ago tomorrow. From the very outset, at every committee meeting, it was stated unanimously by all of the senators that we would

be perfectly prepared to pass that part of the bill immediately and, indeed, it could have had Royal Assent four weeks ago tomorrow.

Senator Flynn: That is not the case, because the bill would have to be returned to the House of Commons and the House, in fact, passed the whole bill.

Senator Kirby: The fact of the matter is, Senator Flynn, that the first part of this bill would have cleared this house four weeks ago. The fact is that, had the first part of that bill gone back to the House of Commons where, according to Senator Flynn a moment ago, it had received unanimous consent, it would have received Royal Assent long ago and all of the issues which the Leader of the Government in the Senate insisted upon raising today—and I will deal with them in a moment—would have been totally irrelevant.

There has been no willingness to understand that fact, and no acceptance publicly of the fact by the government, and certainly no acceptance by government spokesmen in this chamber that they could have had Part I a long time ago.

Therefore, if one looks at that sequence of events, one must look beyond them and ask: Why is it that the government members in this house have been unwilling to offer any element of compromise?

I think Senator Hicks gave a very good description of what he called the 180 degree turnaround—what Senator Haidasz earlier today called the flip-flop; what Senator Stewart so very carefully documented in terms of statements made in the past by a variety of current government ministers, all the way from the Deputy Prime Minister, to the current Minister of Finance, to the current Minister of Energy, to the current Minister of Employment and Immigration, and on and on. All of those people, who are now government ministers, argued a position based on a matter of principle. Their matter of principle was that there should be no passage of borrowing authority prior to the tabling of the estimates.

● (2130)

In fact, if one goes back to the quotation Senator Stewart gave earlier today, the current Minister of Finance argued that not only should there be estimates, but there should also be a budget. So, the fact of the matter is that if one looks back at the history of this issue and the position on it as taken by government spokesmen when they were in opposition, one finds a long history of their arguing the exact position that the current members of the opposition in the Senate have been arguing at the committee meeting and in this chamber today.

Senator Flynn: No!

Senator Kirby: I have been fascinated by the remarks Conservative senators have made when they alluded in a variety of ways to the fact that the expression by all of us of our views on this issue, and indeed the expression of the majority view, in some way threatens the existence of the Senate. I should like to echo what Senator Hicks has said in that regard, which was, that if this is such a fragile institution that this expression of views on a matter of a principle—as very clearly set out by the Leader of the Opposition in the Senate, by Senator Stewart, Senator Sinclair and others over a period of only four weeks—is a problem, then this is a very fragile institution indeed. Let me remind you that this has not been going on for six months or for a year; the delay has only been a four week one. We were first given the bill just four weeks ago. If this delay is sufficient to cause a number of senators to start talking about the ultimate demise of this institution, then I think we need to have a far more fundamental debate, and question whether this institution ought to be here at all.

Some Hon. Senators: Hear, hear.

Senator Kirby: The fact of the matter is that even when the Conservative Party was in a minority position—not in a majority position—in the other place and made their arguments on the matter of principle I have just discussed, the government of the day accepted those arguments, accepted their position in principle, and modified its position so that in fact—

Senator Flynn: It did in the present case in the other place.

Senator Kirby: Senator Flynn, as usual you are making my point far better than I can.

Senator Flynn: That is not difficult.

Senator Kirby: The fact of the matter is that even when the Conservative Party was in a minority position in the other place, their will prevailed, and that became the ultimate view of Parliament.

Having said that, and having seen that view prevail from a minority party, I find it unbelievably strange that the same spokesmen should do the 180 degree turnaround that Senator Hicks has talked about, or the flip-flop that Senator Haidasz has talked about, and should suddenly argue that the majority view should not prevail here, and that the matter of principle should be abandoned.

Having thought about that, I suppose I really should not be all that surprised because over the past six months we have seen some remarkable flip-flops by the government on a whole variety of issues. I cannot help but mention in passing the notion that universality, which was a sacred trust last summer, suddenly became an issue for discussion by October, and ultimately in the face of strong public opposition, that position changed.

I cannot help but recall reading statements made by a number of government spokesmen when they were in opposition regarding open government, and now watching the incredible way in which the arguments for open government have turned into arguments for closed government and managed news since the government changed.

I suppose I should not be too surprised that on the issue we are dealing with today a flip-flop has occurred. It was to be expected. I suppose that that is simply the kind of government we will be faced with for the next four years.

Senator Flynn: Four years!

Senator Kirby: My surprise does come, however, in looking at the way in which the Leader of the Government in the Senate argued his position today. He made a series of arguments which I must say I found incredibly strange, one of which was—and I believe Senator MacEachen touched on it—that he seemed to claim that he had to introduce the motion we are debating now because the committee had adjourned to the call of the Chair and that he had no way of knowing whether or not the committee would ever meet.

I apologize for not having a copy of the leader's remarks, but I believe that that is the essence of the position taken by the Leader of the Government.

The fact of the matter is that since Monday evening a member of the Conservative Party has been the Acting Chairman of that committee. Senator Kelly has been the Acting Chairman of that committee since Monday evening. Therefore, if the committee is adjourned to the call of the Chair, one has to presume that Senator Kelly has discussions with his leader, although I sometimes wonder why he would do that. One has to assume that the government leader knew that it would have been easy to arrange a committee meeting. Therefore, the failure to have a meeting cannot be any pretext for having the debate we are having here today.

The second thing that intrigued me was the fact that the leader introduced a series of interesting, but, may I add, totally extraneous issues. One of the issues he introduced had to do with what was happening to the Canadian dollar. He tried to make the linkage that the falling of the Canadian dollar was, in some way, related to the failure of this chamber to deal with this bill.

I happen to believe that his argument is totally extraneous, but since he has raised that issue, I cannot resist giving one 60-second quotation from the then opposition member, Michael Wilson, now Minister of Finance Wilson, in *Commons Debates* of June 15, 1982. I simply read two sentences which seem to me to apply very much to the question of the falling dollar.

Mr. Wilson said, and I quote:

> There have been many times in the past when the Canadian dollar and the U.S. dollar are strong against other currencies, but why is the Canadian dollar weak and the U.S. dollar strong today?

He then went on to answer his question as follows, and I quote:

> The level of the dollar is the verdict of the marketplace; it is the barometer of the success or, as in this case, the failure of government policies.

I use that example to merely illustrate the fact that in the past the current Minister of Finance took the position that the falling of the dollar was a direct result of government policies. It is interesting that that position taken by the Minister of Finance was not mentioned today when the Leader of the Government in the Senate was speaking.

I now turn to the question of—getting back to the initial issue I raised at the beginning of my remarks—why is it that we have been unable to reach a compromise? Why is it that Senator Roblin, for example, has steadfastly and inflexibly hung on to the position that in no circumstances is any compromise possible? Indeed, he has gone to the extreme in the committee of referring to the matter of principle—which I think has been eloquently spoken to here today by a number of speakers, including Senators MacEachen, Stewart, Sinclair and Hicks—as a "mere technicality" at one committee meeting and a "nicety" at a subsequent meeting.

That issue has been debated in the other place *ad nauseam* on a variety of occasions, as historically pointed out so well by Senator Stewart, so I have great difficulty with a concept which says that an item is a matter of principle when one is in opposition but suddenly becomes a "mere technicality" or a "nicety" when one is in government, and when it happens to become extraordinarily expedient to change the principle.

My fundamental problem with this piece of legislation in the form that it is in now, and in the absence of the estimates, is that this chamber is essentially being asked to abandon all principles related to government expenditure procedures and borrowing authority bills and to sacrifice them on the altar of expediency.

So, faced with that problem, I keep coming back to the same question—and the committee had before it three different ministers, all of whom were asked the same question. We had before us the Deputy Minister of Finance who was asked the same question. Senator Roblin in this chamber was asked the same question. The question was simply this: What is the urgency of Part II? Since the last clause of this bill states:

> This Part shall come into force on April 1, 1985.

Why is it that this part of the bill must inevitably and irrevocably be linked to Part I? That is the question we asked at every committee meeting. We have also asked it repeatedly in this chamber, and the only answer we have received was given to us this afternoon by Senator Murray, when he said that the fundamental problem, as he saw it, was that returning any portion of the borrowing authority bill to the other place would open up a debate that would consume time, and that was something the government did not want to do.

• (2140)

We have a very interesting problem. First, the government is saying that it is merely in the interests of the management of the time of government business in the other place that we are being asked, in this chamber, to break a principle we regard as fundamental.

Second, I happen to find Senator Murray's argument incredible in light of the fact that there is no government legislation. One could understand, if the order paper were absolutely chock-full, that he might then have a point. The fact of the matter is that there has been little or nothing introduced in the way of government legislation. Indeed, as you all know, this chamber had to adjourn for a week simply because there was no government business to keep it busy.

Finally, when one looks at the issues raised by many members of the Conservative Party, all of which have been alluded to as threats—I believe that word has been used several times

today—they seem to be saying the following: If we in this chamber do not automatically, by definition, adopt every piece of legislation that the government tells us to, on the date and according to the timetable that the government specifies, then we are in danger of being abolished. I would like to echo the words which were used by Senator Hicks and others here today, which were: If we are in a position where that is all we can do, then we ought to have a very serious debate about whether we ought to be here at all, because that is a ridiculous position to be in.

Some Hon. Senators: Hear, hear.

Senator Kirby: It seems to me, therefore, that the arguments made by Senators Roblin, Murray and others apply not only to this bill. That is what is bothering me. Their arguments vis-à-vis the future of the Senate and vis-à-vis the role of the Senate—remembering that we have had the bill for only four weeks—apply to any piece of legislation. If, in fact, they really believe those arguments, then they are taking a fundamental position with regard to the future of this chamber.

In light of that, let me point out one other thing to them. Senator Roblin, in the course of his comments today, quoted clearly a statement from the press that questioned the continued existence of the Senate as we know it.

It seems to me that the Senate itself, in a report tabled in this chamber less than a year ago, seriously questioned the existence of the Senate in its present form. I do not know why we should be suddenly upset because the media start asking that question. It seems to me it is a question we have all posed.

In any proposal for Senate reform that has been seriously discussed in this chamber, in Parliament or, indeed, in federal-provincial conferences in the last 10 years, one key element has always been that the Senate maintain a suspensive veto. I say to you today, honourable senators, that is all that has transpired in the course of discussion of this piece of legislation. There has been no attempt to amend the bill and there has been no attempt to defeat the bill.

Senator Flynn: Obstruction.

Senator Kirby: All that has happened is that we have suspended the passage of the bill and have kept the bill in committee for four weeks.

If the vote of a suspensive veto is no longer to be considered a vote for the Senate, then I suggest to you once again that we are essentially making the argument for our own demise.

Having looked at all the options, I finally came to the conclusion that the real reason for the inflexibility on the part of the government is contained in the statement read into the record by Senator Guay earlier today. In his reply, Senator Murray confirmed the statement, which is contained in the *Gazette* of today. It states:

> "If they get away with this one," said Senator Lowell Murray . . ."they'd be encouraged to repeat the performance on any bill that strikes their fancy."

In spite of the offers Senator MacEachen made as recently as Monday to the Minister of Finance, when he said that, if uncertainty was the issue, we would guarantee passage of this bill within 72 hours of the estimates being tabled—and if he had wanted more than certainty, he could have had Part I last Monday or four weeks ago—we have seen absolutely no attempt at reaching a compromise solution on the part of the government. What we are really seeing is a very interesting phenomenon in which it appears that Senator Murray and some of his colleagues have taken the view that any element of compromise or any element to reach an accommodation with the other side in this chamber is going to be viewed as a sign of weakness, which will be regarded by the opposition side of this chamber as a sign of its strength; and, thereafter, to quote Senator Murray again, the run will be on and the opposition would be encouraged to repeat the performance "on any bill that strikes their fancy."

Having had some modest experience, not in this chamber but in dealing with provincial legislatures and both sides of the federal Parliament, it seems to me that, if the government members of this chamber are going to take the view, which has been eloquently, clearly and truthfully put by Senator Murray, that any element of compromise in the future, any element of discussion in reaching an accommodation with the other side, will be treated as a sign of weakness, then we are in for a very fascinating, but very rough, four years.

I would suggest to Senator Murray that, while it is not in the interest of the bravado stand he wants to take—simply taking the position that he has to win every fight on every single issue, every step of the way, and that he is not prepared to be flexible on anything—to the extent that he and his colleagues continue to take that position, he will make the effective management of this chamber, the effective management of government business and the effective role that I genuinely believe this chamber can play for the Canadian people increasingly difficult, if not impossible.

Therefore, I would hope that once this measure is over, Senator Murray will reconsider his position.

Some Hon. Senators: Hear, hear.

Senator Kirby: Finally, in closing, honourable senators, let me repeat what I said a number of times before the committee, and that is simply this: The issue before us is a matter of principle. It is an issue which the government itself could have solved four weeks ago. It is an issue which the Liberal members of the committee have indicated very clearly will be solved within 72 hours of the tabling of the main estimates.

We have been told today by Senator Roblin that that will be next Tuesday. We know now that, regardless of what happens between now and then, this issue will be dealt with and finished by the end of next week.

For the sake of the few days that are at stake in this issue, I, for one, think it would be extremely wrong of us to proceed to violate the principle that the Conservative Party has so strongly argued for over the years. I believe that it would be wrong, simply for the sake of expediting matters by three or four days,

to compromise that principle in parliamentary tradition and precedent. Therefore, I do not intend to support the motion.

Some Hon. Senators: Hear, hear.

[*Translation*]

Hon. Eymard Corbin: Honourable senators, it has been a long time since I rose in this chamber to speak at this late hour. However, I will start my speech this evening and possibly continue tomorrow.

Much has been said about—

Senator Flynn: You can talk all night if you want to.

Senator Corbin: Honourable senators, am I going to be obstructed from the word go in this debate?

Honourable senators, during my maiden speech in this Chamber, Senator Roblin attempted to stifle my freedom of speech, and I will certainly not take any of this from Senator Flynn. You have had your turn, honourable senators, and it is now our turn. If you are tired, you can leave, the door is open, and just go to bed.

Senator Flynn: I feel fine.

Senator Guay: He feels fine.

Senator Corbin: Honourable senators, a lot was said about a three party agreement allegedly in effect in the House of Commons while Bill C-11 was being considered. However, if we look at *Hansard* for the House of Commons, there was no mention anywhere of any actual or possible participation by the Senate or by honourable senators, either in drafting or discussing the compromise arrived at by the members. Therefore, what was said in the course of this debate by, for instance, Senator Phillips and others, both here and elsewhere, is pure fiction on the part of government members who are desperately trying to get out of the mess into which they got themselves in the first place. They are doing this to confuse public opinion and to make the public hostile to this institution by putting it in the worst possible light, and I regret to say that they have partially succeeded. However, we shall all have to bear the consequences.

This kind of manoeuvring is partisan and political, and shows no respect for our parliamentary traditions. Furthermore, the government and the press generally have failed to consider the circumstances in which a compromise was reached in the House of Commons.

What were those circumstances and do they apply to the present situation in the Senate today? I say they do not. The circumstances are entirely different. In fact, the situation has changed completely.

In the House of Commons it was just before Christmas. Honourable senators will recall that the opposition parties in the Commons had been after the government for days and weeks to define its policies on the universality of social programs, an issue that was causing considerable concern among all Canadian taxpayers and especially among the elderly. It was therefore on the last sitting day before Christmas. The Liberal opposition and the New Democratic Party had been unable to obtain any concessions from the government on a day of debate on the principle of universality. In its supreme arrogance, the government refused to give in until the opposition made a minor concession on Bill C-11. However, the opposition parties did not compromise on the principle of Bill C-11. They did reach a compromise on the scheduling of the debate in the House of Commons.

Senator Flynn: It was adopted unanimously.

● (2150)

[*English*]

Senator Corbin: They got their pound of flesh. The bill was adopted without a recorded vote. But, let me tell you, reread the speeches of the Honourable Donald Johnston and Mr. Riis and you will find that in line after line they affirm the ancient principle that there will be no borrowing authority granted until the government tables its estimates.

I will not review those arguments. They were presented in very brilliant fashion today by a number of speakers, in terms that a child could understand, in terms that journalists should understand, if only they would put their minds to work once in a while instead of running after gossip and hearsay.

[*Translation*]

The government, therefore, would not allow a debate on universality, which was the main concern of the Canadian people at the time. Without jeopardizing this principle, the House went along with what the government was asking. That is what happened and the vote was never recorded. God knows what would have been the result of that vote. We can guess, judging from the vote on the NDP amendment. The governing party crushed the joint opposition in the House of Commons. Should these parties have kept up their fight? That was their decision, and I respect it.

[*English*]

But here, in the Senate, it is a new ball game as far as I am concerned, and I will not buy the argument that I am not a representative member of Parliament.

Some Hon. Senators: Hear, hear.

Senator Corbin: I do not buy that. As far as I am concerned, my service to my constituents and to my country, as a new member of the Senate, continues—

Some Hon. Senators: Hear, hear.

Senator Corbin: —and it will be as unflinching as it was when I was a member of the other house.

Some Hon. Senators: Hear, hear.

Senator Corbin: And I will respect my oath.

Senator Flynn: Compliment yourself.

[*Translation*]

Senator Corbin: So the basic principle of denying the government borrowing authority so long as its estimates have not been tabled has been maintained.

[*English*]

That principle may have gone through the meat grinder, but it survives, and it will survive session after session, Parliament

after Parliament, as it has survived in the past, because that is fundamental to Parliament. It has been like that for centuries, and it will continue. Whether or not this house continues to exist is not for me to say.

In my book, the fact that a partisan majority in the House of Commons, of whatever stripe it is—blue, red, green, call it what you want—is able to crush a combined opposition and an amendment based on principle and on established parliamentary practice, does not give that party or the Crown the right to ride roughshod over the rest of Parliament, over the Senate. The amendment may be crushed, but the practice and the principle live on.

[*Translation*]

Of all the comments I have heard in this debate, and my intention was to refer to that even if many of the senators who spoke before me raised the question, I must say that Senator Murray's comments especially troubled me. While he probably intended to give his words the effect of cannon fire, they rather had the smell of a firecracker.

Under the circumstances, while recognizing his democratic right to speak, I must conclude that it would have been better if he had remained silent, because by brandishing the threat of Senate reform in the terms he used, he lowered himself along with this institution.

Certainly I did not feel personally concerned, because as a great democrat I am all for Senate reform. I favour a representative Senate. I said so during my first weeks in the House of Commons 16 years ago. I have not wavered on that. God knows if we have made efforts and attempts to correct that problem.

It is my feeling that the current government, if it wants to address in turn the task of reforming the Senate in cooperation with the provinces, in a spirit either of vengeance or creativity, will realize it is no easy matter.

In any case I have not come to the Senate as a repentant. My position has not changed. I must say that Senator Murray's comments are simply one form of blackmail. He got stuck in his reasoning. I do not know how he will get out of it. However, his words are fraught with consequences. They show a strange resemblance to the comments made by Lise Bissonnette, editorial writer for *Le Devoir* as quoted by Senator Flynn. This is an editorial I have difficulty holding in my hands for all its partisanship, its onesidedness, its ignorance.

What is funnier still is that the title, "Senate Games", appears below the newspaper's slogan: "Fais ce que dois". The sad thing in the circumstances is that *Le Devoir* is doing only half its work. It should set the options before the public. It has failed to do so. It did not even attempt to do so. *Le Devoir* is already sold to the concept of Senate abolition. So is Mrs. Bissonnette, so is Jean-Louis Roy.

However, I would like to quote the words of that newspaper's founder, Henri Bourassa when he spoke during the naval debate under Borden.

Honourable senators will recall that at that time, Borden was speaking to a public which had been handed out small Union Jacks, but this is unimportant. Borden was reviewing his naval policy, stressing the seriousness of the situation in England and threatening to reform the Senate if it refused to approve the measure. History is repeating itself.

The purpose of the then legislation clearly is different from that of the bill now before us. But the principle is the same. He threathened to reform the Senate if it refused to approve the measure. Senator Murray could not have said it better.

But Bourassa, founder of *Le Devoir*, the paper who is now asking that the institution be abolished had this to write:

> That threat has not been issued by the statesmen or the gentlemen, but by the leader or rather the instrument of an arrogant faction led by gingoism and gold from the armaments trust. The Senate would be unworthy of its role, it would deserve public scorn were it to bow before that gross blackmail.

• (2200)

[*English*]

Honourable senators, I move the adjournment of the debate.

Senator Flynn: I do not understand. Does it mean that there is a refusal to vote on the motion? Is the filibuster to be continued?

Senator Argue: One day's debate is not a filibuster.

Senator MacEachen: Honourable senators, I indicated earlier that we would like to continue the debate tomorrow and, accordingly, my colleague moved the adjournment of the debate. I thought the Leader of the Government and I established earlier the understanding that we would continue the debate tomorrow. It is within our right to move the adjournment of the debate, and we do not intend to be intimidated by the honourable senator who has made a practice tonight of disrupting the proceedings.

Senator Roblin: Speaking on the point of order, it is perfectly true that my honourable friend said that he intended to speak tomorrow, but there was no agreement, as far as I am concerned, about adjourning the debate. That was his statement and it certainly was not accepted by me in any way whatsoever. I think this house ought to continue its discussions tonight for some considerable time yet. It is only a little after 10 o'clock.

Senator MacEachen: The motion, please.

Senator Roblin: I have to admit that the motion is not debatable, but I warn you that I shall call for a standing vote on it.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Gigantès, that the debate on this motion be adjourned until the next sitting of the Senate.

[*Translation*]

Senator Flynn: Honourable senators, I rise on a point of order.

The motion now before the house is to the effect: That the Standing Senate Committee on National Finance be instructed to report on Bill C-11, an Act to provide borrowing authority, later this day.

This is my point of order: if the Senate votes for the adjournment, it will become impossible for the committee to report on this bill later this day.

Consequently, the motion would become meaningless. In other words, the vote is on the substance of the motion as much as on the motion to adjourn.

I would really like some clarification on this point.

• (2220)

[*English*]

The Hon. the Speaker *pro tempore:* I would like to hear from other senators on the point of order that has been raised by Senator Flynn.

Senator MacEachen: Honourable senators, the motion before the house is a motion to adjourn the debate, and that motion is not debatable. It is, I think, fully in order.

The motion moved by the Leader of the Government in the Senate is not before the Senate at the present time. The motion for which honourable senators have been called is the motion to adjourn the debate on the motion moved by the Leader of the Government in the Senate.

Senator Roblin: I think, however, the point of order is of some interest because the information sought by my colleague relates to the fate of the resolution and the adjournment that accompanies it. He wants to know whether the phrase "later this day" will be interpreted tomorrow as being later this day, meaning the date on which the vote on the main motion is taken. If that is the case, that would certainly suit me. However, the point is one on which, perhaps, there may be some difference of opinion and for which we might require a ruling. Therefore, I think it in order for us to ask His Honour to tell us whether, in his opinion, the term "later this day" means effective the day the resolution is decided by the Senate, rather than the day on which it is introduced.

Senator MacEachen: Honourable senators, I fully agree with the interpretation that the Leader of the Government has put forward: that the motion, if dealt with tomorrow, in his phraseology, would be fully relevant tomorrow. It is frequently the custom in legislative assemblies to say "later this day" in relation to a matter being dealt with, and the custom is, further, that it takes its place on the order paper and does not lose its relevancy as a result of "later this day" itself becoming outdated. If one were to accept the notion that "later this day" meant the day upon which the motion was moved, then the motion itself would have a self-imposed time limit and, therefore, that would not be my interpretation, and I support the interpretation which the Leader of the Government in the Senate wishes to give. I apologize if I misunderstood the point of order made by Senator Flynn.

Senator Flynn: I maintain that, in my view, the intention of the motion is certainly that the vote should be taken on the day of presentation. Otherwise, it would be too easy to do as has been done today; in other words, pursue the debate indefinitely. When you want the committee to report today, and you have the Senate saying, "No, it can be any day in the future," then the motion entirely loses its object or its purpose. It is obvious to me that the intention is quite clear in the motion itself. If we adjourn tonight, the motion is dead. You are voting against the substance of that motion at the same time as you are voting for the adjournment.

Senator MacEachen: That is not my view, honourable senators. I would think that if one were to accept the interpretation that is being suggested by Senator Flynn, then there would be a self-imposed time limit on a particular motion, and one could not impose the time limit until the motion was accepted. That seems to me to be a highly irregular situation.

Senator Phillips: Honourable senators, on the point of order raised by Senator Flynn, if the motion were made to adjourn this debate until March 15, it would be in order. However, I think Senator Flynn has a very pertinent point when he says that the original motion stated "later this day." As I recall the remarks of Senator Hicks, he used the word "forthwith." I hope the Chair will take that into consideration when making a decision.

[*Translation*]

The Hon. the Speaker *pro tempore:* Honourable senators, this is a difficult matter to resolve in view of the wording of Senator Roblin's motion. If the motion clearly stated that the vote must be held later today, or on a specific day, I would probably have no difficulty with the point of order raised by Senator Flynn.

However, there is no date mentioned in the motion. Therefore, my interpretation of the motion is that it will be decided upon when the vote is taken. I think that the intention of the Leader of the Government was that this motion be put to the vote one day or another.

This is a difficult task in view of the seriousness of the point of order which was raised. However, under the circumstances I think that the motion will have to appear on the order paper for tomorrow's sitting. This is how I interpret the motion before me.

[*English*]

Senator Roblin: For the sake of clarity, may I paraphrase Your Honour's ruling that the operational part of this motion will come into effect on the day on which it is passed; not on the day on which it is moved. Therefore it is alive tomorrow. I have to admit that that does not suit me one little bit. I want it to be settled today but, as I have said before, 70 beats 25 any day of the week, and I recognize that fact.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Gigantès that the debate on this motion be adjourned until the next sitting of the Senate.

Is it your pleasure, honourable senators to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

Motion of Senator Corbin resolved in the affirmative on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kirby
Anderson	Langlois
Argue	Lapointe
Barrow	LeBlanc
Bosa	Le Moyne
Cools	MacEachen
Corbin	McElman
Cottreau	Neiman
Davey	Sinclair
Fairbairn	Stewart
Gigantès	Stollery
Guay	Thériault
Haidasz	Turner
Hicks	Wood—29.
Kenny	

NAYS

THE HONOURABLE SENATORS

Barootes	Murray
Bielish	Nurgitz
Flynn	Phillips
Kelly	Robertson
MacDonald	Roblin
Macquarrie	Tremblay—13.
Marshall	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

PENSION ACT

BILL TO AMEND—THIRD READING

Hon. Jack Marshall moved third reading of Bill C-28, to amend the Pension Act.

Motion agreed to and bill read third time and passed.

● (2230)

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Heath Macquarrie moved the second reading of Bill C-22, to establish the International Centre for Ocean Development and to amend the Financial Administration Act in relation thereto.

He said: Honourable senators, two speeches from me in one night is a violation of the prohibition against double jeopardy for honourable senators. Also, honourable senators, I have been sitting here listening to points of order, enduring standing votes, sitting in the evening, and thinking that I should have stayed in the House of Commons. I thought I had left this sort of thing behind.

Hon. Charles McElman: You don't really mean that.

Senator Macquarrie: No, and you know that.

Honourable senators, although I do not like the hour of the day, I am pleased to have the honour to bring this bill to the baptismal font. It means a great deal and adds a dimension to our internationalism. The bill deals with a most important food area, primarily the culture of the sea.

I noticed that in the other place there was a discussion involving members of all parties, and that the measure passed all stages within a couple of hours. I think that that is an indication of support for this measure to establish ICOD. I am overwhelmed by these alphabetic conglomerations, and I am not quite sure which is the more favourable. I was ready to have a little play on words about the importance of the word "cod." I was going to wax eloquent about the importance of the cod fishery to Atlantic Canada. I sent to the Library for the old Nova Scotia coat of arms which Senator MacDonald of Halifax, so young, did not even remember, but Senator Hicks did. Then I happened to read what was there and I noticed that my wonderful codfish turned out to be a salmon. Why Nova Scotia is so famous for salmon while New Brunswick is not, I am not sure, but it is a noble fish. It is a fine coat of arms although it has been replaced by one even more authentically Scottish.

● (2240)

Down in Massachusetts, of course, in the very Assembly of the Lower House, a golden cod recalls the importance of that

particular fish to that old state, "commonwealth" as they call it.

The background of this institution is splendidly bi-partisan. We read in the brochure from ICOD that the then Prime Minister Trudeau presented the Commonwealth heads of state in Melbourne in 1981 with a commitment from the Canadian government to establish this very important centre. The then Prime Minister said that, with an operational budget of approximately $20 million Canadian over five years, the International Centre for Ocean Development, ICOD, would seek to help developing countries get optimum return from the recently-expanded marine resources, with a major focus being on the oceans as a source of food. He said that the centre would provide information, research, training and advisory services and would be a vehicle to ensure that developing countries would receive a tangible return on the jurisdictional gains which they made at the UN conference on the Law of the Sea. Of course, that indicates, honourable senators, the timeliness of this development as following from the very important International Law of the Sea conference.

This came to fruition when the centre was opened in Halifax in November 1983. In the Speech from the Throne, read by His Excellency on December 7, 1983, reference was made to this important new establishment. The fascinating thing is that this organization, like IDRC, draws from experts, concerned people, from countries other than our own. The board is composed of Canadians plus others. I believe IDRC has set a splendid standard in that very field, as well as in its accomplishments. There is much of the IDRC pattern in ICOD.

Honourable senators, because it is late, I will synopsize. I believe all honourable senators have a copy of the attractive brochure which lists some very interesting aspects. It makes mention of the living resources, food for direct human consumption, thin fish, shell fish, marine plants, fishmeal oil and other by-products of mariculture. I mention the word "mariculture" because I think it might impress Senator Hicks. In Prince Edward Island, we talk about "aquaculture." Now the "in" word which embraces the briny, saltwater fish is "mariculture." For us in Prince Edward Island, where we have freshwater trout and saltwater trout, "aquaculture" is the proper term to use.

Honourable senators, I like the eclectic aspect of ICOD. It plans to draw upon the indigenous expertise, which I believe is a wise project. In a way, they will be shepherding research that is based in various parts of the country. We are very proud that there is under way in Charlottetown an Atlantic veterinary college and that our great Premier, James Lee, a splendid diplomat, worked well, long and successfully with the former Minister of Agriculture, Eugene Whelan, to put that in place.

Hon. Allan J. MacEachen (Leader of the Opposition): A former diplomat.

Senator Macquarrie: Yes, indeed. They put in place an aquacultural component which will add an important dimension because in that part of the country agriculture and fisheries are still very important industries.

I hope that someone from the University of Prince Edward Island, which is the parent of the Atlantic Veterinary Institute, will be placed on that board. I might even be so obliging as to give to anyone who wants it the exact name of the right person for the job. That person would be highly qualified, an adornment and a most important functionary on such a body.

One tremendous challenge—although it may seem like a simple matter, it is profound—is to halt the daily wasting of products of the sea. When I go out fishing mackerel on the north shore of Prince Edward Island, I am made aware of the fact that the seagulls get more of the product than the fishery.

Our farmers in Prince Edward Island have to purchase this rather unpleasant-smelling product called fishmeal which is important in the production of poultry. It costs a fortune. We import all sorts of that product from Peru; yet, we throw away our own herring, mackerel, cod heads, and God knows what because we have not achieved sufficient expertise to know what to do with it at the right time.

I have a friend, a businessman in Charlottetown, who was very helpful to the Cubans in establishing in their mother ships the processing equipment which cut into all that waste. They found valuable by-products. Nothing should be thrown away, not even the bones.

Honourable senators, one cannot refer to the debates in the other place, but one can summarize. I was impressed by a member from Newfoundland who was discussing some of the problems there. Not only do we have that kind of wastage because we do not utilize the product, but quite often our market creates the same situation. A friend of mine in Prince Edward Island told me that he and his sons had to throw away two tons of mackerel in the fall of the year. Mackerel is one of the truly great fish.

Hon. Philippe Deane Gigantès: Hear, hear.

Senator Macquarrie: It is not found very often in this part of the country because it does not stay fresh long or freeze well. It is a magnificent, tasteful delight. Yet, we cannot seem to accommodate that. The Russians come in off the north shore at the time of the year when the mackerel are not to be found there. I am aware, honourable senators, that the former Minister of Fisheries and Oceans is in our presence, and I am sure he knows of this problem.

Senator MacEachen: Perhaps not.

Senator Macquarrie: He does not disagree with me. He would not be in favour of wasting fish. I was sure he is a conserver. I know the Leader of the Opposition must be very familiar with this measure because a few months ago I read that the institute might be set up in Vancouver or Halifax. It was set up in Halifax. I don't know whether the former minister wants to take any bows for that or not.

Hon. Duff Roblin (Leader of the Government): There are no Grits in Vancouver.

Senator Macquarrie: I thought at the time that Halifax would be a good place for it, and I guess someone else did too.

Honourable senators, I would love to talk fish with you all evening, but I have some regard for your comfort and, perhaps, for my own.

I ask you to look favourably upon this bill. It strikes me as a well-written piece of legislation. I was always taught the difference between good English and legal English. It is an interesting bill. It sets out its aims and its purposes which are to be highly commended. It is a well-structured bill. It has had support in the past from people of different parties and, I believe, from the country as a whole. I was a little sad that so little attention was paid to this when the idea was structured and institutionalized. I could find only one newspaper article about it, and that was carried in the Charlottetown *Guardian*. It was from Mr. John Harbron of Thomson Newspapers. He is the farm policy man. No one else seemed to notice the article. The Senate can take a good look at it, and perhaps make it an approving one.

On motion of Senator Hicks, debate adjourned.

• (2250)

WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Martha P. Bielish moved the second reading of Bill C-29, to amend the Western Grain Stabilization Act.

She said: Honourable senators, I have often hauled grain at this hour of the day during harvest, but I never thought that I would have to speak on the Western Grain Stabilization Act at this time of night in the Senate. I welcome the opportunity to speak in favour of the legislation to amend the act. Bill C-29 is one of great importance to western Canada, not just to grain and oilseed producers, but also to the residents of towns and cities across the west, and, in fact, to the economy of the nation as a whole.

I should like to mention two things: Although only 4 per cent of Canada's population are primary producers, one job in ten is generated by the agribusiness sector. Agriculture is important to Canada's balance of trade, consistently making up 10 per cent of export earnings.

The purpose of the Western Grain Stabilization Plan is to stabilize incomes of western grain farmers by protecting them against sharp declines in net cash flow. It was developed during the mid-1970s at a time when the prairie economy was in a recession. The intention of the program was to put money into the hands of farmers at that critical time. Initially the program worked well, and, in theory, it should still work well. However, in practice it has failed to fulfil adequately its mandate, and that can be attributed to some weaknesses in the legislation.

Since the Western Grain Stabilization Plan was introduced in 1976, there have been payouts of $115 million for 1977, $253 million for 1978, and $223 million for the 1983-84 crop year. Yet grain producers have experienced financial difficulty in years in which there was no payout. Even when the program has triggered a payout, the money has always been paid after the year ended.

[Senator Macquarrie.]

Two years ago, some members of the present government asked for amendments to improve the legislation. They wanted to correct a number of problems, including the payout formula, producers' inability to withdraw after three years, and the exclusion of spouses from multiple participation in the program. Furthermore, they wanted to explore the possibility of calculating payments on a regional basis. But in particular they wanted the legislation amended to provide for interim payments. At present the act does not allow for payment until after the end of the crop year.

After much delay, the amending legislation was finally introduced last spring. The government of the day included in the bill some suggestions from across the floor, but ignored others; and because the legislation was brought forward at the last minute, the house committee did not have sufficient time to further improve the act.

It is extremely important that producers receive their payments as early as possible. The greatest need for cash is in the spring when they are planting their crops, and in the summer prior to harvest. An interim payment is a welcome payment indeed. For that reason, it is difficult to understand why the last government brought in legislation permitting an interim payment for only last year.

The legislation before us is intended mainly to amend the act so that interim payments can be made during the crop year and before spring seeding if necessary. Such payments would be authorized so long as they do not involve the risk of overpayment.

The producers' need for cash flow this spring is serious. This amendment would allow for a substantial payment for the 1984-85 crop year to be made before seeding time this spring.

The second amendment contained in the bill is a housekeeping matter. It would retroactively deem all previous orders in council raising the maximum level of grain sale proceeds eligible for levy payments under the act to have been passed, registered and published in the Canada *Gazette* in accordance with the Statutory Instruments Act. This matter is outstanding from 1984 when the act was amended by the previous government. Support was given to the amended legislation last June so that producers would receive a partial payment before harvest.

Honourable senators, we can assume that the reason that many grain producers are still operating is because small local businesses are carrying their accounts. At the same time, we know that a significant percentage of prairie farmers are currently in arrears on their farm mortgages.

The problem of farm financing has been identified as the number one problem facing Canadian agriculture today. Bad weather can take some of the blame for crop producers' problems, but part of the blame must be placed on an inadequate agricultural policy over the past few years.

This government, however, is correcting certain policies and programs and introducing new measures to ease that situation. In November the government announced a rebate on farm

fuel. That action will result in a saving of some $100 million per year for Canadian farmers.

Shortly after, the Minister of Agriculture announced a number of measures to assist farmers with loans from the Farm Credit Corporation, including a temporary moratorium on foreclosures by the FCC. Then, on January 15, the minister announced that some 5,600 Farm Credit Corporation borrowers could be eligible to have the high interest rates on their long-term loans converted to 12.75 per cent—a move representing benefits of up to $16 million per year for five years for those farmers. Most recently, on January 21, the Farm Credit Corporation's interest rate on five-year loans was also reduced to 12.75 per cent.

Obviously the government is serious about assisting Canadian farmers. Action has already been taken or is being planned in a number of areas. Improving the Western Grain Stabilization Act is a high priority.

Farming is a multibillion dollar industry that goes on every year irrespective of whether the weather is favourable or not. If farmers do not have the money, they borrow it at significant cost. There must be special consideration shown for people who invest their lives in the production of food.

• (2300)

The bill before us today would amend the Western Grain Stabilization Act so that a payment could be made to producers in the spring of any year that the formula triggers a payout. By making cash available in the spring, we can help producers save interest costs. Besides, the money in the Western Grain Stabilization Fund rightfully belongs to farmers. If they need it before the end of the crop year and it is coming to them eventually, then it should be paid to them when they need it most.

Canadian farmers generate close to $20 billion in sales annually. About half of that is generated in the three prairie provinces. We have a responsibility to do all that we can to support our important agricultural industry and the grain producers of western Canada. That is why the Western Grain Stabilization Act must be amended as soon as possible. The proposed amendments are long overdue. As the Minister of Agriculture pointed out last week, what this legislation is really doing is taking care of unfinished business because the legislation amending the act last summer was inadequate. This bill was introduced to make the act more responsive to the financial needs of western grain farmers and it finishes what was left undone last June.

Bill C-29 would amend the act so that when a stabilization payment is warranted in the future it can be paid either before or after the end of the crop year at the minister's discretion. Of course, the payments would be made at a level that would present no risk of overpayment.

Honourable senators, spring is approaching. Farmers are already preparing for seeding time. For a lot of them it will not be easy to finance this year's crop. They will need all the help they can get. By supporting the proposed amendments we will be assisting them this year and in the future. I would also like to point out that the bill was passed through all three stages in the other place on Friday last with the agreement of all parties.

On motion of Senator Argue, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 21, 1985

The Senate met at 2 p.m., the Honourable Rhéal Bélisle, Acting Speaker, in the Chair.

Prayers

BUSINESS OF THE SENATE

ADJOURNMENT MOTION

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 26th February, 1985, at 2 o'clock in the afternoon.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am in a peculiar position, in that I should have spoken to my colleague before.

I think it would be advantageous to postpone the presentation of this motion until after we have had the vote on the principal matter before us with respect to Bill C-11. Therefore, I believe the question should be put later this day.

[*Translation*]

BORROWING AUTHORITY BILL, 1984-85, (No. 2)

MOTION TO INSTRUCT NATIONAL FINANCE COMMITTEE TO REPORT NEGATIVED

Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C.:

> That the Standing Senate Committee on National Finance be instructed to report Bill C-11, intituled: "An Act to provide borrowing authority", later this day.—(*Honourable Senator Corbin*).

Hon. Eymard Corbin: Honourable senators, before moving adjournment of the debate yesterday evening, I briefly referred to several comments made in articles that appeared in the newspaper *Le Devoir* which were full of mistaken notions about our parliamentary tradition. I shall not comment further on the sages of St. Sacrement. I had reached the conclusion that this chamber, as a matter of principle and for very fundamental reasons arising from the historical development of the Canadian parliamentary system—representation and responsibility—should not grant the government borrowing authority until the government complies with established parliamentary practice.

What we are seeing here is an unprecedented parliamentary strategy being used by the government, as Senator Stewart explained so admirably yesterday. That is the whole point, no more and no less.

We on the Liberal side, despite threats and a form of blackmail, have remained firm. Our position is that we must protect the government against its own excesses and insist, across the board, on the government's obligation to be accountable to Parliament.

Our actions have a constitutional background. They are based on the concept that both houses of Parliament have a right to examine requests made by the Crown.

[*English*]

It goes back to the Magna Carta. It is as simple as that. Just for the heck of it, I thought I should take a peek into past debates of the Senate to find out what some of the government members of today said when they were in opposition. I must admit that it was a pretty depressing exercise to have to go through some of those speeches, but nevertheless I survived. I could not believe my eyes at what I read. For example, at page 4377 in the debate on the Borrowing Authority Bill, 1982-83, which at that time was Bill C-111 and the bill was in the second reading stage, Senator Doody said:

> If the Parliament of Canada—

He did not say "the Senate." I repeat:

> If the Parliament of Canada is not to have control of the public purse, then dismiss it, send it home, and forget this farce completely, because control of the public purse is by far the most important function of the parliamentary system, as is avowed.

He said "the parliamentary system". He did not distinguish between the House of Commons and the Senate.

We are part of the whole process, the total system, are we not, honourable senators; and where is Senator Doody now that we need him?

Honourable senators, I found another relevant morsel of parliamentary wisdom and respect for the system of parliamentary control in *Senate Debates* of July 29,1982, at page 4735, which is Appendix "A", a report of the National Finance Committee to the Senate on the subject matter of, at that time, Bill C-125 to provide supplementary borrowing authority. One may well wonder why the current government, if it was in such dire need of borrowing authority last fall, did not refer that subject matter to the National Finance Committee at the time. All members of this house would have had ample opportunity to find an acceptable, an honourable, compromise in the best of parliamentary traditions. But, no, the bill was dragged on in the other place until the very eve of adjournment for Christmas. We were all sent home for some

three or four weeks, and when we returned we were expected to jump at the sound of the first gun.

Management of the parliamentary program is not my problem. It is the problem of the government house leader in the Senate. I do not know if he is capable of standing up to the Minister of Finance, but he should have accepted the honourable compromise that was put forth by my leader in the Senate, and we should have seen some action on it, instead of muleheadedness.

In any event, I quote from the report to which I have just alluded, and for all practical purposes let me call it the Everett report, from the name of its chairman. The following is a direct quote:

> The Committee made it clear that parliamentary approval of borrowing was a necessary part of the control of the executive by the legislature. It was not sufficient to claim that Parliament already exercised control through the approval of expenditure estimates. Parliament also traditionally considered the government's proposals for raising revenue including the authority to borrow.

—"including the authority to borrow."

Can government members today continue their partisan propaganda that this house, indeed this party, has no business entering into the government's plans and dicta? The quotation I just read was not the work of a partisan faction. It expressed the collective view of the members of the Finance Committee of the day, the majority of which, I suspect, were Liberals. I did not have a chance to check, but I think my assumption is a fair one, and Liberals have not changed one iota in their reasoning. I will suggest that the debate of the last few days and weeks addressed itself to the Everett report and particularly to the paragraph I just quoted. I, for one, am glad that there are women and men who will stand up to protect fundamental parliamentary privilege and tradition.

• (1410)

Hon. Duff Roblin (Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: I remind honourable senators that if the Honourable Leader of the Government speaks now, his speech will have the effect of closing the debate on this motion.

Senator Roblin: Honourable senators, I must express my prejudice right at the start by saying, in the conventional phrase, that this debate of the past few days has generated little light but a great deal more heat. I am happy that Senator Murray, Senator Flynn, Senator Phillips and others of my colleagues so ably defended the position the government has taken. I think, to take a phrase from Senator Hicks, they have demolished the arguments of the Grits, and I am not sure that I can do very much to improve on that score. But perhaps there is a comment or two that I should make.

Some of these speeches have been rather predictable, perhaps even repetitive. I shall not embarrass any senators by referring to names. But it is only fair to say that there were one or two speeches to which I listened in the past few days and about which I wish to take some particular notice. One was the speech of the Honourable Leader of the Opposition. I want to clear away one small point. It is of not much significance but perhaps for the sake of the record I had better do it. It has to do with Senator MacEachen's allegation that if we had got our act together last Thursday we might have made better progress than we did. Of course, last Thursday we held a meeting of the Finance Committee. I shall not refer to it in specific terms, but I can say that it started out *in camera* and after a very lengthy protest by those of us on this side of the house, it was decided to open the doors. For that I am thankful, because there was before the committee, presented in the name of the Leader of the Opposition, although not by him personally because he was not there, a resolution that seemed to some of us to be without merit and, perhaps, would actually impede the course of events. It became clear in that meeting, however, that there were some who wished to pursue it to a conclusion then and there. In order to prevent that from happening, I thought it well to tell the committee that the Minister of Finance would be willing to deal with that resolution and to indicate to them where it was defective. As he was in Regina at the First Ministers' Conference, the very first opportunity on which he could appear was Monday, which he did, and his evidence was sufficiently convincing that the Leader of the Opposition himself withdrew that resolution.

That I think indicates some reason why it was wise to have the Minister of Finance in attendance and why his appearance prevented the committee from doing something that would have been non-productive and, indeed, ill advised—a fact which is recognized by the Leader of the Opposition himself as evidenced by the fact that he withdrew the motion.

I wanted to clear the record on what is really a rather insignificant part of our proceedings. But it does deal with this question of "getting your act together," and I intend to return to that subject before I resume my seat, because the government has been accused of failure to conduct its affairs in proper style.

It is also necessary, I think, that I should at this time deal with the charges of another member of this house, the honourable Senator Kirby, who expressed at some length last night an opinion held by others of his party, namely that on this question of the provision of financial information the Progressive Conservative Party has done a flip-flop. Senator Kirby and his friends, as I see it, are well on the way to trying to establish a completely false myth of the actual situation—

Senator Hicks: No, no.

Senator Flynn: Yes, yes.

Senator Roblin: I am prepared, Senator Hicks, for your edification—because obviously, from your comment, you need it—to say why I take that view. I want to deal with some aspects of what has been called the "Stevens' principle," because Mr. Stevens is the member of the House of Commons who is prominently associated with the activities of my colleagues in that place several years ago with respect to the constitutional propriety of certain of the then Liberal govern-

ment's initiatives. Some have contended that the present government has violated its own traditional principle on borrowing authority, a principle that has come to be known as the "Stevens' principle."

The "Stevens' principle" is quite simple: any borrowing authority sought by the government should be based on a forecast of financial requirements. Let me give you the historical context in which this developed.

In October, 1978, the government sought authority to borrow $10 billion in the fiscal year 1978-79 for 1979-80, a year in which there were no published fiscal forecasts. Sinclair Stevens, then the opposition financial critic, stated in the other place in October of 1978:

> Where are the facts and figures? Why does the minister need this blanket borrowing authority of $10 billion for fiscal 1980, which is the period from April 1 of next year to March 31, 1980?

At the end of his speech, Mr. Stevens moved that:

> —this House holds the opinion that the granting of an authority for massive borrowing in a future fiscal year, in advance of any budget presentation for that year, is objectionable in principle and this House therefore declines to give second reading to Bill C-7.

Note that he used the words "any budget presentation." If honourable senators will read the debate that occurred at that time, or any other debate in which our party participated, they will find that it becomes clear that the key issue was the absence of a forecast of revenues, expenditures, and financial requirements.

That was not the first time they were confronted with that situation. Less than a year later, Parliament was again asked to provide borrowing authority in the absence of fiscal projections, this time for fiscal 1983-84.

The "Stevens' principle" is quite simple: Parliament should not be asked to approve borrowing authority in the absence of published evidence that the authority is needed. The authority should be based on the financial or cash requirements of the government. The financial requirements, very simply, are the deficit less non-budgetary sources of revenue.

● (1420)

In the case in which we are now engaged, there was an economic statement delivered on November 8, 1984. On page 17 of that economic statement, this government published a projection of its expenditures, revenues, deficits, non-budgetary sources of funds and cash requirements. In short, a budgetary projection has been published. In other words, everything is available that would have been available if the government had tabled a budget.

This statement is not a party statement by me alone, because in the evidence before the committee—and I will make reference to this—the Deputy Minister of Finance said the same thing. He told the committee that they had the facts; that they were receiving all of the facts that they would have received in a budgetary presentation. I wonder—

[Senator Roblin.]

Senator Corbin: And then he disappeared.

Senator Roblin: And then he what?

Senator Corbin: And then he disappeared.

Senator Roblin: Who disappeared? The deputy minister? The deputy minister came back with the minister on Monday. He was there.

Senator Guay: No he was not.

Senator Roblin: So what?

Senator Guay: And then the minister disappeared before the end of the meeting.

Senator Haidasz: He walked off in a huff.

Senator Roblin: My honourable friends cannot get around the point that they were told by the Deputy Minister of Finance, who is not a politician, what they could find in that statement. I do not think they took the trouble to read it. I do not think they took the trouble to examine the information that was given to them. If they look at page 16 and page 17 of the Economic and Fiscal Statement, what will they find? They will find the position as set out in the Budget of February 1984 as a starting point. Not a bad place to start.

In addition to that, they will find outlined in this statement the economic changes that had taken place. So I say to my honourable friends on the other side that they had the up-to-date figures, the latest figures on November 8 of last year. Let me read them to the Senate, because the Senate is saying that it cannot approve a borrowing bill because it does not know the facts. It says that unless they get the estimates, they will not know the facts. That is a patent hypocrisy that should be blown out of the water.

Budgetary transactions:

Revenue for the period 1985-86: $70.050 billion

Expenditures: $104.968 billion

Deficit: $34.918 billion

Plus all of the supporting information that is necessary to take you from the Budget of February 1984 to the position in 1986. And honourable senators say that they do not know the facts and cannot vote for this bill!

I ask honourable senators to look at the timing: This statement was delivered to the country and, surprisingly enough, to the desk of every person in this house—although one would never know it—on November 8, 1984. When did the finance bill come down in the house? It came down on November 23, 1984. When did the second reading commence? It commenced on November 28, 1984. That is not stale-dated information. That is the latest information available in this country, and the official statement of the Government of Canada.

We are told by the fiscal experts on the other side, and the constitutional authorities that are looking at me now, that that is not good enough; that that does not represent an adequate basis for judgment in this matter. Honourable senators, I leave that to the public of Canada to decide. I think if we were interested in sound business practices—and we have heard enough about that—I dare say that the senators who were

interested in that would have taken the trouble to look at the latest statement of November 8, which was followed by a bill about 20 days later, in order to acquaint themselves with the information—information that they will never find in the estimates they are waiting for, and which they say is the principle upon which their present policy of obstruction and of negation is based.

An Hon. Senator: False.

Senator Roblin: I think that argument bears little examination. If my honourable friend wishes to express himself, let him do so in parliamentary language, and let him do so on his own time. He is not going to do it on mine.

There has been no flip-flop, Senator Kelly—no, I apologize, it is Senator Kirby. If Senator Kelly were here, I would apologize to him. There is no flip-flop, Senator Kirby. We were consistent in asking for the financial information relating to income, expenditures, debt and borrowing when we were engaged in debate on this matter in the other place, and in this case and in this chamber we have given them—and we have given them in a timely manner so that they could be used by those legislators who were concerned about the application of business principles to government. There has been no flip-flop. That has been the consistent position of the Government of Canada.

I now wish to deal with another issue. I wish to deal with the concept expressed by the last speaker, which was dealt with at some length by Senator Kirby last evening, and which was a recurring theme in the speeches made by the Leader of the Opposition, and mentioned perhaps by every other person who has objected to the manner in which the government has handled this bill. It has something to do with, I suppose, "get your act together", because the suggestion has been made that if we are in a pickle today, if the Canadian dollar is being influenced by what we are doing in this house, we have only the government to blame—and particularly the Leader of the Government in the Senate, I suppose.

Senator MacEachen: Not really.

Senator Roblin: The recurring theme has been not only is the leader to blame, he had the solution in his hand. All he had to do was, somewhere along the line, agree to the reasonable proposal made by honourable senators opposite that the bill be amended. They recommended that the bill be amended by cutting out Part II, which has to do with the next fiscal year. They asked that we restrict it only to the money required for this fiscal year, and lo and behold, not only would the bill be passed by the Senate, but according to Senator Kirby, Royal Assent would be secured.

When Senator Kirby spoke last evening he used a phrase that I think was a kind of throw-away line that came to his mind as he spoke, but that throw-away line certainly put me on my guard. Quite gratuitously, and having nothing to do with this bill whatsoever, he accused the administration of being interested in "managed news".

Well, I found that a singular expression to come from a gentleman like that, because when listening to Senator Kirby, I remembered that he is an expert at "managed news." I think he is even better than Senator Davey at "managed news," and that says something. There are some of us who have been around here long enough to remember the struggle that took place in this country over our Constitution and its patriation.

One of the most striking events of that whole discussion was a revelation to the general public that a memorandum had been written, which for lack of a better term I will call the "Kirby scenario." That "Kirby scenario" was a recommendation, written by a civil servant who, of course, had no political ties or inclinations, to the government of the day, and I imagine a copy went to my honourable friend sitting opposite—

Senator MacEachen: Absolutely.

Senator Roblin: —which advised a course of action as to how the government could get its way on the matter of patriation of the Constitution.

I am not going to read that report because it consists of 64 pages, but I have in my hand a number of news comments of the day, perhaps half a dozen of them. There is one that I intend to read, and that is the comment that appeared in the Ottawa *Citizen* of September 11, 1980 regarding this document and the government responsible for it. That comment states:

> The arrogance, the sneakiness and, yes, the naiveté of some of the language of the 64-page document is bad enough—
>
> It's sneaky in outlining options for setting one province against the other, for confounding the opposition in Parliament, for ducking through loopholes in the law and for brainwashing the people in order to achieve this end.

That is what I call management of the news; not only management of the news—

Some Hon. Senators: Hear, hear.

Senator Roblin: —but management of the opposition, management of the government in Parliament and management of the people. A more cynical and unsavoury proposal for the manipulation of the public by a government has seldom surfaced, and yet this gentleman gave me advice.

Senator Thériault: Until now.

Senator Roblin: Well, he will not give me any more. I am glad of that, but he was giving me advice. So, when I get advice from a source such as that, I tell you that that puts me on my guard. He said that if I had only done what he told me to do and split the bill, I would be home free. That is not the worst of it because another gentleman with acknowledged parliamentary skills, not to say accomplishments, the Leader of the Opposition, is the man who first gave me that idea.

• (1430)

If I consider the advice of the Leader of the Opposition and couple it with the advice of Senator Kirby and reflect upon the capacities of these gentlemen to conceive of interesting

notions, then I realize I had better be very careful about what I do with the advice I get.

Supposing I had accepted what they had told me at its face value. What do you think, honourable senators, would have happened? I would have walked over to the House of Commons and said to the leaders of the house, "I have an offer you can't refuse. You will be able to get half of your bill now and half later; the Liberals in the Senate said so. The Liberals in the Senate say that, if you will just amend this little bill, so it can be returned and debated all over again, plus a second bill to cover the second half of Bill C-11, they think this will go through the House of Commons in pretty quick time. You will get Royal Assent, and there will be no problems."

If I had advanced that proposition, I suppose one would have said to me, "Well, now, what makes you think it will get through the House of Commons this way so that Royal Assent can be given without loss of time?" I would respond, "Well, the Liberal senators told me so." It would then be pointed out to me that there are some Liberal members of the House of Commons and I might have been asked, "What do you suppose they are going to do? Have the Liberal senators offered you any assurance or any guarantee or any undertaking that their colleagues in the House of Commons will take their advice and pass this bill with reasonable despatch so we can have Royal Assent?"

Senator Phillips: They are from different parties.

Senator Roblin: I would have to respond, "No, I don't think they went that far." No doubt, they would then say, "Are they urging the principle that a deal made in the Senate is a deal that is binding on the House of Commons?" I would have to say that I did not think they are making that proposition because they did not agree to the reverse situation—they did not agree that the House of Commons binds the Senate. They would then say, "Well, it is interesting to have that assurance from the senators of the Liberal persuasion."

Then, of course, they would ask me another question which would be, "What do the NDP senators think about this proposal?" I am afraid I would have to say, "There aren't any NDP senators to be found, not so far as I know."

Senator Phillips: What about Senator Argue?

Senator Roblin: He turned his coat so long ago, we forgive him.

They would say to me, "There may be no NDP senators, but there are NDP members in the House of Commons. Do you suppose this offer by Senators MacEachen, Kirby, Corbin and others holds good for them?" Honourable senators, that would give me some pause. "Don't you know," they would say to me, "that the Liberals and the NDP in the House of Commons are fighting to see who is top dog? Are you not aware of the fact that the NDP in the House of Commons does not like the Senate? Do you really think it would fly that the NDP in the House of Commons would agree to the passage of this bill which had received the unanimous support of the House of Commons but was turned down by the Senate and sent back with another recommendation?"

Does anyone in this chamber think that a likely scenario, particularly as we know that, in the current Gallup polls, the NDP are points ahead of the Liberal Party in terms of public popularity? What an opportunity this would give them to establish their credentials with the Canadian people as the real opposition in the House of Commons.

If I went to them with a proposition like that, following the advice of Senator MacEachen and following the advice of Senator Kirby, they would say to me, "Roblin, you are being sold a pup." They would say, "Roblin, you have been conned, and you have been conned by two who are experts in the task; two con artists." I add to them the other members in this chamber who want me to do the same thing. Any politician who takes the trouble to use his brain will understand that the possibility of getting a quick return of this legislation from the House of Commons is nil. If you believe that, you will believe anything.

Senator Marshall: There may be NDP appointments to the Senate before we are through.

Senator Roblin: Maybe we will get them.

Senator Guay: This is the first time I have seen the Leader of the Government safeguarding the interests of the NDP.

Senator Phillips: They do not have a potential prime minister in that crowd.

Senator Flynn: Try to understand.

Senator Roblin: This short pause has given me an opportunity to collect myself after my emphatic remarks about the good advice I have been getting about how to get my act together in order to serve the public interest. Now that we have dealt with the realities of life and not the airy-fairy ideas that are propagated by some politicians in this chamber, who ought to know better; now that we have disposed of that erroneous and fallacious idea which never had a chance of flying in the House of Commons, let us get on to something else.

I want to come back to this question of getting my act together because that was one of the main themes that came across to me from what the Leader of the Opposition had to say. If he were talking about me alone, I think I have sufficiently defended my own activities to dispose of the matter; at least, it seems to me there is some merit in the defence I have offered.

However, he did not do that. He included in his strictures the Minister of Finance as one who "couldn't get his act together." When a former Minister of Finance charges the present Minister of Finance with such a grave dereliction of duty, it is difficult to ignore.

I think, in the life of any politician, there are painful moments. I can confess to that. I would not willingly expose myself to reproaches on some of those issues. I am surprised, indeed, that the Leader of the Opposition should have used that dangerous expression, "Get your act together," because he—we are all human—must have scars and wounds that are perhaps still painful resulting from his own activities of recent

years as Minister of Finance. I would be surprised if he did not. That is why it puzzles me that he saw fit to take on the present Minister of Finance in those terms.

Senator MacEachen: Give me some balm.

Senator Roblin: I have heard some people talk about him as "Wrong-way Al."

Senator MacEachen: No one ever called me "Al."

Senator Roblin: It has happened for the first time now, and I think it suits my honourable friend.

Senator MacEachen: "Allan J."

Senator Roblin: He understands his $10 billion budgetary error. He understands that it was the biggest error in budget calculations up to that time, at any rate. He understands his budget was regarded by all and sundry, in his own party and elsewhere, as something less than a success. If I were to call it an unmitigated disaster, I do not think I would be exaggerating.

Senator Flynn: It wouldn't be the first time.

Senator Roblin: As minister, he had to retreat as fast as he could, either changing his policies altogether, dropping them or otherwise accommodating himself to the expression of public opinion. This is the gentleman who is critical of the present minister.

I do not think the present minister is perfect. I think the present minister makes mistakes. I will include myself, quite willingly, in that category. I make mistakes.

Some Hon. Senators: No, no.

Senator Roblin: I say to my honourable friend that, in this particular instance—if Senator Haidasz would just be quiet for a moment—the obvious response is: Physician, heal thyself before you take after someone else.

Senator MacEachen: That is a "no-phrase."

Senator Roblin: It is an applicable and very apt phrase. If the cap fits, my friend can wear it.

Honourable senators, you will be relieved to know that I am coming to the end of what I have to say today.

Some Hon. Senators: Hear, hear.

Senator Roblin: I expected a little more applause than that. Can't you do any better than that over there?

Some Hon. Senators: Hear, hear. Hear, hear.

Senator MacEachen: I wanted more pain.

Senator Roblin: The response indicates to me that honourable senators are not particularly interested in what I am going to say, but I am going to say it anyway.

I want to tell my honourable friends, as one of my parting observations, that we must come back to the essentials of this matter. That is, that the cost of our obduracy, the cost of our failure to act on this now, the cost of our dragging our feet is real; and I don't care what Senator Sinclair says, or any of the moguls of finance around here, these costs are real and they are continuing. Every day the pressures mount. There is a problem, and we are part of the problem. Let me quote as follows:

● (1440)

> The Senate's refusal to raise the federal Government's borrowing authority added to the market's woes, traders said. Bond and treasury bill prices tumbled and interest rates leaped—

And we are part of the problem. Yet we sit here doing nothing about it.

Senator Haidasz: Let us hear what Governor Bouey has to say about it.

Senator Argue: What paper are you reading from?

Senator Roblin: My honourable friend can read it at his leisure.

Senator Argue: I don't know if anyone wrote it. What is the Leader of the Government quoting from?

Senator Roblin: This is from today's *Globe and Mail*. I am going to quote some more from it. I believe my honourable friend can read all right. He can read it for himself.

Senator Argue: We would like to know where you got it from. We can't read your mind.

Senator Roblin: There is something else that I want to advert to before I get through.

Senator Argue: We will be shattered.

Senator Roblin: You will be shattered by the *Star* too, because you will be hearing from that publication. They did not mention you in the *Globe and Mail*. Never mind, they might get around to it. They didn't mention me either. So we are all right on that.

Senator Flynn: They are trying to be on both sides of the fence.

Senator MacEachen: Let us have order, please.

Senator Roblin: The fact that I am speaking the truth when I talk about the urgency of the present situation, the fact that I am reflecting the facts of life when I tell the Senate that the delay is costing the taxpayers and the people of this country money, is borne out by the impression that is now being circulated about the position of the Senate and its place in our political life. I am talking about public opinion. There may be some honourable senators who are confident of their position, who feel that because they have been appointed until they reach the age of 75 years, or for life, whichever comes first, they can be satisfied that as appointed people no one can get at them; who are satisfied that this institution is so well regarded by Canadians that their position in this chamber and the status and function of this chamber is safe. I want to tell them that if they ignore public opinion in this matter, as they seem determined to do, I believe they will have cause to regret it.

Senator Haidasz: That is crass intimidation.

Senator Argue: That's Mulroney blackmail.

Senator Roblin: I will give you some blackmail.

Senator Haidasz: You are drunk with power.

Senator Argue: They have the majority in the Commons and they think they are going to dictate to the Senate.

Senator Roblin: I am so happy that I have a reactive audience. It would be terrible if I made this speech and all they did was sit and look at me, as some do. Isn't it pleasant that they decided that they want to get in on the act too and put in their two cent's worth. I like that. There's nothing like a little life and vivacity on the part of the opposition.

Senator Argue: Particularly in the Senate. Even senators are lively.

Senator Roblin: Senator Haidasz is a fine example of the thoughtful function of sober second thought on which we pride ourselves in this chamber, and I hope that he will give us the benefit of his advice on many more occasions in the future.

I am not going to talk about blackmail from Brian Mulroney. I am not even going to say anything about what the government intends to do, because I do not know what the government intends to do. But I am going to tell you what the public thinks the government ought to do. I will give honourable senators three references. One of them I do not have with me to quote, but it is familiar to all honourable senators. I'll bet that every honourable senator has it in his file. It is the opinion of the Toronto *Star* with respect to Senator Frith's suggestion that the Senate would use its constitutional veto power to frustrate the will of the House of Commons—and he mentioned the FIRA legislation.

The *Star*, which is not exactly a supporter of the present government, made its position abundantly clear. It said to Frith "Come off it", that he should recognize that this is not the Senate of 1867 but the Senate of 1985, and if he did not wake up to that fact of life, then the consequences—this is according to the *Star*, not me—have to be taken into account.

Let me give honourable senators an expression from French Canada—not from any Conservative politician. It is an editorial which was read in part yesterday by my colleague, Senator Flynn. He spared the Senate some of the more cutting and caustic comments, and I feel duty bound to repair that deficiency.

Senator Haidasz: Dispense.

Senator Roblin: The honourable senator has every reason in the world to say "Dispense". He should keep his mouth shut and his ears open and listen to this. I shall quote from *Le Devoir* of February 20.

Senator Flynn: It's in French.

Senator Roblin: The honourable senator can speak in French if he wishes. It reads as follows:

> Of Senate and Games.

If any honourable senator wishes to check my translation, he is free to do so.

> In order to manifest its deterioration publicly, the Liberal Party of Canada need only count on its own resources . . . Liberal senators have been doing that for the past few days with remarkably suicidal zeal by amusing themselves blocking a bill unanimously adopted by the House of Commons.
>
> Mr. Mulroney's government will be the only winner, while Mr. Turner's authority goes on losing weight in the public opinion as Mr. Allan MacEachen quite openly makes a mockery of that authority.

It goes on in part:

> In defence of their actions, the Liberal senators offer nothing more than a plea for the respect of a parliamentary "tradition" made sacred by those, namely, Mr. MacEachen and Mr. De Bané—

I am glad he is present to hear this:

> —who were filled with blind admiration for their former leader, Mr. Trudeau, when he wanted to break with tradition during the constitutional patriation period.
>
> Becoming even more ridiculous, Mr. MacEachen plays the virtuous man who does not want to sign a blank cheque, as if he was really asking himself whether the government will need these billions of dollars in 1985, he who presided as a Minister of Finance over the large deficits that these borrowings are now required to expunge.
>
> Admittedly, in theory, these non-elected people have the power to oppose the elected ones, but in practice, and because of the way they have been appointed, they have lost the credibility and the legitimacy to do so.
>
> Liberal obstruction has a cost. This delay in borrowing, in a period of rising interest rates, leads the Canadian government into unnecessary expenses. They are forcing the government to throw money out of the window.
>
> That recently appointed Liberal senators, with not enough to do, lonesome for petty politics, entertain themselves trying to settle old political scores, surprises no one, and this will allow the public to question even more seriously the usefulness of this institution.

In fact, I believe the Leader of the Opposition yesterday was trying to erect tit for tat into a parliamentary and statesmanlike position. That they are "trying to settle old political scores surprises no one, and this will allow the public to question even more seriously the usefulness of this institution". I will say to Senator Haidasz, this is not me, not Senator Murray, and not the government. This is public opinion. I will continue:

> But their golden pensions are already enough of a scandal—

Senator Thériault: May I ask the honourable senator a question?

Senator Roblin: I will not answer any questions until I am finished, and if it is a question of the honourable senator, I will have no difficulty whatsoever with it. I know that.

Senator Thériault: Does the Leader of the Government know how many readers of *Le Devoir* there are in Montreal and in Quebec?

Senator Roblin: I know how many readers *Le Devoir* has in the Province of Quebec, and I know that its influence extends into every nook and cranny of the intellectual community in that province. If the honourable senator finds the figure a comfort, he is welcome to it. This settling of:

> —old political scores, surprises no one, and this will allow the public to question even more seriously the usefulness of this institution. But their golden pensions are already enough of a scandal—

Get that point.

> —without their forcing the public to pay for their silly little games. Eventually it might perhaps be good to create another form of Senate. But the one that manifests itself today could not plead with greater eloquence the case for its abolition.

• (1450)

Senator Haidasz: How could you lower yourself to read such an article?

Senator Roblin: I have no trouble and I intend to read another one that is just as good. What the honourable senator seems to be saying is that he feels he can ignore public opinion. He says, "Pay no attention to what you read in the newspapers and, for God's sake, don't read it here because we might learn something." He is telling me that he does not care about public opinion. I say that one of the most tragic aspects of this debate is that our enthusiasm—

Senator Haidasz: We know all about the articles because we have read them.

Senator Roblin: —has carried us away to the point where this institution is being, in my opinion, defamed in the public press but, nevertheless, with some shadow of justice.

Senator MacEachen: Come on now.

Senator Roblin: I want to read another one. I know that Senator Haidasz will not like it, but I want him to listen so I am going to give it to him just the same.

Senator Nurgitz: Is it from a Toronto paper?

Senator Roblin: I want Senator Davey to take note that it comes from the *Globe and Mail*.

Senator Davey: Then it is gospel.

Senator Roblin: I play no favourites. I quote the *Star*, the *Globe and Mail* and *Le Devoir*, which provides a pretty good cross-section of an important body of public opinion. Here we go:

> It is a testament to the absurdity of the Canadian Senate that the message of Sept. 4 doesn't seem to have registered in the red chamber.
>
> That message—worth repeating for Liberal senators—was an overwhelming rejection of the Liberal Party.
>
> Yet, for a month, Liberal senators have been defying the will not just of the House of Commons but of their own Liberal MPs.

I have to admit that this next bit is a bit strong.

> Seldom has the intellectual corruption and arrogance of patronage been more drearily apparent.

That is strong meat.

> Clearly, Liberal Leader John Turner has no control over this bunch, and his lack of control bodes ill for his image as party leader. His Commons troops agreed to a compromise on a Government borrowing bill on the last day before Christmas, in exchange for a debate on universality—
>
> The Liberal senators, however, insist that the bill should be split so that next year's borrowing authority would be granted only after publication of spending estimates.
>
> This is well and good, except that nobody else now sees things this way, including the elected representatives. But then arrogance always was a trademark of Trudeau Liberals.

Senator Murray: That is true enough.

Senator Roblin:

> And who, pray—

I am sorry for the Leader of the Opposition because I am being bit hard on him today, but this sentiment is not mine, this is public opinion speaking. The article goes on:

> And who, pray tell, is leading the Liberal charge in the Senate? Allan MacEachen—

It does not say Allan J.; perhaps we had better tell the author about that.

Senator MacEachen: Who is that, Jeffrey Simpson?

Senator Roblin:

> —Allan MacEachen (Pierre Trudeau's deputy prime minister), Joyce Fairbairn (Mr. Trudeau's legislative assistant),—

Some Hon. Senators: Hear, hear!

Senator Roblin: Save your applause, there is more to come.

> —Michael Kirby (Mr. Trudeau's adviser),—

Some Hon. Senators: Hear, hear.

Senator Roblin:

> —John Stewart (Trudeau appointee—

Some Hon. Senators: Hear, hear.

Senator Roblin: He gets a double encomium.

> —(Trudeau appointee and MacEachen friend),—

Give him another round of applause for that.

Some Hon. Senators: Hear, hear.

Senator Roblin:

> Royce Frith (Trudeau appointee and Ontario campaign chairman). Even Senator Ian Sinclair, who chaired Mr. Turner's Toronto fundraising dinner last fall, has got in on the Liberal act.

Some Hon. Senators: Hear, hear.

Senator Roblin:

(Mr. Sinclair did the impossible Tuesday night on The Journal—he got licked by Finance Minister Michael Wilson.)

Senator Sinclair: There will be another time. I can wait.

Senator Roblin: I do not think that Mr. Wilson would like that. I think he would object. I maintain that Senator Sinclair is a far more formidable opponent than this particular reference would lead anyone to believe. I know what I am talking about.

Senator Murray: It was Barbara Frum who beat him.

Senator Sinclair: There will be another time.

Senator Roblin:

Accustomed to wielding power,—

An Hon. Senator: That is enough.

Senator Roblin: I want you to hear this because it indicates what they think of us in the Senate.

Senator Corbin: We don't want to hear it; we have read it.

Senator Roblin: It will do you good to hear it again.

Accustomed to wielding power, this gang apparently cannot bear the pain of opposition. So it is trying to make mischief: a Senate committee has never spent more than one sitting on a borrowing bill since 1977-78—

Certainly the Tories in opposition used to scream—

I am being fair here because I am giving you both sides of it.

Certainly the Tories in opposition used to scream about the Liberals asking for borrowing authority without sufficient spending details. But the Conservatives did indicate the broad lines of spending in the November economic statement.

Lest anyone think the Liberal senators are riding the white charger of principle, consider this. They now say that upon seeing the estimates, they will quickly pass the 1985 borrowing requirement.

In other words, the senators are not really interested in examining the estimates and forming an intelligent judgment on borrowing needs. They are just playing classroom politics, making themselves feel good and their party look bad—

Any Tory Government will be confronted with Liberal patronage holders capable of delaying or blocking legislation. If the Liberal senators get frisky on something as routine as a borrowing bill, one shudders at the prospect of their conceit if the Liberals ever get a bit of wind in their sails.

Mr. Turner must quickly lay down the law to this bunch, or see his own leadership held up to continuing and justified ridicule.

Senator Haidasz: Trash!

Senator Davey: Honourable senators, on a point of order, the honourable senator has been doing some selective reading.

[Senator Roblin.]

He implied that he was reading the article in its entirety, but he has left out three paragraphs, which I would be happy to read into the record, if the honourable senator would like.

Senator Roblin: I would be glad to do it myself.

Senator Davey: Let's have the part that you did not read. One talks about managing the news—the leader reads an article but does not give us the whole thing.

Senator Roblin: All right, you will get the rest of it.

The gang's argument runs—

That is you he is talking about.

Senator Davey: There are three separate parts that you have missed. I have marked them.

Senator Roblin: I think I had better start at the beginning and read it all over again.

Senator Argue: Why don't you just table it?

Senator Roblin:

It is a testament to the absurdity of the Canadian Senate—

Senator MacEachen: Let's close, for God's sake.

Senator Roblin:

—that the message of—

Senator MacEachen: We have all read it.

Senator Roblin: Do you mean to say that I can dispense?

Senator MacEachen: Definitely.

Senator Roblin: Do you think Senator Davey would like me to dispense?

Senator Davey: Would the honourable senator like me to read the three sections that he did not read?

Senator Roblin: No, I will be glad to read them myself. Which ones?

Senator Davey: One paragraph begins with "The gang's argument".

Senator Roblin: Which one?

Senator Davey: The one you started to read.

Senator Roblin: All right.

The gang's argument runs this way. We'll pass the $7-billion for this fiscal year if the Government will return with another borrowing bill after publication of the estimates, now slated for next week.

Everybody knows that that is what you fellows stand for.

Senator Davey: Now the third last paragraph.

Senator Roblin: I have already read the third last paragraph, but I shall read it again.

In other words, the senators are not really interested in examining the estimates—

Senator Davey: That is not the third last paragraph.

Senator Roblin: Which one do you want?

Senator Davey: The one you are reading is the fourth last paragraph and the one you did not read is the third last.

Senator Roblin: Then let me read it.

> The details of this scuffle are less important than the implications. Thanks to years of Liberal patronage, the Liberals will control the Senate into the twenty-first century even if, as expected, Prime Minister Brian Mulroney appoints his own cronies and supporters to fill vacancies.

There you have it. I want to make sure that Senator Davey is satisfied. Is there anything else that he would like me to read?

Senator Davey: That is almost the entire article. The honourable senator did miss three or four lines but they are not relevant. That is fine and I thank him.

Senator Roblin: As long as my honourable friend is satisfied. I regret that there is no mention of him in this article.

Senator Murray: There is by implication.

Senator Roblin: There you are.

That is public opinion. I know that honourable senators on the other side will find it hard to accept that I mean what I say, but I do. I get no pleasure from quoting those references from the *Star*, *Le Devoir* or the *Globe and Mail*, because I am a member of this institution. I am proud to be a member of this institution. I remember with pride what this institution can do—the ability that we have shown by the use of discrete and circumspect measures in recommending changes that governments will accept without confrontation. I remember what this chamber does in the work of its committees, in the Agriculture Committee, the Defence Committee, and the other committees which operate under our auspices.

If I did not believe that this was a worthwhile body that could do something good for the people of Canada, then I would not be here. I get no pleasure from recording the public opinion expressed in the newspapers of this country about what we are, what we do, how we act, how we behave and the contribution we make in the public interest.

That is the tragedy of this. That is what is wrong with this debate. That is why we should have abstained from forcing the issue as far as we have.

• (1500)

Had we followed our traditional role—and here I appeal to men like Senators Hicks, McElman, and Barrow, who have been committee chairmen—had we followed our traditional role of expressing what we thought was wrong with a bill—as vigorously as we like, and we have been quite vigorous in the past—we would have done our duty. Had we done that and pointed out what we viewed as the defects, we would have done our duty. Had we restricted ourselves to the prudent course followed by this chamber in the years that I have been here, we would have done our duty.

The prudent course that has been followed by this chamber recognizes that this is not 1867. In 1867, this chamber was given the same powers as those of the House of Lords, and they are enormous powers. In theory, we can do anything the House of Commons can do, with the exception of introducing money bills. But we would be prudent to exercise that power, not in terms of the House of Lords in 1867, but in terms of the Senate of Canada in 1985.

That is the tragedy.

Some Hon. Senators: Hear, hear.

Senator Roblin: I read these quotations to this house with no pleasure, because they reflect just as much on me as they do on anybody else. We may be talking about the Liberal Party today, but it might be our turn next. It reflects on all of us as senators. That is why I grieve, and that is why I think it is my duty to tell this Senate what the public is saying about us and to say to the members of this house that the principle of sober second thought is no idle tag; it has real substance and meaning. If we are ever going to exercise sober second thought, I suggest it has to be on issues such as the one before us now and on others, should they arise in the future.

That concludes what I have to say. The general impression is abroad that the Senate is fiddling while the people pay for the tune. That is a sad conclusion to have to come to; it is a sad emotion to be loose in the field of public opinion. It does the Constitution little good. It does not reflect well on what we try to do. And it affects not the opposition alone but every one of us.

I plead for sober second thought on the motion that is before the house, and I ask honourable senators to support it.

Some Hon. Senators: Hear, hear.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Roblin, P. C., seconded by the Honourable Senator Phillips:

> That the Standing Senate Committee on National Finance be instructed to report Bill C-11, intituled: "An Act to provide borrowing authority", later this day.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Senator Guay: On a point of order, may I ask if the acting chairman of the National Finance Committee is present today? I should like to know whether he is available in the event that the committee does sit.

Senator Roblin: The acting chairman of the committee is Senator Kelly, and I have to report to the house that neither the chairman nor the acting chairman is in attendance today. I can say, however, without breaking any confidence, that after this vote is concluded we will be able to have a short discussion about future sittings of the committee.

Senator Haidasz: I have a supplementary question. I should like to ask the Leader of the Government in the Senate why it is that the government has not called the House of Commons into session this week so that the President of the Treasury Board could table the main estimates for 1985-86, in which

event the National Finance Committee could meet on Bill C-11 and deal with the bill forthwith.

Senator Roblin: Honourable senators, this is the question that my honourable friend raised yesterday. The estimates will be tabled on Tuesday, February 26 next.

Senator Hicks: Surely, honourable senators, this is all out of order. We are in the midst of taking a vote.

Some Hon. Senators: Hear, hear.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Please call in the senators.

Motion of Senator Roblin negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Barootes	Murray
Bielish	Nurgitz
MacDonald	Phillips
Macquarrie	Roblin
Marshall	Tremblay—10.

NAYS

THE HONOURABLE SENATORS

Adams	Hicks
Anderson	Kirby
Argue	Lapointe
Barrow	LeBlanc
Bosa	Le Moyne
Cools	MacEachen
Corbin	McElman
Cottreau	McGrand
Davey	Neiman
De Bané	Sinclair
Denis	Stewart
Fairbairn	Stollery
Gigantès	Thériault
Graham	Turner
Guay	Wood—31.
Haidasz	

[Senator Haidasz.]

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

NATIONAL FINANCE

MEETING OF COMMITTEE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I rise on a point of order to deal with the query raised by Senator Guay a short time ago regarding a future meeting of the Senate Committee on National Finance.

I think that the view of the government is well known, or should be by now, and that is that it wants the committee to meet as soon as possible. I have been informed, I think correctly, by the steering committee that they proposed that the committee should meet next Tuesday at 4 o'clock in the afternoon, on the assumption that the main estimates will then have been tabled in this chamber.

I need not say that I will continue to push with all my force for an earlier date than that for the reasons I have stated, but we just had the vote, the outcome was decisive, and I understand that the majority will have its way. So, I suppose I am reconciled to the fact that we have done what we can and we must deal with the situation in which we find ourselves. If I had an indication that my information about the committee is correct—that it intends to meet at 4 o'clock next Tuesday, on the assumption that the estimates will be before the chamber—I would then have a chance to consider the question of adjournment.

• (1530)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, it is my information that the steering committee of the Standing Senate Committee on National Finance did meet today and recommended that the next meeting of the committee as a whole be on Tuesday next, sometime following the presentation of the main estimates.

I know the Leader of the Government in the Senate has been pushing for an earlier meeting, and I have been pushing for an earlier presentation of the estimates. We are both disappointed because neither push has succeeded. I think the recommendation of the steering committee is a sound one. I do not see any reasonable basis upon which to hold a meeting earlier.

Senator Roblin: Honourable senators, I thank my friend for his statement. I am afraid that he is right—there is nothing further the government minority can do in this matter, because we are a minority in the steering committee and in this chamber as a whole, so we accept that situation.

If that is the case and the committee does not meet until Tuesday afternoon, there is, of course, no business which ought

to detain the Senate between now and then. Therefore, I have no alternative but to ask my honourable friend, the Whip, to propose a motion that we adjourn until that time.

Hon. Charles McElman: Perhaps, before that is done, I may be permitted to state that at the steering committee meeting this morning there was unanimity. There was no vote of any kind. There was a unanimous view of the subcommittee which encompasses both parties in this chamber.

Senator Roblin: I suppose that is so because our representative on the committee can count as well as I can. He knows when he is in a minority.

ADJOURNMENT

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 26th February, 1985, at 2 o'clock in the afternoon.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, February 26, 1985, at 2 p.m.

THE SENATE

Tuesday, February 26, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

THE HONOURABLE IAN SINCLAIR

NOMINATION TO BUSINESS HALL OF FAME

Hon. Duff Roblin (Leader of the Government): Honourable senators, to begin our proceedings on a friendly and happy note, in the expectation that it will persist during the afternoon, I draw the attention of honourable senators to the gratifying news report concerning one of our number, Senator Ian David Sinclair. I note that he has been named to the Business Hall of Fame by Junior Achievement of Canada.

The honour has been bestowed upon him for his achievements as former chairman of Canadian Pacific Enterprises Limited of Calgary. It forgot to add that for many years he was chairman of Canadian Pacific Limited, which is the parent of CPE, and that he is now a member of the Canadian Senate. Under his leadership Canadian Pacific became a multinational conglomerate. So the young people in the business world have, I believe, chosen wisely in deciding to honour him in their Business Hall of Fame. I know that all honourable senators would wish to join me in congratulating Senator Sinclair.

Hon. Senators: Hear, hear!

Hon. Ian Sinclair: Thank you, honourable senators. I look forward to receiving this honour, to dealing with young people and encouraging them. It shows what can happen to one when he is put on a hit team. I was put on a hit team last week and it is already starting to pay off.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

26 February 1985

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 26th day of February, 1985, at 4.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

QUESTION PERIOD

[*English*]

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Ian Sinclair: Honourable senators, I have a number of questions for the Leader of the Government. My first concerns a matter that has been making the headlines recently, namely, the decline in the level of the Canadian dollar. As honourable senators know, the discount, the devaluation, the relationship of the Canadian dollar to the American dollar is now 40-plus per cent.

Hon. C. William Doody (Deputy Leader of the Government): How much?

Senator Sinclair: Forty-odd per cent. At this time it is still over 70 cents. My question is this: In light of the worldwide push on the flight of the American dollar, aside from smoothing, would the Leader of the Government in the Senate undertake to pressure—that word is too strong—to bring to the attention of the Prime Minister, for discussion at the Shamrock summit, due shortly, a plea to the President of the United States to take some action that will prevent further flights in that dollar and reverse it so that pressures that flow from its value will not adversely affect the Canadian economy?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that is a very reasonable approach to a very difficult problem. I appreciate the tenor of my friend's remarks. It is a fact that the Canadian dollar, as compared to the American

dollar, started at $1.03. While there has not been a completely steady decline in the value of the Canadian dollar, there has indeed been a decline from $1.03 to something over 71 cents at present.

I gather from what my honourable friend says that he thinks that events in the United States have quite a bearing on this problem. I would not be surprised if he were right. Probably the main influences have to be the state of the American budget and its deficit which have an effect on interest rates and the inflows of money, all of which are basic to our problem. I suspect that my honourable friend has that in mind and, if he has, I am inclined to agree with him.

I am not altogether sure how far I can go in pledging that the Prime Minister will undertake to raise this particular matter with the President of the United States. I am sure that it can and should be referred to as an outstanding problem in both our countries, because the high value of the American dollar is equally disturbing to large members of the industrial community and farming community of that country. In a sense it is a problem we both share—their dollar is too high and ours is too low. I shall certainly see that the Prime Minister receives the benefit of my honourable friend's suggestion.

Hon. Joseph-Philippe Guay: And his regards.

Senator Sinclair: Honourable senators, I have a supplementary question. While the Prime Minister of the United Kingdom was in Washington recently, the British press, at least, indicated that she had raised this issue with the President of the United States. As I understand those reports, she did not get very far. However, we in Canada are more closely aligned economically with the United States than the United Kingdom and we see right in Ottawa what is happening today, for instance, in the forest products area, where Americans are saying that the low Canadian dollar is putting pressure on United States producers, who are suggesting various means to limit imports of lumber. For these various reasons, even though the head of the central bank in the United States has said that Americans should get down on their knees and thank the good Lord for a high American dollar and considering that the Prime Minister will likely attend the Shamrock summit on—what he terms in his use of "sacred" epitomes from time to time—a sacred instrument of travel, perhaps he can get a little further. I would ask the Honourable Leader of the Government in the Senate to urge the Prime Minister, when he is talking to President Reagan, not to be dissuaded because Mrs. Thatcher did not get anywhere, since we, in Canada, are in a little different position.

• (1410)

Senator Roblin: I think my honourable friend would like me to tell him that the Government of Canada is very concerned about access to the American market and the implications of the price of the U.S. and Canadian dollar with respect to that. That seems to me to be one of the main problems that our economy is facing in the next little while, to withstand the protectionist sentiment in the United States and to maintain our access to the American market.

Fortunately, in President Reagan we have a man who has been battling, quite stoutly, I think, against the forces of protectionism in the United States, although not always entirely successfully. Therefore, I have hopes that when the Prime Minister raises the question of access to the American market, which I am sure he will do, that will be a subject which the President will listen to receptively.

Senator Sinclair: My next question arises from a statement by the Prime Minister in which he raised a question that I think should be answered. The question that he raised was: "What the hell makes us so special?" Honourable senators, I think the answer to that question is easy and the very asking of it must bother the descendants of the Selkirk settlers, United Empire Loyalists and others. The answer is that we are Canadians, and I would hope that the Leader of the Government in the Senate would assist the Prime Minister in arriving at that answer at an appropriate time.

UNITED NATIONS

GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: I have a question for the Leader of the Government in the Senate. In the February 17, 1985 edition of the *New York Times*, an article on the subject of UNESCO appeared. This article reported that a meeting had taken place in Paris at which Canadian officials were reported to be threatening to withdraw from UNESCO.

My question is this: Is there a change in the government's policy with respect to the United Nations and some of its constituent bodies, such as UNESCO?

Hon. Duff Roblin (Leader of the Government): I do know that the question of membership in UNESCO has been occupying the attention of a number of countries which have been or still are members. If there is an announcement to make as to any change in policy from Canada, I will be glad to inform my honourable friend.

REGIONAL INDUSTRIAL EXPANSION

ATLANTIC PROVINCES—GOVERNMENT ASSISTANCE TO INDUSTRY

Hon. Eymard G. Corbin: Some of us were rather shocked to hear yesterday that the present government is backing out of a commitment by the previous government to help the Domtar Company in modernizing its establishment in Windsor, Quebec, in the hope of taking advantage of current North American markets as well as protecting jobs in that high unemployment area. I am sure my honourable colleagues from the Province of Quebec will want to deal with the specifics of that announcement.

However, the matter does raise some grave concern in the minds of honourable senators from the Atlantic provinces, in view of the response yesterday in the House of Commons from the minister responsible that there were four or five more companies waiting in line for government assistance of the

same type. I will not ask the Leader of the Government in the Senate who those four or five companies are or where they are located in Canada, or what type of paper they are engaged in producing, but I will ask him this: A new company by the name of Repap did obtain a firm commitment from the previous government for financial aid to the tune of some $44 million to establish a mill on the Miramichi in New Brunswick. Is the current government going to go back on that deal, and if that is a sign of things to come in the months and years ahead, how does the Leader of the Government in the Senate think the Atlantic provinces are going to fare in the short and long term in face of this newly announced policy by the government that, henceforth, moneys will be refused because others may need help and the government wants to be in a position to tell all of them that there are no moneys available?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can only repeat the information that was given in the other place with respect to Domtar. The minister stated that he regarded that as a commercially viable project and that financing should be secured from non-governmental sources. He also stated that, in the meantime, there was no prospect of job losses. That was the information that was given in the other place.

I must say, however, that I have no information about the company to which my honourable friend referred. I will have to take that part of the question as notice.

Senator Corbin: Honourable senators, I draw to your attention that many people have been led to the conclusion that investment policy in Canada insofar as it involves government help will now be set out in Washington. The underlying pattern in this whole decision seems to be that we are not going to do anything that is going to create little waves in the American economy, that we are going to be good boys and girls and we are going to keep quiet and will not come to the assistance of Canadian companies that wish to maintain or create new jobs.

That is a matter for deep concern and deep thought. I wonder if the Leader of the Government in the Senate can, in fact, confirm that American authorities have asked the Canadian minister not to proceed at this time with assistance to that company, or whether they have used words to that effect.

Senator Roblin: I am not able to confirm any such information, but I merely point out, as Senator Sinclair has pointed out, that insofar as the lumber industry and the wood industry, and our export market in the United States are concerned, Canadian exports are under considerable pressure, and our main policy objective at the present time is to try to retain our access to those markets.

AGRICULTURE

DISCUSSION PAPER "TAX ISSUES IN AGRICULTURE"—SUGGESTED REFERRAL TO COMMITTEE

Hon. H. A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate regarding a report that was either initiated or, in fact, prepared by the Department of Finance concerning the income of farmers in Canada.

Inasmuch as this report indicates that farmers' income is much higher than that of the average Canadian, and inasmuch as this contradicts or, at least, is in disagreement with recent reports that have come from the Farm Credit Corporation and a number of other organizations, I wonder if the Leader of the Government in the Senate could tell us whether or not that report will be referred to the Standing Senate Committee on Agriculture, Fisheries and Forestry so that the committee can get at the people who prepared the report in order to find out what kind of bias they worked from.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have to admit that I, too, raised my eyebrows when I read that report. I am told—and I am not sure if this is correct or not—that difference among the mathematicians, the economists, has to do with the treatment of increases in capital value. Whether that is true or not, I do now know, but it might offer some glimmer of light on the problem. Nevertheless, I will take my honourable friend's question under advisement and let him know.

● (1420)

REGIONAL INDUSTRIAL EXPANSION

GOVERNMENT ASSISTANCE TO INDUSTRY—UNITED STATES INVERVENTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to follow up on the question raised by Senator Corbin with respect to the funding for the paper mill at Windsor, Quebec. The Minister of Tourism in giving reasons for the refusal to continue with the commitment of the former government to provide $100 million to this industry stated that part of the reason was representations from the United States. I want to ask the honourable leader; who made the representations to the Government of Canada and when they were made? I know that the Minister of Regional Industrial Expansion, the Honourable Sinclair Stevens, had met with Mr. Baldridge several days before he made his decision. I would like to know if, indeed, Mr. Baldridge had leaned on Mr. Sinclair, or whether the American ambassador in Ottawa had visited ministers to sound the alarm bells. Can the honourable gentleman throw some light on this?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can throw no light on it at the present time. I will have to ask the minister who made the statement what he had in mind.

Senator MacEachen: While I thank the Leader of the Government for undertaking to make some inquiries, in his letter to the Domtar principals Mr. Stevens said that he had been in touch with the Canadian ambassador in Washington who told him that this grant might be regarded as unfair competition and provide ammunition in their case against Canadian softwood producers. I ask whether the Government of Canada now believes that such a grant would constitute

unfair competiton by Canada, and why, in his letter, does Mr. Stevens give legitimacy to an argument which has been invoked repeatedly by the United States and which has been resisted by Canada. I want to know whether the Government of Canada has now concluded that grants of this kind constitute unfair competition by Canada against the United States producers.

Senator Roblin: My honourable friend is no doubt aware that that argument has been advanced by American timber interests on more occasions than one. In fact, quite recently the whole of our timber exports from British Columbia and western Canada were under the threat of an embargo from the United States because the timber industry in that country had advanced the notion that our system of calculating stumpages constituted a subsidy. It was after considerable effort and representations by Canada that the American authorities involved in the matter decided that this was not a subsidy. We are all thankful for that because it would have been a catastrophic decision for western Canada had it been otherwise.

As to whether or not this particular subject constitutes a subsidy in the eyes of the Americans I cannot say, but I am willing to ask the minister in order to ascertain how he would like me to elucidate the question raised by my honourable friend. There is no question at all that access to the American market is threatened by their views on subsidies. That is not necessarily our view on subsidy but the issue is on the table and that must be admitted. I do not know the answer to my friend's question but I will try to find out.

Senator MacEachen: I agree with the honourable leader as to the importance of the lumber case to which he has referred. I was deeply involved in that particular case.

Senator Roblin: You did a good job.

Senator MacEachen: It is true that the United States alleges unfair competition. They had no case in the matter cited, quite rightly, by the Leader of the Government, but they have alleged in other cases against fisheries products from the Atlantic provinces that there is unfair competition. Producers of many commodities in the United States make that allegation and Canadian producers and the Canadian government must go through tedious and time-consuming procedures in order to controvert the allegations made by the United States. We object to it but we do it. What I find objectionable is that the minister in the letter to Domtar should give legitimacy to that claim by citing it as a reason for not giving the grant.

I should like the government to consider that point and to make clear that, in this particular case and in other cases, we do not regard grants to industries—this was a grant for the modernization of the pulp and paper industry—as necessarily constituting unfair competition. If we accept that, what do we do about our regional development programs?

I hope the Leader of the Government will reflect upon this and give us a clear assurance that the Government of Canada does not lend legitimacy to these arguments by the United States.

Senator Roblin: I will certainly reflect upon it because it is an important issue. We know what the Americans think about subsidies of steel imports from across the world. They have placed quotas and restrictions on the importation of steel from the European Economic Community, Brazil and other countries.

We were caught up in that same net although we, on our side, felt that in no way did the charge of subsidy apply to us. It was only after invoking some of the articles of GATT—I may be talking to the man who did it, for all I know, because I appreciate and acknowledge what the former minister has done in respect of international trade—and it was only after the most vigorous efforts that we secured some relief from that.

The Americans take this question of subsidies very seriously. With the protectionist sentiment that is now loose in that country, this represents a real problem.

I also concur with my honourable friend in thinking that we must defend as best we can our view of what constitutes a subsidy and what does not. I repeat my answer that I will try to get an answer on this subject for him.

Hon. Lowell Murray: As a supplementary question, when the minister is obtaining that information from his colleague, would he also ask whether representations with respect to the proposed grant were made to the government by other Canadian plants and companies of that industry; if so, to what effect; and how heavily those representations weighed in the eventual decision of the minister?

Senator Roblin: I shall add those items to my inquiries.

Hon. Pierre De Bané: Honourable senators, would the Leader of the Government in the Senate remind the Minister of Regional Industrial Expansion that, in the province of Manitoba, the project of Manfor would never have been established and would never have undertaken modernization and upgrading if there had been no government assistance?

Would he also remind the minister that the GATT and all other international trade agreements specifically exclude any grants which are made for regional development or are aimed at reducing disparities; that the American view of the world cannot be applied in Canada; and that those kinds of programs have to exist in slow-growth areas?

Senator Roblin: My honourable friend raises an excellent point on which I am sure there is no disagreement. We believe we have a duty to take into account regional disparities in this country, and that may mean government assistance to help reduce those disparities. That is a settled part of our policy, and I hope it will remain so.

ROYAL ASSENT

ALTERNATIVE PROCEDURE

Hon. John M. Godfrey: Honourable senators, the fact that we are having Royal Assent later this afternoon reminded me that several years ago there was a movement afoot in the Senate—I remember having some research done by the

Library of Parliament—towards considering alternative forms of Royal Assent, which could be very convenient. As we all know, in this regard we are about 80 years behind Australia, and I forget how many years behind the United Kingdom.

My question to the Leader of the Government in the Senate is: What has happened to the suggestion that we might reform our form of Royal Assent and bring ourselves into the twentieth century? If the honourable gentleman cannot give me an answer, would he look into the matter and consider some action?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my problem in this instance is that the matter in question was introduced prior to the accession to office of the present administration. It is, therefore, not within my power to tell my honourable friend what happened to the matter during that time. In this matter, we had a staunch advocate in Senator Flynn, and it may be that the subject should be re-opened. However, at the present time I have no information in this regard.

Senator Godfrey: If I persuade Senator Frith to provide the Leader of the Government with all the information I passed to him in this regard, would he consider the matter?

Senator Roblin: Anything that Senator Frith was willing to read, I will read.

AGRICULTURE

DISCUSSION PAPER "TAX ISSUES IN AGRICULTURE"—GOVERNMENT ATTITUDE

Hon. Hazen Argue: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate on the subject raised by Senator Olson. I refer to the white paper issued recently by the Honourable Michael Wilson, Minister of Finance, entitled *Tax Issues in Agriculture*. I would characterize that document as a vicious, false, unscrupulous attack on Canadian agricultural producers. In my mind, there is no doubt about that. I would ask the Leader of the Government to see if the Minister of Finance and the government will disassociate themselves from the kind of statements contained in this document, to which Canadian agricultural producers are taking exception.

● (1430)

I would ask the Leader of the Government to look at the statement which compares average farm income of $16,900 to the average Canadian income of $12,960. However, it does not compare the farm income portion, since 45 per cent of that figure of $16,900 is non-farm income.

I would also ask the Leader of the Government to look into what I consider to be a most misleading table, which claims to show that farmland has appreciated dramatically from 1960 to 1983, which no doubt it has. But a table should have been included showing the depreciation of farmland since the peak of about 1981. In my area, Regina has heavy clayland which, I would say, has depreciated 40 per cent during that period of time.

[Senator Godfrey.]

I would like the Leader of the Government to ask the minister to disassociate both himself and the government from the statement contained in this document that farmers, in fact, have received an average rate of return on capital in farming, over a seven-year period, from 1975 to 1981, of 17.3 per cent. I say that is false and misleading, because farmers did not have that income. It was something on paper. Land values have now fallen. Yet this statement says that farmers received a return of 17.3 per cent on their investment as compared to yields on government bonds of 10.6 per cent. It is a vicious attack all the way through.

Another fact that should have been pointed out in this document is that farmers basically have no pensions, as have government employees and many employees in private industry. They do not have a pension system of their own. Anything they have is tied up in the value of their farmland, and it is not at all fair to compare a paper gain on farmland as part of their income.

I have asked this series of questions because I consider this to be a most mischievous document, and the sooner it is debunked the better; and I agree with Senator Olson that the Standing Senate Committee on Agriculture, Fisheries and Forestry should have a hand in that debunking.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will give the honourable senator the same answer I gave Senator Olson, namely, that I will see whether this document can be scrutinized by a Senate committee, or Parliament—but preferably the Senate. We can then examine its makeup, the principles on which it is founded, and consider alternative ways of looking at the same problem. I agree with my honourable friend most heartily that there are alternative ways of looking at the same problem.

Hon. Ian Sinclair: Honourable senators, in view of the fact that these matters create unrest and uncertainty, perhaps the Leader of the Government can arrange to have the Minister of Finance point out that unrealized capital gains were a major factor in the study. That statement, I believe, would have some effect.

Senator Roblin: I believe my honourable friend has put his finger on one of the main problems that should be discussed. I agree that the question is very important.

CANADA-UNITED STATES RELATIONS

TRANS-BORDER POLLUTION PROBLEMS

Hon. Allan MacEachen (Leader of the Opposition): Honourable senators, given the early meeting between the President of the United States and the Prime Minister of Canada, referred to by Senator Sinclair, and given the fact that more than one-half of the sulphur emissions descending upon Canada originate in the United States, can the Leader of the Government tell us whether the government will be presenting a plan of action to the President of the United States to deal with this urgent question of acid rain, and whether the government will be reminding the United States of the obligations,

which it has already undertaken with Canada, to reduce these emissions which are affecting so adversely the Canadian environment?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe that my honourable friend is well aware that the subject of acid rain will be an important item on the agenda. However, it would be discourteous of us to attempt to debate this matter prior to the Prime Minister's discussion with the President of the United States. I have no knowledge as to what form the discussion will take, but I am quite sure that the Prime Minister will put forward the strongest case for some action.

Senator MacEachen: Honourable senators, I should like to ask the Leader of the Government whether I understand correctly the present Canadian policy. Is it Canadian policy now that Canada must do more domestically before it can ask the United States to do anything to control its emissions of sulphur dioxide over the Canadian environment?

Senator Roblin: Honourable senators, I can tell my honourable friend that it is clearly the policy of the Canadian government to do more in the control of acid rain, because, as the Leader of the Opposition knows, not long ago a conference was held between the federal and provincial governments on that subject, and although the conference was not conclusive it clearly established the thrust which the federal government wishes to pursue in reducing acid rain. I believe that is something that we are going to do, regardless of what our attitude toward the United States might be.

Senator MacEachen: I thank the Leader of the Government for his answer. Can I take it that the Canadian government does not support any catch-up practice on the part of Canada with respect to acid rain; that we have to catch up and then, some years down the road, when we have caught up, we can expect the United States to do more? I hope the Leader of the Government will agree with me that the United States has already given undertakings to Canada which should prompt it immediately to join with Canada in a control program. Would the Leader of the Government agree with that statement?

Senator Roblin: Yes, I would agree with it the last statement.

THE ENVIRONMENT

NEWFOUNDLAND—INTEGRATION OF WEATHER SERVICES

Question No. 4 on the Order Paper—By **Hon. Jack Marshall:**

With reference to Environment Canada news release PR-HQ-084-13, what is the list of the operations of Weather Services which will be integrated in the Province of Newfoundland?

Reply by the Minister of the Environment:

1. Goose Bay Aerological Station.
2. Goose Bay Weather Office.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-22, intituled: "An Act to establish the International Centre for Ocean Development and to amend the Financial Administration Act in relation thereto".—(*Honourable Senator Hicks.*)

Hon. Henry D. Hicks: Honourable senators, my good friend, Senator Macquarrie, can always be counted upon to introduce some interesting aspects to the remarks that he makes in any debate in this chamber, and he certainly did so when he moved second reading of this bill to incorporate ICOD, the International Centre for Ocean Development.

He commenced his remarks by referring to the arms of Nova Scotia and expressed his disappointment that the arms granted to Nova Scotia at the time of Confederation did not have a codfish on them but a salmon. I must confess that I myself felt that it was a codfish. But when he went on to tell me—I do not believe he mentioned this in the chamber—that he did not see why Nova Scotia would have a salmon on its arms because we had no salmon fishery in Nova Scotia, I had to object to that. Indeed, in the good old days we had a very good salmon fishery in Nova Scotia. If the honourable senator went to the Nova Scotia Archives he would find documents relating to the employment of woodsworkers and others which contained a clause to the effect that they must not be fed salmon more than three times per week. I must confess that the salmon are not that plentiful in Nova Scotia today, nor are they in New Brunswick, Newfoundland or Quebec, and certainly not in Prince Edward Island.

• (1440)

In any event, those arms that were granted to Nova Scotia by, I would think, some accident in 1868 are no longer the arms of Nova Scotia. The arms of Nova Scotia were granted about 1625, certainly prior to 1632, by King James VI of Scotland to Sir William Alexander who undertook to arrange some settlements in Nova Scotia and who created the baronets of Nova Scotia. They, of course, are the reverse of the shield of the arms of Scotland with the royal lion in the centre and the accompanying supporting devices. I must acknowledge to my honourable friend Senator Macquarrie that it was not until 1928 that the then Government of Nova Scotia, a Conservative government, the Rhodes-Hearington Government, secured the restoration of the ancient Scottish-originated arms of Nova Scotia to the province, so the question as to whether we have a codfish or salmon on the arms of Nova Scotia is no longer relevant.

There is an interesting little footnote to all this. The Nova Scotia Technical College, which recently changed its name to the inelegant one of TUNS, Technical University of Nova Scotia, incorporated in its coat of arms the confederation arms

of Nova Scotia. So the salmon is still perpetuated in the armorial bearings of the Technical University of Nova Scotia. Honourable senators, perhaps I have taken too much time about a matter which is really not relevant to the motion before us, but I was intrigued by Senator Macquarrie's scholarship, erudition and his reference to this matter.

The International Centre for Ocean Development has already been put together and is actually functioning in Nova Scotia, even though the act of incorporation has not yet been passed and received Royal Assent. The centre is presided over by a very bright young man who came to it from the Department of Fisheries and Oceans in Ottawa, named Gary Vernon. He tells me that they plan to operate in three basic areas. They are providing information, largely but not exclusively, to developing and third world countries concerning the management of ocean resources; they plan to provide training and they plan to give development assistance, largely by the creation and support of institutions in the various third world countries of the world.

Already, and they have only been in operation for a few months, they have 49 proposals before them for assistance and for the support of projects in the Caribbean, in the South Pacific, in South Asia, in East and West Africa, and in South America. This bill will legitimize the enterprise and provide financial support for it, which is very important.

The financial support undertaken by the previous government in 1981 dollars was $20 million over a five-year period. As of now that would amount to $27 million. This bill provides support to the extent of $800,000 to the end of the current fiscal year, which is the end of March. Of course, we must pass this bill so that it can receive Royal Assent in order for them to get the $800,000 for this fiscal year. Then it undertakes to provide, according to clause 18(b), $2.5 million in the next fiscal year and such sums as Parliament may provide in the ensuing years. I am not criticizing the amounts, though they, perhaps, are not as satisfactory as a firm commitment of $4 million a year for five years. However, I suspect that as the institution shows it requires and deserves support, the Government of Canada, which has stood behind it, will provide that support.

It goes without saying that the establishment of this institution in Halifax will be a major boost not only to the Halifax area, but to the maritime provinces in general. I should point out that in the Halifax area there are already very significant institutions for ocean study and ocean development. The federal government's Bedford Institute of Oceanography is a world-ranking institution, ranking with the Scrips Institute in California and the Woods Hole Institute of Oceanography in New England. My own former university includes the Dalhousie Institute of Oceanography which also has a world-ranked reputation. The Technical University of Nova Scotia, to which I already made reference—and which incorporates the salmon in its arms, Senator Macquarrie—is also doing very significant work, largely related to physical oceanography and characteristics of the sea. Saint Mary's University and even Mount Saint Vincent's University, which we normally think of as a ladies' or women's university, also have projects and programs which relate to ocean studies.

In any event, this new institution will support students from developing countries as well as Canadian students who will continue their studies on ocean development in the Atlantic provinces. Dalhousie University is presently occupied in its ocean study programs in developing a bibliography of ocean studies, which is to be sent to all developing countries at a cost they can afford. I am told by Gary Vernon that the new institute that we are incorporating today will make it possible for this bibliography to be made available to countries that otherwise might not be able to afford to buy it. I think this is a very imaginative program. I am delighted that it has been located in Halifax and that it is being supported by the Government of Canada.

I cannot help but take this opportunity to make one other reference, even though it relates primarily to something that is going on at Dalhousie University. The International Ocean Institute has its headquarters in the Island of Malta. That institute has a very interesting woman who has been very active in this program, Elizabeth Mann-Borghese, who is the daughter of the celebrated German novelist, Thomas Mann. She has arranged, under the auspices of the International Ocean Institute at Malta, to give two courses each year of ten weeks' duration to students of developing countries to study ocean problems. For the past four or five years one of these courses has always been held at Dalhousie University, and the other one is held at various places throughout the world, the most recent one being in Trinidad. They take approximately 20 students from developing countries supported by UNESCO, CIDA and OPEC to study ocean problems. This new institution which we are incorporating will assist in this program and, according to Dr. Vernon, who has spoken to me about it, will try also to develop courses of two to three weeks' duration, because officials at the highest levels who ought to benefit by this program sometimes cannot afford to be absent from their countries for the 10 weeks required to go through the Dalhousie program. I think this is a splendid proposal. I think it will be important, not only to developing countries of the world, but to all those nations who are concerned with the management of the oceans which cover by far the largest proportion of this globe.

● (1450)

Last, but not least, it will be important to Canada itself. I urge my colleagues to support this bill and to ensure its rapid passage.

Hon. Roméo LeBlanc: Honourable senators, I do not intend to speak at length on this item. However, after hearing Senator Macquarrie's speech the other night, I felt that perhaps I should make a few remarks.

One point that Senator Macquarrie made left the impression with me that somehow we were, in the past, perhaps not able fully to utilize the resources of the sea which were within our control. I might say, honourable senators, that Canada's history in fishery management, going back to the creation of this country, constitutes an extremely proud record. One has

only to consult the list of those who have served in many other countries, under Commonwealth schemes, under United Nations schemes and under many multilateral co-operative schemes, to see that Canada's expertise is sought after and is appreciated. It is perhaps for this reason that I felt I should say a word about this international centre.

Recently, I had occasion to spend two and a half days in the archives, in the preparation of a paper I was doing, looking at the file on the Law of the Sea and the extension of its jurisdiction. I would point out to honourable senators that the record of Canada's role in the Law of the Sea Conference is completely out of proportion to its size and its influence in the world. This record goes back to the time of Jack Davis in the early 1970s and even before, to the time of Hedard Robichaud, both former Ministers of Fisheries, and including several Secretaries of State for External Affairs. In the past we have been, and we are now, leaders in that area. When one goes through the file, one sees the extraordinary efforts made by politicians and by officials of the half dozen or so departments involved.

However, we could not have achieved the extension of jurisdiction that we did without the active co-operation of many coastal countries; countries that did not even know the wealth of the resources that lay within their 200-mile limit. It is because of their sustained support for some of the difficult theses that we were recommending that we have been so successful. One only has to look at the survival and protection of salmon way beyond the 200-mile limit to understand what those concepts must have represented to nations that did not even know what a salmon was. Yet, it is a tribute to our negotiators and also to the sense of fairness and understanding among nations, some of whom are much poorer than we are, that we were able to achieve the goals that we set out to achieve.

Because this institute is intended to help less developed countries, it is a fair return that Canada is making to those countries who have undeveloped coastal zones and who wish to learn from our experience and even from our mistakes.

Honourable senators, I recommend the approval of this centre. I believe that Canadians will serve well in any forum of the world, and particularly where they are called upon to participate as workers in the centre and as hosts for others who come to visit us and to learn in our milieu. I congratulate the honourable senator who presented the bill, Senator Macquarrie, and I say to him that some day if he wants to eat good mackerel, perhaps he could drop in at my cottage at Cap de Cocagne.

Hon. Heath Macquarrie: Honourable senators—

The Hon. the Speaker *pro tempore:* I draw the attention of honourable senators to the fact that if the honourable Senator Macquarrie speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Macquarrie: Honourable senators, I must thank Senator Hicks and Senator LeBlanc for their helpful comments. I would like to say to Senator LeBlanc that, because I deplored the fact that we threw away too much of our fish, I was not denigrating any previous Ministers of Fisheries or other great Canadians who have done sterling work in reference to the Law of the Sea. He mentioned some of them. I would say that the Honourable George Drew made a significant contribution at a very important time. We also had a great deal of assistance from the Department of External Affairs and, during my lifetime, we have had some excellent people in the Department of Fisheries.

When I was first interested in the study of politics, the Minister of Fisheries task was a very easy one; it was a very simple task, as was that of the Postmaster General. In the olden days, the post of Solicitor General was considered unimportant and Arthur Meighen was not even in the cabinet. Think of what has happened in the complexities of our times to just those three portfolios. We do not now have a Postmaster General and perhaps that is something of a relief to those who might be in that difficult role today.

I do not like speaking in the evening, but if my speech elicited the kind of invitation that Senator LeBlanc has extended, I am delighted that I did. I assure him I will come over to see what the New Brunswick mackerel are like. Of course, if they are top notch, I am sure that they will have swum over from Prince Edward Island. In any event, I thank him for his invitation, and I thank Senator Hicks. If we had more time, perhaps we could have had a debate about how many cod or how many salmon could gule on the face of a coat of arms. However, I do appreciate his reference to the fact that, at one time, there were so many salmon in Nova Scotia it was forbidden to serve them too often.

Long ago in Prince Edward Island, there was an old Presbyterian joke about a certain lack of variety in the fare that was given to that now obsolete creature, the hired man. At this particular farm, the farmer always said a little grace before a meal and, as he was saying grace, the hired man was muttering something. After some time, it was discovered that he was muttering Hebrews 13:8. When you look that up, you will see it reads:

> Jesus Christ the same yesterday, and today, and for ever.

He had become very tired of beans and prunes which, in those days, were cheap, although today they are not.

Senator Hicks mentioned Dr. Vernon, for whom I have the greatest respect, for giving great leadership to this project. However, there is also a very brilliant lady there, Evelyne Meltzer, whom I called when I wanted to find out something about these expressions used in reference to this centre. For instance, aquaculture and mariculture. She asked me to wait a second until she looked up her lecture notes, and then told me in about two minutes exactly what I wanted to know.

Senator Hicks seems to have some concern—and a rightful concern—about what would happen with respect to the financing. I must say that I, too, looked at the figures in clause 18 and, although I listened to all of the debates on Bill C-11 last week, I am still far from being a financial expert. I did add up

all those figures and it looked to me as if this project could not be sustained on the original figure of $20 million. However, when I looked at the *House of Commons Debates*, I was gratified to see that the parliamentary secretary who was piloting the bill through the House of Commons, Mr. Stewart McInnes, indicated that the government's commitment was not only for $20 million; but that that would be rated in contemporary terms and it would come to $27 million.

I then had further conversations, and I cannot use the word "exponential" as that would indicate that we were thinking of something extravagant. However, here we are looking at something like an inverted pyramid.

• (1500)

Right now the institute does not have the capacity for the kind of full programming that it will have. I think they were very shrewd in getting these two specified items included, because, as Senator Hicks has pointed out, if this bill is passed we have achieved the same purpose as if the items were in the main estimates, and the second item will not require insertion by way of supplementary estimates.

All of the rest is to be planned as the program enlarges, as personnel are added, and as more projects in the international world are taken up. I think that Senator Hicks will agree that it will be well worth the $27 million. I am delighted with the commitment thereto and thank all honourable senators for their interest and those who spoke for their help.

Motion agreed to and bill read second time.

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

On motion of Senator Macquarrie, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

THE ESTIMATES, 1985-86

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Leave having been given to revert to Notices of Motions.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e) I move:

> That the Standing Senate Committee on National Finance be authorized to examine the expenditures proposed by the Estimates for the fiscal year ending 31st March, 1986, tabled in the Senate on 26th February, 1985.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—SECOND READING

On the Order:

[Senator Macquarrie.]

> Resuming the debate on the motion of the Honourable Senator Bielish, seconded by the Honourable Senator Marshall, for the second reading of Bill C-29, intituled: "An Act to amend the Western Grain Stabilization Act".—(*Honourable Senator Argue, P.C.*.)

Hon. Hazen Argue: Honourable senators, I am pleased to take part in the debate on Bill C-29, which was very ably introduced in the Senate by Senator Bielish. Senator Bielish, of course, has a real knowledge not only of this act, but of agriculture in general. As we all know, she played a very distinguished part in the agricultural life of Canada before being summoned to the Senate, and continues in the Senate to serve the agriculture industry very well indeed. So, I am pleased to follow Senator Bielish.

Hon. Senators: Hear, hear.

Senator Argue: The bill before us provides for an amendment to the Western Grain Stabilization Act so that a payment will be made in time for seeding. It is likely to be, I think, a large payment, and I believe that that payment will be followed by a larger final payment totalling anywhere from half a billion to a billion dollars.

The Western Grain Stabilization Act came into effect in 1976. That act was based on the proposition that farmers themselves should help pay for part of the cost of some insurance against falling income, and that the government should also pay a substantial part towards that end. This legislation originally had a fairly rocky road in the House of Commons. It was promoted, moved and engineered by the Honourable Otto Lang. I think no matter which party one belongs to, one can say that today the Western Grain Stabilization Act, in spite of some shortcomings, in spite of some criticisms—sometimes major criticisms—is proving to be of valuable assistance to western grain farmers in their time of need.

Many people in western Canada, up until the last payments were made, felt that this was a bad deal, that people were not really going to get their money back. The facts show that for a farmer who put in the maximum amount of $6,825, he or she has received to date an amount of $10,750. So, even up to this point, it has been a good thing and a paying proposition.

It is quite possible that, unlike the near-maximum payments that were made last year—something in the neighbourhood of $3,000—payments for this current year could be $10,000 or $15,000 or more per permit holder who has paid in the maximum amount.

In my time in government I have, on at least two occasions, faced the following questions: Should I recommend an increase in the maximum amount farmers are required to pay? Should I increase their costs at a time when there were many complaints? I took the attitude on those occasions that the only way to protect the fund and help the farmers in the long run was to make certain that each paid into the fund higher amounts on higher sales so that in times of need each received higher payments. So, the maximum contributions are now based on sales of up to $60,000 at the rate of 1.5 per cent.

When the act first came into effect the farmer paid 2 per cent and the government paid 4 per cent. Because the fund built up massively over a period of years, and because of interest earned going back into the fund, a reduction from 2 per cent to 1.5 per cent for the farmer's contribution came about, together with a reduction in the government's contribution from 4 per cent to 3.5 per cent. If that kind of build up continues, there is the possibility—it may not happen because of these payouts—that the farmer's contribution will go down to 1 per cent and the government's contribution to 3 per cent.

According to the Minister of Agriculture, the fund contained $888 million at the end of the last crop year. Well, how much will be in the fund at the end of the current crop year? Assuming there is approximately $900 million in the fund from the end of the last crop year, that farmers will put in approximately $50 million, and that the government will put in approximately $100 million—and these are rough figures—and that interest earned will total $100 million, then the total will probably be in excess of $1100 million. One of the difficulties and one of the anomalies is that in triggering this payment, those areas in western Canada that have had a crop failure will get something less than those who did not. If you have a crop failure you cannot pay in on something that you did not produce and sell. Therefore, those that had big crops, big sales and large incomes will get even more as the act is constituted than those farmers who have had poor crops. As partial compensation a farmer with a poor crop is allowed to pay in 2 per cent of his crop insurance indemnity. That is an important compensating factor. I would think that when amendments which are more widespread are being taken into account, there should be some consideration given to allowing a farmer who is in a crop failure area and who has experienced a short crop to pay into the fund on the basis of the crop insurance, crop averages, yields and current prices in order that he may not be further penalized due to a crop failure.

• (1510)

An amendment was made to the act last year that provided one early payment and one later payment. The purpose of this amendment to the Western Grain Stabilization Act is to provide for an early payment. If there had not been—we may get a little giggle here—a change in the administration I am convinced that we would have had a bill before us today to provide for an early payment. When I listened to the discussions on this matter, the question really was not shall the Governor in Council have the right under legislation themselves to make an interim payment, but should the Governor in Council, when a payment is required, introduce a bill in Parliament? The advantage in introducing a bill is that you can have a debate with much discussion. What bothers me, and I hope I am wrong, is that when the Western Grain Stabilization Act is amended and receives Royal Assent, it may be years before we see the bill again, because it is easy for governments to put a particular measure far down on the list of priorities. I hope that is not correct and that the Agriculture Committee of the House of Commons will meet and discuss all of the far-reaching and enthusiastic ideas that Conservative members had when they were in opposition with regard to this measure. They felt that steps should be taken to improve the effectiveness of the act. A little later I shall mention some suggestions that I have in that regard.

Due to the area of crop failure in western Canada it is estimated that sales and the movement of grain will drop between 5 million and 7 million tonnes this year which means a loss of about $1 billion. That is bad news for Canada and certainly sad news for western Canada. Naturally, all of us hope that there will not be a drought in 1985 and that production can move ahead. The Canadian Wheat Board continues to do an outstanding job in selling the grain within its jurisdiction produced in western Canada. That board has a record for selling all of our production, selling it at premium prices and very often returning to the farmers more money than those farmers anticipated they might be getting under those circumstances. From time to time some suggestion has been made that in difficult times there should be a moratorium on contributions into the act. On the surface this would look somewhat attractive because you could say to a farmer who needs a payment that this year he would not have to pay into the fund. I believe that one should look at that very carefully because if you are not paying into the fund, the powers that be may decide that you should not be getting paid out of it either.

I believe that the Department of Finance is no more favourable to the current Western Grain Stabilization Act than one would expect from a department that would produce a white paper which was entirely against the farming community. Some officials in the Department of Finance say that it is a mistake to pay out $1 billion under the Western Grain Stabilization Act because when they pay that amount out, with the accounting system such as it is, that sum that is paid out to the prairie farmers will add to the federal debt. Therefore, the Department of Finance says to keep down the federal deficit and keep down the payments on the Western Grain Stabilization Act. The logical conclusion would be that they would not only likely cripple it in the given year they are talking about but they would also have designs to cut it back to save the government money and to make it a part of any drive to reduce the national deficit.

I think that this bill is a good one. It can stand on its own feet and should be supported.

At times our marketing system experiences great difficulty. Sometimes those difficulties are engineered at home and at other times outside our country. There is a small group of wheat producers in western Canada that somehow or other think that they have greater knowledge than all of the other producers and they are promoting dwarf wheat because dwarf wheat gives a high yield. Dwarf wheat is of poor quality, and introducing unnamed and illegal wheat into the system to be mixed with our high quality wheat would endanger Canada's reputation in the world market and would also destroy the premiums we get for our high quality wheat. I think that that would be a very great disservice to western agriculture. The fact is that the individual farmers who grow dwarf wheat should receive the true value and not some higher illegal value

for their dwarf wheat since the lower price could leave them individually worse off.

I believe that we face difficult times as far as the United States is concerned. They are watching us very carefully. Today we heard that a particular grant for a particular lumber mill was perhaps cut off because of pressure from the United States government on the grounds that this is a subsidy. The United States government today is causing trouble for the potato producers of Canada. There is much pressure against accepting Canadian pork, and I believe a decision is to be made in the United States soon as to what will happen to our exports of Canadian pork and whether there will be a penalty. President Reagan is determined to reduce agricultural subsidies. His proposal is to remove the farm loan support provisions and bring in an alternate provision for providing support at 75 per cent of current market prices. If that should happen, that could bring about a major reduction, if not almost a semi-collapse, of international wheat prices with all the subsequent difficulties that would flow to Canadian farmers.

● (1520)

When in opposition, members of the Conservative Party advocated higher domestic prices for wheat in Canada. They suggested that the two major exporters, Canada and the U.S., should strike a deal in the export market in order to raise world prices.

I hope this government will be successful in influencing—if, indeed, they are trying—the American administration against taking a step that could cause such serious reductions in world wheat prices.

Honourable senators, I believe there is room for major improvements in this act in the future.

Producers of most agricultural commodities in Canada have the possibility of support under the Agricultural Stabilization Act. That is certainly the case for wheat producers in Ontario. However, only 77 per cent of wheat producers in Canada are covered by this act. The remaining 23 per cent voluntarily decided against being covered under this act. What has happened to the 23 per cent of farmers in western Canada, who are not covered by the act? They have no stabilization program in place at all. I think it is unfair to 23 per cent of the prairie grain producers, because they did not agree to pay money into the fund, that they will be deprived of the same kind of general price protection as is provided today for producers of similar commodities in other parts of Canada. That matter should be addressed.

I believe it is absolutely essential that major steps be taken so that income support legislation for grain producers in western Canada will, in fact, cover grain producers generally, not only a majority, leaving a substantial minority without adequate income protection.

As I have said, honourable senators, this is an important amendment which will result in much-needed payouts before spring.

I am pleased to support the bill.

Hon. Senators: Hear, hear.

[Senator Argue.]

Hon. Martha P. Bielish: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I have to inform the Senate that if the Honourable Senator Bielish speaks now, her speech will have the effect of closing the debate on the motion for second reading of Bill C-29.

Senator Bielish: Honourable senators, I should like to thank Senator Argue for his kind comments on my participation on behalf of agriculture in Canada, and in this case, the western grain producers. As Minister of State responsible for the Canadian Wheat Board in the previous administration, he had a full understanding of the problems encountered, and has had his turn at providing solutions. I appreciate the suggestions he has made and would make only one comment about the report, "Tax Issues in Agriculture" that he so severely criticized.

When read carefully, one will see that this report is, in fact, a discussion paper. As such, there will be adequate opportunity for discussion by all segments of the agricultural industry.

I thank Senator Argue for his support of this bill.

Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

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

On motion of Senator Bielish, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Langlois:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the *Canadian Charter of Rights and Freedoms;* and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.—(*Honourable Senator Doody.*)

Hon. Nathan Nurgitz: Honourable senators, this matter has been on the order paper for some time. I think I may be the only senator, other than Senator Godfrey, who has particular interest in this matter. I may conclude my remarks by asking that the motion go forward to the other place to be dealt with.

I would point out that the general comments I make with respect to this order, that is, Order No. 11, apply also to Order No. 12.

As all honourable senators know, the first of the two motions proposed by Senator Godfrey is to examine the subject matter of clauses of bills where these clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the *Canadian Charter of Rights and Freedoms*. Senator Godfrey's second motion, that is Order No. 12, deals with a similar request but, in that case, it is to examine clauses which bestow power to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and otherwise breaches the generally accepted principles of delegated legislative authority.

After some considerable discussion, we on this side hold mixed views. No one, for the moment, would be suspect of the motives of Senator Godfrey. They are, in fact, worthwhile. There ought to be some method by which, if we have a *Charter of Rights and Freedoms* and if we have a concern about the wide-ranging legislative authority, we can build in some safeguard so that clauses of bills, which offend either the charter or the delegated authority, are not passed.

I should like to congratulate Senator Godfrey for bringing these matters forward. He is one of the few persons in both houses who takes a great interest in this terribly important work. While normally we would concentrate a little more on breaches of the Charter, breaches of delegated authority may perhaps be a greater sin on the part of government and bureaucracy. As honourable senators who attend meetings of the Standing Joint Committee on Regulations and other Statutory Instruments will know, there are literally many hundreds of regulations that are challenged annually. I believe the success rate of that committee, although not as high as members would wish, is nevertheless reasonably high, and we endeavour to convince departments to withdraw or change the regulations made.

• (1530)

The question of building in a safeguard with regard to both of these matters is admirable, but how does one do it in the best possible way? Some would argue that this should not lie with any single committee, that every committee has staff and has access to the Library of Parliament Legal Research Department, or, in general, the Library of Parliament. Many of our committees have other research resources available. Each committee would examine any bill notwithstanding its concern about the subject matter, be it health, taxation or anything else. Each committee would have the added criteria to ensure that the bill did not breach the Charter or was not, in some way, couched language that would offend what is considered to be good practice in terms of delegated legislative authority.

For example, a taxation matter may come before the Standing Senate Committee on Banking, Trade and Commerce, and bills dealing with other subject matter would come before other committees. Obviously there would be no duplication of work. Standing committees of either house could review the substantive matters, as well as look at the two serious matters raised by Senator Godfrey. That could be within the criteria for every committee.

Assuming that Senator Godfrey's motion passes both houses, presumably the committee, of which I am a joint chairman, would have this responsibility. One can foresee substantive matters coming before the standing committees of either house and there could be an ongoing fight dealing with substantive matters before the Senate Committee on Regulations and other Statutory Instruments. To that end, one might argue that there could be some duplication. Some might argue that every committee could be instructed to be mindful of the concerns of the Charter and of delegated legislative authority.

We should not lose sight of the fact that as bills are argued in both houses of Parliament, surely there would be a sufficient number of members of both chambers who would be mindful of their duty, who would be concerned with Charter rights and delegated authority matters and who would raise them on the floor of both chambers as the bills were being debated.

I do not wish to oppose Senator Godfrey's motion, although I have expressed my views on it. I believe that his motives and ideas are commendable, and I believe that this matter should not be left lying around here much longer. I am not certain whether Senator Godfrey and other honourable senators will be familiar with Bill C-27 which was introduced in the other place on January 31. No doubt it will reach us shortly. Clause 106 of that bill amends the Department of Justice Act. Without quoting the clause, it imposes an obligation on the Minister of Justice to the effect that legislation should conform to the Canadian Charter of Rights and Freedoms. I am not certain how that will be done, but, when the opportunity arises, I am quite sure that we shall be asking the minister how he will carry out that function. There is an added safeguard in that there will be some built-in mechanism that, as legislation comes through, there will be a statutory requirement on the part of the minister to ensure that it does not offend the Charter.

In the interests of getting on with other business before us, we should perhaps proceed with this and the next Order of the Day, to enable both houses to deal with them.

Hon. John M. Godfrey: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that if the Honourable Senator Godfrey speaks now, his speech will have the effect of closing the debate on this motion.

Senator Godfrey: Honourable senators, Senator Nurgitz has raised the question that the matter should not be decided by one committee. I entirely agree with him. The Committee on Regulations and other Statutory Instruments only alerts the committee that is dealing with the bill of the possibility, and it is that committee that will make the decision, not the Committee on Regulations and other Statutory Instruments. The point is that the Committee on Regulations and other Statutory Instruments has two full-time counsel, and no member of Parliament really has the time personally to go through a bill and ferret these things out. There is the advantage of having that technical assistance.

With regard to the last point raised by Senator Nurgitz concerning the Department of Justice Act, there was a similar provision with respect to the Bill of Rights. It has always been the department's responsibility with respect to the Bill of Rights, and, I believe, now with the Charter of Rights and Freedoms, to take on that job. Their attitude is, "We are doing it. So why should the legislators do it?" But my view is that we should not rely on the bureaucrats, that the legislators should satisfy themselves. That is why I believe my motion will increase efficiency in the operation of Parliament and that these matters will be left less in the hands of the bureaucrats.

Hon. Senators: Hear, hear.

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

Hon. Senators: Agreed.

Motion agreed to.

STANDING JOINT COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Langlois:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and contains the powers set forth in Paragraph 2 of Part 9 of the Cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:

"9. REGULATIONS

In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:

(1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.

(2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:

(a) power to make regulations that might substantially affect personal rights and liberties;

(b) power to make regulations involving important matters of policy or principle;

(c) power to amend or add to the enabling Act or other Acts by way of regulation;

(d) power to make regulations excluding the ordinary jurisdiction of the Courts;

(e) power to make specific regulations having a retrospective effect;

(f) power to subdelegate regulation-making authority;

(g) power by regulation to impose a charge on the public revenue or on the public other than fees for services:

(h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulation"; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.—(*Honourable Senator Doody.*)

[Senator Godfrey.]

Hon. Nathan Nurgitz: Honourable senators, for all of the reasons, both good and bad, that I gave in connection with the previous motion, and—as the Deputy Leader of the Government reminds me—so long as we do not tell Senator Frith that we are doing this, I would ask that this motion be agreed to.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on his part necessary to be done during Her Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Public Works Act and the Public Lands Grants Act (*Bill C-13, Chapter No. 1*)

An Act to amend the Currency Act (*Bill C-21, Chapter No. 2*)

An Act to amend the Excise Tax Act and the Excise Act (*Bill C-17, Chapter No. 3*)

An Act to amend the Pension Act (*Bill C-28, Chapter No. 4*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 27, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

BORROWING AUTHORITY BILL, 1984-1985 (No. 2)

COMMITTEE REPORT

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Wednesday, February 27, 1985

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

THIRD REPORT

The Standing Senate Committee on National Finance to which was referred Bill C-11, intituled: "An Act to provide borrowing authority", has, in obedience to its Order of Reference of Wednesday, January 23, 1985, examined the said Bill and now reports the same without amendment but with the following recommendation.

In its report of July 29, 1982 on an earlier borrowing bill, Bill C-125, of the First Session of the Thirty-second Parliament, the Standing Senate Committee on National Finance asserted the principle "that parliamentaary approval of borrowing was a necessary part of the control of the executive by the legislature". The Committee recommends that the Senate remain reluctant to approve any request for borrowing authority if such a request is not supported by a budget or by main estimates for the period for which the borrowing authority is being requested.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

[*English*]

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE AUTHORIZED TO STUDY DISCUSSION PAPER ENTITLED "TAX ISSUES IN AGRICULTURE"

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and report upon the Discussion Paper entitled: "Tax Issues in Agriculture", issued by the Department of Finance, tabled in the Senate on 5th February, 1985; and

That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT BILL

THIRD READING

Hon. Heath Macquarrie moved third reading of Bill C-22, to establish the International Centre for Ocean Development and to amend the Financial Administration Act in relation thereto.

Motion agreed to and bill read third time and passed.

WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—THIRD READING

Hon. Martha P. Bielish moved third reading of Bill C-29, to amend the Western Grain Stabilization Act.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

27 February 1985

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 27th day of February, 1985, at 4.30 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

Hon. Duff Roblin (Leader of the Government): Honourable senators, before we adjourn during pleasure to await Royal Assent, I think it would be appropriate for me to discuss with honourable senators our program for the near future.

I have made careful inquiries of my colleagues in the House of Commons about the progress of legislation before that body. The House of Commons has a great deal of business before it; there are 15 or 20 bills on the Order Paper, some of which are of considerable importance. If it were thought likely that those bills would be passed in time for us to deal with them in the very near future, I think it would be our duty to attend to them. One can never tell how quickly bills can be moved through the House of Commons—

Senator Lewis: Or the Senate!

Senator Flynn: The same applies to the Senate.

Senator Roblin: At least the members of the House of Commons were elected to consider bills, whereas we were not.

Some Hon. Senators: Oh, oh.

Senator Roblin: My honourable friends will have a great deal more to "oh, oh" about before I am through.

Getting back to the point I was at before I received such an interesting expression of opinion, I cannot guarantee the pace at which legislation is moved through the House of Commons. Indeed, I cannot guarantee the pace at which legislation moves through the Senate. We have just found that out! Neither can the government guarantee the pace at which legislation moves through the House of Commons, even though it has a majority, because it is the government's firm policy to make sure that adequate debate does take place.

So, honourable senators, the best information I can obtain at the present time is that there are not likely to be any bills coming before the Senate from the House of Commons in the immediate future. I reflect also on the fact that last week we met longer than we usually would have, and on the fact that the House of Commons was on its winter recess. We gave up our winter recess last week to attend to the important business of this chamber, and I am glad we did. Now, however, we could consider the possibility of reinstating that winter recess for next week, which might be reasonable in view of the fact that the legislative program before us is likely to be nonexistent, or, at the best, skimpy.

So, unless there is a reason an honourable senator would like to advance as to why this course of action should not be followed, I would expect that, after Royal Assent has been given and we move the adjournment of the house, it will be adjourned until March 12.

There are a couple of things that should be said about next week. The first is that committees of the Senate will be meeting. We intend to provide authority for that, if we have not already done so. Those meetings should be held because a number of our committees are considering important subjects and we wish those committees to continue their work.

The other point I wish to make is that on Thursday next, March 7, the Secretary General of the United Nations will be making a joint address to the House of Commons and to the Senate. It so happens that the House of Commons will also not be sitting on that particular day, but I suspect there will be a good turnout of those senators who live close to Ottawa in order to make sure that the proper courtesies are extended to our distinguished visitor, the Secretary General of the United Nations.

• (1410)

I ask honourable senators who are within easy reach of this building to make a note that at 3 o'clock in the afternoon the Secretary General will be speaking to a joint meeting of the Senate and the House of Commons in the House of Commons, and I would ask honourable senators to attend on that occasion. Naturally, invitations will be extended, but I wanted to give this advance notice because, as I said, we may be adjourning for a period of time at the end of this sitting today. If there are any comments that honourable senators want to make with respect to that program, I would appreciate their speaking now.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, March 12, 1985, at two o'clock in the afternoon.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Duff Roblin (Leader of the Government): Honourable senators, Senator Murray has just reminded me that the Standing Senate Committee on Banking, Trade and Commerce will be meeting as soon as the Senate rises, which will be at any moment now. He might want the committee to meet while the Senate is sitting and after Royal Assent. I would therefore like to ensure that I have the unanimous consent of honourable senators to enable the committee to hear the out-of-town witnesses even though the Senate may still be sitting.

Accordingly, honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to make a plea on behalf of Senator Hastings who has an extensive calendar lined up for the coming week for the Standing Senate Committee on Energy and Natural Resources. He has five meetings scheduled, plus a field trip to Sarnia. I urge members of that committee who can possibly attend to do so in order to alleviate the strain he is under today. He asked me to do everything I could to avoid the adjournment for next week but, obviously, those efforts were unsuccessful. I ask the committee members to make every effort to attend those meetings.

Hon. George van Roggen: Honourable senators, before the deputy leader moves the adjournment, I should like to remind the members of the Standing Senate Committee on Foreign Affairs that in anticipation of our not sitting next week we endeavoured to adjourn the hearing next Tuesday of a witness who was coming from Washington. He was unable to give us an alternative date before the end of April; therefore, we will be sitting on Tuesday, as usual, at 11 o'clock in the morning.

THIRTEENTH BALTIC EVENING

ANNOUNCEMENT

Hon. Stanley Haidasz: Honourable senators, I should like to make a few remarks on behalf of the sponsoring committee of parliamentarians of the Baltic Evening on Parliament Hill. As you probably recall, today our committee is hosting the Thirteenth Baltic Evening on Parliament Hill, along with the Baltic Federation of Canada. On your behalf I should like to welcome the representatives of the Baltic Federation of Canada, and I remind honourable senators who have accepted our invitation to attend the event this evening that it begins at 6 o'clock.

BUSINESS OF THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, while we are making comments about the prospective business, I should like to say how pleased I am that the Secretary General of the United Nations is to address a joint session of the House of Commons and the Senate next week, because he has attempted since his accession to that post to provide fresh impetus to the work of the United Nations in order to improve its operations. I believe that, in present circumstances, he requires the full support of all Canadians and, certainly, the Parliament of Canada.

It has been the attitude of successive Governments of Canada to support the Secretary General in his work, and I am very pleased that the Leader of the Government has informed us of the presence of the Secretary General in Ottawa next week.

At the same time, there will be evidence of activity next week because, even though the Senate itself will not be sitting, there will be committee meetings, as the Leader of the Government has pointed out. I particularly welcome the opportunity that will be afforded to us next week to give intensive consideration to the draft report that is now before the Standing Senate Committee on Foreign Affairs. I am sure we all appreciate that opportunity.

Finally, I should like to express my understanding of the remarks by the Leader of the Government that there is little indication that bills will be coming from the House of Commons next week. In this regard, I made my own inquiries yesterday and received the same response, that is, the likelihood of receiving bills is not great.

However, when bills are to be dealt with, we on this side will deal with them expeditiously, as we have dealt with legislation from the government in this chamber.

Some Hon. Senators: Hear, hear.

Hon. Jack Marshall: Honourable senators, I should mention that, during the recess next week, the Standing Senate Committee on Agriculture, Fisheries and Forestry will meet to hear witnesses from the Freshwater Fish Marketing Corporation—Mr. Tansley and Mr. Dunn. I hope that as many members as possible will attend that meeting.

Honourable senators, this will be the first meeting to be held by the committee this session and, unless I hear to the contrary after we adjourn today, the meeting will take place as arranged.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it would appear that, although

the Senate may not be sitting next week, we will have a pretty full schedule of committee meetings.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide Borrowing Authority (*Bill C-11, Chapter 5*)

An Act to establish the International Centre for Ocean Development and to amend the Financial Administration Act in relation thereto (*Bill C-22, Chapter 6*)

An Act to amend the Western Grain Stabilization Act (*Bill C-29, Chapter 7*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The Sitting of the Senate was resumed.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

THE ESTIMATES, 1985-86—PRIVY COUNCIL VOTE 15 REFERRED TO STANDING JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Tuesday, February 26, 1985

Ordered—That Privy Council Vote 15 for the fiscal year ending March 31, 1986, be referred to the Standing Joint Committee on Official Languages Policy and Programs; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

Michael B. Kirby
For *The Clerk of the House of Commons*

THE ESTIMATES, 1985-86—PRIVY COUNCIL VOTE 15 REFERRED TO STANDING JOINT COMMITTEE

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

That the Standing Joint Committee on Official Languages Policy and Programs be authorized to examine the expenditures set out in Privy Council Vote 15 of the Estimates laid before Parliament for the fiscal year ending the 31st March, 1986; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, March 12, 1985 at 2 p.m.

THE SENATE

Tuesday, March 12, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE ESTIMATES

QUESTION OF PRIVILEGE

Hon. Philippe Deane Gigantès: Honourable senators, I rise on a question of privilege. On February 20, 1985, I said in this honourable chamber, as appears at page 572 of the English version of *Senate Debates*, that I was puzzled by the crisis over the estimates, and asked why the government was making a crisis when there was evidence that the estimates had already been printed.

At page 575 of *Senate Debates* of the same date, the Honourable Senator Roblin said:

> To put it very bluntly, I am afraid Senator Gigantès does not know what he is talking about.

On February 27, 1985, at page 2544 of *Commons Debates*, bottom right hand corner, the Honourable Warren Allmand asked the Honourable Flora MacDonald, Minister of Employment and Immigration, why certain figures, and in particular those for Challenge '85, did not appear in the estimates.

The press release issued by the Honourable Flora MacDonald on Challenge '85 was circulated on February 6, and the minister said the following, in answer to Mr. Allmand:

> As the Hon. Member very well knows, those Estimates were in print before the $205 million was announced for Challenge '85.

I do not ask for an apology nor do I expect one, but I simply wanted to put that on the record. I am prepared to accept that the Honourable Leader of the Government in the Senate does not occupy himself with such mundane details as to the printing of the estimates and, therefore, might not have known that they were in print when I said they were.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not aware of the question of privilege, unless it is that the honourable senator is objecting to my describing him in the way I did.

I regret I cannot retract my statement, because the minister's quotation about the estimates being in print in no way invalidates what I have said. It is a long way from her estimates being in print to the ultimate approval of the estimates for distribution to Parliament. I do not really rise to enter into a discussion on that point, because I think we have other things to do.

THE LATE KONSTANTIN CHERNENKO

CONDOLENCES

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think it appropriate for this chamber to take note of the fact that there have been significant developments in the wide world in which we live, none being more significant than the death of the President of the U.S.S.R., Mr. Konstantin Chernenko. This is certainly an occasion on which people across the world, regardless of their political views, may offer their condolences to the government and the people of the Soviet Union on the loss of their leader.

I think, perhaps, it would be appropriate to say something more because a new leader has been chosen, Mr. Mikhail Gorbachev. I pronounced his name in the Canadian fashion, as members of this chamber will recognize. This is a significant development for us, if only for the fact that the new head of the Soviet Union represents a new generation of leaders in that country. While I think it would be optimistic to expect to see changes of a substantial nature in their attitude toward their own problems and toward their neighbours of the world, I think, perhaps, to do so would be premature. Nevertheless, I think we can be hopeful that some new and more relevant views may be brought by that great nation to the problems which concern us all.

While it is inappropriate for me to offer any advice to the new leader of the Soviet Union, it is not inappropriate to express the hope that there may be more flexibility which will be reciprocated by other states in this great world of ours, particularly in respect of the question of disarmament and relations with the United States. I wanted to make that remark on the passing of the head of the Soviet Union and the assumption by a new leader of that post.

Hon. Hazen Argue: Honourable senators, on behalf of the Leader of the Opposition in the Senate, I want to join with the Leader of the Government in expressing our regrets and condolences at the passing of Soviet leader Konstantin Chernenko. We extend our condolences to the Government of the Soviet Union, to the people of the Soviet Union and to the family of Mr. Chernenko.

As the Leader of the Government has said, Mr. Mikhail Gorbachev has succeeded as leader of the Soviet Union. I had the honour and distinction of being host for part of the visit of Mr. Gorbachev to Canada approximately two years ago. I found him very friendly, very intelligent and, I believe, a man of rather moderate views. At least, that is how I found him in our discussions. I believe he is a friend of Canada. We made it clear to him and, through him, to the Soviet Union that we were prepared as a nation to exchange agricultural technology

with the Soviet Union for the benefit of agricultural production in that country. Mr. Gorbachev, who was in charge of food production, has a real knowledge of agriculture and its people not only in his own country but also in Canada.

• (1410)

I think it significant that he has been something of a world traveller. I am impressed by the fact that he has a good knowledge of the English language, a facility which I think will make communication between the English-speaking world and the Soviet Union a little easier.

I believe there is real significance in the fact that the arms negotiations in Geneva are continuing. I express the hope, along with all Canadians, that they may lead to mutually satisfactory agreements.

THE LATE RIGHT HONOURABLE JOHN ADAMS PRIME MINISTER OF BARBADOS

TRIBUTES

Hon. Duff Roblin (Leader of the Government): I should also like to tell honourable senators that yesterday the Right Honourable "Tom" Adams, Prime Minister of Barbados, unexpectedly and tragically passed away. As those who are interested in the Caribbean know, this gentleman has been a tower of strength in that part of the world. He has been giving leadership to the Commonwealth nations of the eastern Caribbean; he has been a force for good.

I am sure that you would like me to take this opportunity to express to the government and people of Barbados our sincere regret on this news of his unexpected death. I hope that his successor will be able to discharge his new responsibilities effectively for the welfare of the people of that island. We take note of the problem in a fellow Commonwealth nation and send them our warm good wishes.

Hon. Hazen Argue: Honourable senators, I wish to join with the Leader of the Government in expressing regret at the passing of Prime Minister Adams of Barbados. The Caribbean has been and is of importance to Canada. We recognize the late Prime Minister's sterling qualities of leadership.

On behalf of the opposition, I join with the Leader of the Government in his expression of sympathy and in his remarks about our good association with Barbados.

Hon. Senators: Hear, hear.

THE HONOURABLE JOSEPH A. SULLIVAN

TRIBUTES ON RESIGNATION FROM THE SENATE

Hon. Duff Roblin (Leader of the Government): Honourable senators, coming a little closer to home, I should like to mention another gentleman at this time. I announce to honourable senators, if they do not already know, that the Honourable Senator Sullivan, has tendered his resignation to Her Excellency the Governor General.

On the news of the departure of our friend from this chamber, it would be appropriate to say a word of thanks and appreciation for his services to the people of Canada.

In quite recent years, Senator Sullivan has not been as active a member of this chamber as he would have liked to be. In submitting his resignation, he explains the disabilities which have prevented him from discharging his function as he would have liked and these are the reasons that prompted his resignation.

However, in days gone by, as others here will testify, he was an active and enthusiastic participant in the affairs of this chamber and had a good deal of common sense and good judgment to offer on the issues that were debated among us. I believe it appropriate that we should remember his good work as a member of this chamber in those times.

He is, indeed, a remarkable man because, when he was young, he was a member of the champion Canadian Olympic hockey team, in 1928. He was the goaltender of the Varsity hockey team which won great renown for our nation. I think it has been a matter of some pride to Senator Sullivan—and I understand entirely why this should be so—that he can point to that extraordinary achievement as a landmark in his younger days.

He went from hockey to another world entirely—the world of medicine, as an eye, ear, nose and throat specialist. Over many long years as a practitioner in that field he won not only glowing opinions, but a succession of honours. He can point to a succession of achievements which very few other people in that important branch of medical science can claim. I believe he would like us to remember his contribution to the health of this nation and the welfare of individual human beings that he, as a doctor, was able to bring about as a result of his knowledge and talent in the field of medicine. Honourable senators, that is only one of the accomplishments of Senator Sullivan to which I particularly want to refer.

He is also an ardent member of the Roman Catholic Church. He professes his faith and he does his best to discharge his obligations as a churchman. He has been recognized by the church in a number of important, distinctive particulars. He was created a Knight of the Holy Sepulchre and a Knight Commander of St. Gregory with Distinction. His activities in that area have also brought much honour and credit to himself and much pleasure to his friends.

Senator Sullivan has retired because of his disabilities. For a man in his early eighties, he is a pretty active character, and I suspect that he will continue to make his presence felt for many years to come. I know that, in recognizing his service in this house and saying farewell to him as a member of the Senate, we can also offer him our warm good wishes for many happy years of productive activity in his chosen field.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on behalf of the Opposition in the Senate, I want to endorse the remarks of my colleague Senator Roblin.

The "new boys"—as Senator Walker would say—did not know Senator Sullivan very well. However, those of us who did get to know him better will recall that he was a kind man: every time a new senator was introduced in the Senate, Senator Sullivan would never fail to greet him personally. I had that experience, as did several other "new" senators.

In addition, he always gave me the impression that he was in good shape, although in fact his failing health prevented him from attending our sittings.

Senator Sullivan stood as an example and a symbol of Canadian life. He was outstanding in all sport, professional, religious and political endeavours, as Senator Roblin pointed out. We are confident that his resignation will not be the end of his career, and we extend to our colleague Senator Sullivan our best wishes for a long and happy life.

[*English*]

Hon. David A. Croll: Honourable senators, I wish the Leader of the Government would give us notice of an occasion such as this so that we can prepare something instead of having to speak off the cuff. We are not all first class at doing that. Sometimes, when we read the tributes, we wonder whether they meant anything at all. The tributes paid today are very good, but instead of keeping the occasion a secret between the Leader of the Government and the Leader of the Opposition, we too should be let in on it.

Senator Roblin: I wish to apologize to my honourable friend. He has an excellent point and I express my regret that he was not informed. It does appear on the Clerk's Scroll, which is available to the leadership of the house, but, of course, my honourable friend has no means of knowing what is on the Clerk's Scroll. So I will undertake, insofar as I can, that I will try not to trespass in this respect in future.

HIS EXCELLENCY JAVIER PEREZ DE CUELLAR SECRETARY-GENERAL, UNITED NATIONS ORGANIZATION

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that the address of the Secretary-General of the United Nations Organization, His Excellency Javier Perez De Cuellar, to members of both houses of Parliament, delivered on March 7, 1985, together with the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches delivered by the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

(*For text of address and introductory speeches, see Appendix, p. 640.*)

[Senator Frith.]

• (1420)

INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE

Hon. Ian Sinclair, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, March 12, 1985

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill S-3, intituled: "An Act to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for the avoidance of double taxation with respect to income tax", has, in obedience to its Order of Reference of Wednesday, February 13, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

IAN SINCLAIR
Deputy Chairman

THIRD READING

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

Hon. William M. Kelly, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

[*Translation*]

STANDING RULES AND ORDERS

NOTICE OF MOTION TO REQUEST COMMITTEE TO STUDY AUDIO RECORDING AND BROADCASTING OF PROCEEDINGS OF SENATE COMMITTEES

Hon. Fernand-E. Leblanc: Honourable senators, I give notice that tomorrow, Wednesday, March 13, 1985, I shall move:

That the Standing Committee on Standing Rules and Orders be requested to consider and report upon the question of the audio recording and broadcasting of the proceedings of Senate committees.

[*English*]

THE ESTIMATES 1984-85

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine the expenditures set out in the Supplementary Estimates (C) for the fiscal year ending 31st March, 1985, tabled in the Senate today.

Motion agreed to.

QUESTION PERIOD

[*English*]

REFORM OF THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, in rising to his feet for the first time today, the Leader of the Government in the Senate referred to developments since last we met. I have a series of questions on a development closer to this institution than the other important developments that have been referred to in the statement of the honourable leader. In fact, today is the first opportunity we have had for some days to garner from the government its thinking on the future and the work of the Senate. I must say for myself that I welcome the increased and substantial attention that has been paid to this vital institution in Canadian federalism.

The media have told us that the government has been considering proposals for changes to the Canadian Senate. I would like to ask the Leader of the Government whether, indeed, proposals have been considered by the government; if so, whether he himself has been involved in the preparation of these proposals and whether any decisions have been reached by the government with respect to the future work and powers or function of the Senate.

• (1430)

Hon. Duff Roblin (Leader of the Government): I expected this topic to be raised this afternoon. I have been making note of the questions that have been asked of me in the hope that if I can encourage other honourable senators to pose their queries, I can deal with many of them in one final statement that would, perhaps, be more comprehensive than answering individually the direct questions put to me now.

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps we can make some of the questions more precise, in that case.

Specifically, the Leader of the Government in the Senate can take note, I imagine, of the interest of all honourable senators as to the extent of consultations with him about those proposals. We understand, of course, that the leader cannot disclose details of discussions which have taken place in cabinet. We are simply asking as to the direction of those proposals, to the extent that he knows that, and particularly his proposal. I think he should share with us his views on those proposals, whether or not he was consulted on them.

Again, even more specifically on that question, we should like to know whether the Leader of the Government in the Senate was asked by the Prime Minister for his views on the proposal to abolish to Senate, and if so, what the leader's advice was.

Perhaps the Leader of the Government would give us an interim count on the position of the provincial premiers, since, if there is to be abolition, I assume that that will take place under section 41, which requires the unanimous consent of the provincial premiers, or under section 38, which would require the consent of seven of the provinces comprising 50 per cent of the population. I am sure all honourable senators are interested in knowing what the first response of the provincial premiers has been, because we have been advised that, indeed, the government has been telephoning the provincial premiers to ask them for their views.

One other matter has disturbed some honourable senators, and because of that they would like to know the opinion of the Leader of the Government in the Senate with respect to the comments made by the Honourable John Crosbie, the Minister of Justice and Attorney General of Canada, regarding the general uselessness of the Senate. They would like to know whether the leader shares those views, and whether he finds it at all embarrassing to sit in cabinet or in government with someone who holds those views as to the uselessness of the Senate? I suppose an irresistable corollary to that would be the uselessness of the Leader of the Government in the Senate and all other senators, for that matter.

Hon. David A. Croll: Honourable senators, there may be no truth to the press reports which I have read, but they troubled me, so I ask the Leader of the Government in the Senate what inducement the Prime Minister has offered the premiers of the provinces to get them to agree to the suggestion that they support whatever action will be taken with respect to the Senate?

Hon. George van Roggen: Honourable senators, I ask the Leader of the Government in the Senate if he would give some thought to supporting the establishment of a forum—and I realize that this could be done by means of putting a motion on the order paper—to solicit the views publicly of senators from both sides of this chamber as to the proposals being put forward to the provinces?

I ask that because I, for one—and I know that there are many other honourable senators who feel the same as I do, and have said so publicly—believe that a suspensive veto in the case of all legislation would be an important improvement insofar as the Senate is concerned and would enable us to do our job more effectively and in a more regular fashion. In other words, we are at the moment suffering from an overdose of power which we do not exercise.

I think it would be useful if an occasion were provided for such an expression of opinion so that, indeed, the government would know that it had the support of this chamber on some of the proposals it might well be putting to the provinces. We do not know what those proposals are, and I am not seeking to find out anything with respect to cabinet discussion in that connection, as the Honourable Senator Frith has just stated.

But the provinces, which may well be tempted to start bargaining on this request made by the federal government, might be less inclined to do so if they thought that Parliament, including the Senate, were agreed on a level of reform that could be brought about quickly at this time. I am leaving aside the question of abolition, or even a directly-elected Senate, because I think that those things are not practicably going to happen at this time.

So my question is: Apart from an honourable senator putting this request on the order paper, would the Leader of the Government in the Senate give some thought to how best an expression by the members of this chamber could be put forward at this time in order to assist the government and the provinces in their deliberations?

[*Translation*]

Hon. Jean Le Moyne: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Considering the present feeling of apprehension which I think we all share, could the Leader of the Government in the Senate tell us how the provincial premiers reacted to statements by the Prime Minister of Canada concerning his intentions with respect to the Senate?

[*English*]

Hon. John B. Stewart: Honourable senators, perhaps when the Leader of the Government in the Senate is giving thought to the questions addressed to him he will contemplate the following specific question: As he knows, the Constitution makes provision that Parliament can extend its own life for an indefinite time. That can happen in what I will call "war-measure circumstances." That could be done by an act of Parliament. If there were no Senate, or if the Senate had only a suspensive veto, the House of Commons, with Royal Assent, could extend its life indefinitely. The one limitation would be that no more than one-third of the members of the House of Commons voted against the motions relating to the passing of that bill.

I ask if the Leader of the Government in the Senate has given consideration, or if the government has given consideration, to this very important constitutional point. It is so important that it appears in the Constitution of Canada.

I ask this particularly in view of the fact that under "war-measure circumstances" the legislative power of the Parliament of Canada—which in this case would really be the House of Commons—extends not only to section 91 matters, but to matters which ordinarily are under the legislative jurisdiction of the provincial legislatures. That is an important fundamental constitutional matter, one on which I am sure the Leader of the Government will enlighten us.

Hon. Charles McElman: Honourable senators, in light of past practices by the Government of Canada when any serious amendment to the Constitution was being considered in which it, by white paper or otherwise, laid on the tables of both Houses of Parliament its propositions, does the Leader of the Government consider it appropriate that the Prime Minister, as leader of a political party, should at this point in time be dealing secretly with the premiers of the provinces endeavouring to make undisclosed deals to get their support for an amendment to the Canadian Constitution, which amendment would directly affect Parliament, which has not yet been advised of what the draft proposals might be?

• (1440)

Senator Guay: That is a good question.

Senator MacEachen: Answer!

Senator Flynn: We lost our veto on constitutional matters.

Senator McElman: That is another question that is not fully resolved.

Senator Flynn: It was resolved during the night.

Senator McElman: No.

Hon. Paul C. Lafond: Honourable senators, I gather that I may change the subject—

Senator Frith: We want answers.

Senator Roblin: Honourable senators, before we deal with any other subject, I would like to suggest that if there are any other senators who want to deal with this question about the Senate which is before us I would appreciate hearing so now so I can give a comprehensive answer.

Senator MacEachen: Honourable senators, I think the procedure which the Leader of the Government is adopting today is quite unusual. We do not approve of it at all although we will tolerate it on this occasion. When he has given his answers to the series of questions we will have supplementary questions on this subject.

Senator Roblin: I am pleased to co-operate with my honourable friend, and I thank those members of the chamber who have been kind enough to share their concerns with me. I will do my best to answer them. If, when I have concluded, there are supplementary questions, which is to be expected, I will do the best I can with them.

I should like to start off with Senator McElman's comment, because of the delicate nature of the point he raised. I think it is true to say that in days gone by there have been secret negotiations between governments and provinces in connection with amending the Constitution. With respect to the very formation of the Constitution itself, although it was partially exposed to public discussion in the legislatures and elsewhere, there were elements of it which were certainly not discussed publicly before they were ultimately agreed upon. I think that is a fact of our history and should be borne in mind.

There is also a new situation here, namely, that we are now operating under a new Constitution. In a sense we are feeling our way as to how that should be done. According to the literal reading of the Constitution itself, it appears that the Constitution could be amended by consent of the legislatures of the provinces and Parliament. Just what is involved in that process is an experience that we are now going through. I remember, for example, in my own province when a proposal was made to amend the Constitution of Manitoba in respect of certain

particulars, the arrangements for that amendment were made in secret between the provincial government and the federal government, if my memory is correct. Other senators from Manitoba can correct me if I have misstated the fact, but I believe that negotiations were carried on in advance before there was any public announcement of what was intended.

Senator Frith: Or parliamentary?

Senator Roblin: Or parliamentary for that matter.

Senator Frith: Were senators consulted?

Senator Roblin: I am not sure whether senators were consulted. I was not, because I was sitting in the opposition. Perhaps some senators who were on the government side at that time were consulted but I do not know. All I know is that we have a new Constitution and a new situation and the question of how amendments should be arrived at is, perhaps, an open one. Frankly, I should tell my honourable friend that I am prepared to talk about what is the best way to do it. It seems to me that there is a reasonable ground for the course that the government is taking at the present time.

Coming to Senator Stewart who is interested in the provisions that govern the extension of the life of Parliament in situations of national emergency, I am not at all sure whether those provisions will be directly affected by any changes in the powers of the Senate, because at the present time we do not know what those changes might be. However, I think it is a point that should not be lost sight of and I, for one, will ensure that this particular matter is brought to the attention of those who are concerned if it seems appropriate to do so.

Senator Le Moyne asked me for a statement about the reaction of the premiers. Of course, that I cannot give. The premiers themselves will tell us what they think of any negotiations that are going on and I must respect their right to do so.

Senator Frith: When you say "I," do you mean the government?

Senator Roblin: Yes, the government. I mean to say it would be wrong of me as a member of a government to come into this chamber and announce the policy decision taken by the Premier of Manitoba. I might feel that I knew what it was, but until he makes that statement himself I do not think it is appropriate for me to second guess what he is going to say. The point I am trying to make is that the provinces will speak for themselves.

I like Senator van Roggen's idea that we should give some thought as to the type of amendments on which we might find a consensus in this chamber. It may be that there are issues of that kind. I want to assure my friends, as I will say when I get to a statement that I want to read to you, that there will be an opportunity provided for members of the Parliament of Canada on either side of the aisle in both the House of Commons and the Senate to consult on whatever is proposed in order to see if a large measure of agreement can be secured in that way after we have determined whether or not there is sufficient provincial consensus for us to proceed. It is a practical idea. It is in keeping with the collegial and consultative nature of this body, and I hope that we can do something about that.

Senator Croll asked whether there were any inducements on the table for the provinces to do what the feds want them to do. To the best of my knowledge, no. The issues that are being discussed are being discussed on their merits only as far as the federal government is concerned, and it certainly will stay that way.

I now come to some of the points raised by Senator Frith, and I think they were also raised by the Leader of the Opposition. He inquired as to what part I had to play in the events that have led up to these negotiations with the provinces of Canada. Insofar as decisions were made by the cabinet, I had my share in collaborating in arriving at those decisions. Further than that, of course, I cannot go. What those proposals are is now a matter for discussion between the federal government and the provincial governments, and I am sure in due course if there is a consensus as to what should be done, we will be laying that matter before Parliament.

As for my views on the matter, I cannot give private views. My friend knows that I am bound by the principle of cabinet solidarity and unless I resign from the cabinet I respect those rules. I am still in the cabinet so I am not able to give any opinion to my honourable friend on matters of that sort.

Senator Frith: What were those matters?

Senator Roblin: You asked me what my private views were. I am telling you that I am not giving any private views.

I am interested in the attention paid by my honourable friend to the Minister of Justice, Hon. John Crosbie, who certainly in his first comment was none too flattering of the activities of the Senate. I am glad to say that he was, as is sometimes the case with him, speaking for himself in his own inimitable way. He went on to say that he felt sure that the Senate could perform a useful function if it was more in tune with democratic times and he did not want to foreclose anything. I think I am going to have to forgive him if he was a little harsh on the Senate when he started out because he wound up by indicating that there was a place for this body and that he could find it in his heart, if he was confronted with a suitably reconstructed Senate, to support it.

These seem to be the points that I noted. Senator Frith asked me again what the provincial premiers have to say. I must answer that by saying that they will inform the country themselves when they have made up their minds as to what they think about it. The Leader of the Opposition asked me what my involvement is, and I told him that I am involved as a member of cabinet and that is as it should be.

• (1450)

In order to be more specific about the position I am taking, I should like to say something that is in the nature of a government announcement which deals with this whole matter. It repeats some of the points I have already made, but puts them in a little more authoritative manner than just hearing

them from me in a verbal passage such as this. This is what I have to say:

As honourable senators will be aware, the question of Senate reform has taken on a new prominence in the past several weeks.

Senator Frith: Is the honourable senator speaking for the government now?

Senator Roblin: I am speaking for the government.

This was not originally a matter which ranked high on the government's agenda for legislative action. It has been said before, and I will repeat today, that the mandate given to the government on September 4 last, and the first priority for the government, is to ensure that Canada's economy is put back on track. It was only as a result of the actions of Liberal senators with respect to Bill C-11 that the government was prompted to consider certain aspects of Senate reform.

Needless to say, there has been a great number of studies and reports on this issue. The very existence of this plethora of studies gives substance to the proposition that the Senate, as presently constituted and functioning, has failed to meet public expectations in 1985 and therefore stands in need of reform. At the same time we must ensure that we do not act precipitately in this respect.

Our constitutional amendment formula grants the provinces a voice in any discussion of Senate reform. Alterations in the powers of the Senate would require the consent of seven provinces with at least half of the national population. The Constitution does not provide for the abolition of the Senate. If it were to be undertaken, it would undoubtedly require the unanimous consent of the 10 provinces. From that standpoint, it is not a viable option. Instead of abolition, most of the provinces want reform. They understand the role that a second chamber can and should play in a federal system of government. In any event, the government is not prepared to act in a unilateral fashion.

Recognizing that the provinces have a legitimate role to play in the process of Senate reform, the government has initiated a process of consultation with representatives of provincial governments. The government will decide on its final course of action only after provincial views on Senate reform are fully understood.

If our discussions with the provinces produce a consensus, we will, of course, meet with our colleagues from both sides of the House of Commons and the Senate to discuss the timetable for reform and the most appropriate means of bringing the matter before Parliament.

I hope that statement will provide some information to honourable senators.

Senator MacEachen: Honourable senators, I want to make what might be described as a brief comment on the statement by the Leader of the Government. I want to make it clear that the persons whom the Leader of the Government described as Liberal senators still believe that they acted properly in their conduct with respect to Bill C-11.

[Senator Roblin.]

Some Hon. Senators: Hear, hear.

Senator MacEachen: All the threats that were made prior to the action we took did not deter us from that course of action. I believe that, as time goes on, that course of action will be justified, as it is justified in our minds. Whatever justification there is for Senate change and, indeed, there is justification, to link it to this particular action taken with respect to Bill C-11 is an extraordinary over-reaction by the government itself.

I do not want to go beyond these preliminary remarks in reply to the comments made by the Leader of the Government.

Although the Leader of the Government may have implicitly provided the answers, I want to know explicitly whether the government has settled on a proposal or a series of proposals, or whether it has merely settled on a series of options. Is the conversation with the provinces based on a series of options or proposals agreed to by the Government of Canada, or is the conversation merely exploratory? I think it is important to know whether the government has settled on ideas, proposals or options which it has conveyed to the provinces, or whether it has opened up the question in a general way and said, "What is your reaction to changes to the Senate?"

Senator Roblin: I am glad my honourable friend is satisfied with his conduct; it would be strange if he were not. I am not altogether sure that he will meet with unanimous agreement with that in view of recent transactions in the Senate.

Senator MacEachen: I am sure I will not.

Senator Roblin: My honourable friend is really asking me: What has the government put on the table in discussion with the provinces? Is it a proposal? Is it a number of alternatives? Or what is it?

Of course, the answer to that question will be made known to the public and to my honourable friend when those discussions are concluded. It would obviously be futile for me to try to negotiate those terms or outline the government's position on the floor of this chamber.

Senator MacEachen: Honourable senators, the Leader of the Government is not under any great disability in answering this question. I want to know whether the government has put forward specific proposals to the provinces.

Senator Roblin: If the honourable gentleman is asking me whether the government has submitted specific proposals, but is not following that up by asking what they are, I can say, yes, the government has submitted specific proposals; there are several of them.

Senator MacEachen: I thank the Leader of the Government. I will not ask his suggested question at this point.

Is it true to say the government has presented a series of options to the provinces rather than a series of proposals? Are they proposals or options? That is what I want to know.

Senator Roblin: I am sorry; I cannot make any further statement on that matter.

Senator MacEachen: Not revealing whether the government has made up its mind on specific proposals to the provinces, I

think, is a most revealing answer. I would conclude that, at this point, it is exploratory and that there is a general conversation, but that is something we can determine later on.

What is clear now is that the Leader of the Government cannot tell us whether the government itself has decided on proposals with respect to changes to the Senate.

What I want to ask him is based upon a statement attributed in the press to Senator Murray, in which he said that Progressive Conservative senators had conversations with the Minister of Justice in which were disclosed the options the government had in mind. If it is possible for the Minister of Justice to tell his Tory colleagues in the Senate what he has in mind, surely the Leader of the Government can do us the courtesy of telling us what he has learned from the Minister of Justice.

Senator Roblin: I think Senator Murray will have to be responsible for his own statements. I was not aware of the statement. I know not what prompted it. Since I cannot speak for him, I think we will have to ask Senator Murray for his interpretation.

As a former member of the cabinet, my honourable friend knows that it is not possible for me to go further in discussing what the government proposals or options are in this respect.

Senator MacEachen: I have deliberately not asked the Leader of the Government for the content of whatever was transmitted to the provinces. I will not ask that.

However, I think it is not unfair to ask whether concrete, specific proposals agreed to by the government have been submitted to the provinces. I have not received an answer to that. That, as I said earlier, is quite revealing.

I want to ask the Leader of the Government another question related to the frequent references made by the media, presumably based upon sources within the government, that proposed changes to the Senate of Canada would be based upon the Parliament Act passed in the United Kingdom. I wonder whether that is in the mind of the government. In considering changes, have they—I am sure they have—reflected upon the idea that Britain is a unitary state and that the House of Lords is a body of peers, while Canada is a federal state and the Senate is intended to represent the regions, and that therefore what may be appropriate in the United Kingdom, may not be appropriate as a pure transplant to the Canadian scene? Therefore, I ask the Leader of the Government whether there is validity in the frequent references made in the media that the government is proceeding on a British model.

• (1500)

Senator Roblin: I wish to come back to the first point. It should be clear that if you go into a negotiating session with a very firm view as to what should be done, with no room to manoeuvre, it really is not negotiation. So whatever firm ideas the government may have with respect to this matter, I am sure that they are subject to influence by what the provinces think about them when they hear them. I believe that is a reasonable and natural situation to be facing.

I quite agree with my honourable friend that the Senate is not the House of Lords, that it is constituted for an entirely different reason. Its history is different, and there is no reason to think that what is good for the House of Lords will be good for the Senate. So I can give no credence to those speculations with respect to a comparison between the House of Lords and the Senate, except to say that there are certain superficial resemblances, but in terms of the constitutional necessities in Canada, the two situations are quite different.

Senator MacEachen: Honourable senators, I thank the Leader of the Government for his answer on that point. I wish to refer to a section of his statement in which he said that consultations would be undertaken with representatives in the House of Commons and the Senate. I noticed that yesterday the government house leader in the other place, the Honourable Ray Hnatyshyn, stated that when consultations and discussions had been completed with the provinces, then consultations would be held with party leaders—presumably the leader of the Liberal Party and the leader of the New Democratic Party in the House of Commons—and that the resolution that emerged as a result of those consultations would be discussed by the party leaders in the House of Commons. I am not drawing from his statement conclusions that are unwarranted, because he did refer to discussion of a resolution with the party leaders in the House of Commons.

I welcome the comment made by the Leader of the Government that he is prepared to have appropriate consultations with the members of the Senate, and I wonder what mechanism he has in mind for undertaking such a discussion of proposals, and whether indeed we will have a draft resolution to consider before any such resolution is introduced in either house.

Senator Roblin: Honourable senators, my answer is more speculative than is usual in these matters, because I would envisage an opportunity for the general proposition, whatever it may be, to be discussed in the Senate in perhaps several ways. It could be discussed between the leaders of the parties, who could then discuss it with their caucuses. But what I am sure about is that ultimately the resolution will be discussed by the whole Senate and that every member of the Senate will have an opportunity to speak, if he or she wishes, and to make any contribution that he or she considers useful to the resolution of the matter. I may be an optimist, but I have heard some statements made by members of this chamber that would lead me to believe that the idea of reform is not repugnant to everyone, and in that observation I include members on the other side of the house. I believe that this house would be willing to consider some reforms in its method of operation or in its structure. I hope—and I hope I am not too optimistic—that if we have a consensus from the provinces—which I believe is a necessary first step, because we cannot get anywhere without that, and we know what the rules are for that—and if there is an agreement to that extent, then the agreement of Parliament itself comes into play. So far as the Senate is concerned, I would like to have the most open discussion and consultations possible on the matter. It need not be any

hole-in-the-wall business at all, and I hope—hope springs eternal—that there will be a fair chance of finding, if not unanimity, then at least consensus in this house as to what should be done.

Senator Frith: Honourable senators, in the recent exchanges there would appear to be two threads that seem to have been left dangling. One is that the Leader of the Government described the need for certain strengths when one entered into negotiations; but, in answer to an earlier question he said that there were no inducements being offered to the provinces and that, so far as he was concerned, it would stay that way and there would be no inducements. I can see that it is possible for those two comments to be compatible, but I wish to be sure that I understood him. In other words, when he said that there would be no inducements, I would like to be sure that he was not changing that answer when he spoke about negotiations. The only way that the two would be consistent would be that there should be no inducements, but that the government would attempt to persuade the provinces that any changes made to the Senate's powers would be in the best interests of the provinces, as distinct from any inducements.

That is the first thread that was left dangling and it should be tied up. The other is that when asked about consultations by the government with Conservative senators, Senator Roblin, as part of his answer, again took refuge in cabinet secrecy. But I do not believe that any Privy Council oath binds or inhibits him from sharing with other honourable senators what the government discussed with Conservative senators.

Senator Roblin: I will not be coaxed on to this treacherous ground of—

Senator Frith: You will not what?

Senator Roblin: I will not allow my honourable friend to coax me on to what I believe to be the unstable ground of who said what to whom. I will not get into that, because it is something that is not within my realm of knowledge.

Senator Frith: Can you say whether there was such a meeting?

Senator Roblin: I will not allow any of those questions at all.

Senator Frith: They are too tough?

Senator Roblin: They are not too tough—

Senator Frith: Then why not tell us?

Senator Roblin: Because I do not believe it is to the advantage of my honourable friend to do so.

Senator Frith: It is like the objection to Bill C-11: it is because we won't just accept it.

Senator Roblin: You are reaping the fruit of that activity.

Senator Frith: There is a little punishment here.

Senator Roblin: My honourable friend has to recognize that in any move of this sort there is always a catalyst of some kind. You may not think much of the catalyst—

[Senator Roblin.]

Senator Frith: There is a little bit of megalomania seeping out.

Senator Roblin: I do not believe you can call that megalomania. You could call it decent respect for the proprieties. My honourable friend asked me whether we are offering any inducements to the provinces.

Senator Frith: You said you were not—

Senator Roblin: And I am saying it again; but that does not mean that you do not listen to what the other man has to say. You do not go into a negotiation if you are not prepared to listen.

Senator Frith: That is a nice distinction.

Senator Roblin: My honourable friend can laugh. My honourable friend's government was in the habit, in my opinion, of entering into certain activities that affected the provinces without proper consultation. It seems to me that that is a habit that we do not want to follow. If my honourable friend objects to our consulting with the provinces—

Senator Frith: No, no.

Senator Roblin: If he objects to our listening to their arguments, or our being influenced by their arguments, if they are good ones, then he is not on solid ground, and I hope that he would not lend himself to any of those propositions. That is what we are going to do: We are going to listen, and if the ideas are good, we will be influenced by them. It can hardly be any other way with proper federal-provincial relations. I tell him that is the situation. I tell him that the need to get a constitutional consensus on this is, of course, one of the essentials of any progress in this matter.

Senator Frith: We are given no answer. "Waltzing Matilda".

Senator Stewart: Honourable senators, earlier I asked the Leader of the Government a specific question, but I am not quite sure what his answer was. We know that under the Constitution, in war-measures circumstances, the duration of the life of a Parliament can be extended with the agreement of 190 members of the House of Commons, even over the objection of one-third of the members of the House of Commons. We also know that the Supreme Court of Canada has ruled that in war-measures circumstances the power of Parliament, whether it be in the absence of a Senate or with a Senate operating under a suspensive veto, can extend to matters normally under provincial jurisdiction. He says that the government is exploring to ascertain if there is sufficient provincial consensus to merit proceeding. I am trying to ascertain just how specific this exploration is. Does this particular point that I have raised come into his thinking at all? The answer he gave earlier suggests to me that cabinet has not even thought of this possibility. If that is the case, has it been raised by any of the provincial premiers? That is the question that I would like the leader to answer.

• (1510)

Senator Roblin: I repeat that I cannot tell my honourable friend what is transpiring between the provincial premiers and

the federal representatives. I am not there. I do not know and, even if I did, I would not tell him. However, if my honourable friend is asking me whether this particular point has been lost sight of, my reply would be no.

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. I think the Leader said that he was speaking for the government in presenting the statement he just read. Would that statement be available to us today, rather than waiting for the *Debates of the Senate* to come out tomorrow?

Senator Roblin: As soon as the Senate rises, I would have no objection to running off copies of the statement for senators who might like to look at it. If my honourable friend will be so kind as to check with my office when he is ready to read it, I hope it will be ready for him.

ENERGY

NEW PRICING AGREEMENT—PROGRESS OF NEGOTIATIONS

Hon. H. A. Olson: Honourable senators, I would like to ask the Leader of the Government a question respecting a matter that I have raised a number of times; that is, the progress of the energy pricing agreement between the federal government and the provincial governments. The reason I raise this matter now is that there is growing concern—indeed, it escalated rather significantly last week—that the two levels of government are not finding common ground on which to reach an agreement. Most of the discussion is centred around the federal government's treatment of, for example, the Petroleum and Gas Revenue Tax and other arrangements of taxation between the two levels of government. Will the Leader of the Government advise us as to whether or not there is a level of optimism, so that the industry will know what to expect, and whether or not agreement will be reached by the end of this month, which is the second deadline that has been set?

Hon. Duff Roblin (Leader of the Government): I have to agree with my honourable friend that negotiations have been protracted. It was our hope that they would be concluded by now, but they have not been as there are still unresolved questions. However, it is still our hope and expectation that negotiations will be concluded by the deadline he referred to. If there is any change in that situation I shall let him know.

REFORM OF THE SENATE

Hon. Charles McElman: Honourable senators, I would like to return to the question I raised earlier with the Honourable Senator Roblin. I must say immediately that his reply has increased my concern, rather than alleviated it. He has stated that negotiations are going on with the premiers. I suggest to him, again, that when serious matters affecting the Constitution, particularly proposals for amending the powers of Parliament, were discussed before, the several propositions then under consideration were made known to the Canadian public and it was informed as to what the options might be. Then, a good many of the premiers of the day publicly gave their reactions to the propositions. As a result, the public felt it was part of the discussions and the negotiations affecting the very basis of their organized society, their Parliament.

It seems that what we have in the present circumstances is a very dangerous departure from that procedure. I have to say, because it is a fact—and, believe me, I am trying not to be partisan—that we have in place—

Senator Flynn: Oh, oh.

Senator McElman: I would ask the honourable senator to take me seriously, if he would, and I will take him seriously as well.

Senator Sinclair: That is hard to believe.

Senator McElman: We have in place a Conservative Government with the largest majority in Canadian history, and it can do what it wishes, except for the Senate.

Senator Robichaud: Come on, now.

Senator Haidasz: No, it can't.

Senator McElman: Except for the Senate. Do you have a problem, my friend? If you do, solve it.

There are seven Conservative premiers. This federal government and those seven premiers meet the requirements of the Constitution, and since all those premiers have majority governments in their legislatures, in effect you have a minimum of eight Canadians deciding what their Parliament and its powers will be. I suggest to the leader, and I ask him to consider it seriously, that in this circumstance it is very important for the people of Canada that the basic negotiations, the subject matter of the proposals being considered and the reactions of those eight main players be understood by them, rather than placing before the Parliament of Canada and the provinces of Canada a resolution, agreed upon in advance in secret, behind the curtain, to be confirmed by Parliament and those seven legislatures—it could be more. I ask the leader in his capacity as a member of the government to consider very seriously raising what is in this circumstance a legitimate concern of the Canadian people.

Hon. Duff Roblin (Leader of the Government): I do not like to argue with my honourable friend on this point because I know where he is coming from and I respect it. However, I have to say to him in all frankness that the way in which he has described the present proceedings is not altogether dissimilar from, nor is it similar to, the process that took place when our own Constitution was agreed to.

Hon. Royce Frith (Deputy Leader of the Opposition): But that was about the amending formula itself.

Senator Roblin: It is perfectly true that there was a great deal of public discussion, and I want to assure my honourable friend that there will be a great deal of public discussion on this issue before we get through. We are too early in the process to say that the public is not going to be consulted and informed. They most certainly are. But I must say that the Premier of the Province of Quebec must feel very badly that

ten men—nine premiers and the Prime Minister—imposed on him a constitution which he did not want. That is a reflection on this issue.

However, I would like to come back to what I think is a more serious point. I think at some stage—and I do not know where it will be—we will have to decide whether or not we have the best method of amending our Constitution as now provided. We are following now the course provided in the Constitution. We are not varying from it. We think we are following it as it is laid down and as it was intended to work. You can then raise the question as to whether matters of a constitutional character should be ventilated in a wider constituency than that laid down in our present Constitution. That is a debatable point, and I think there are arguments on both sides. All I am trying to say is that I am taking my honourable friend's point. We are following what we think is the correct constitutional propriety of the moment, but I want to assure him that, before anything happens, there will be a great deal of public input in the sense that the public will have an opportunity to make their views heard on these matters, in the way in which they usually do.

● (1520)

Senator McElman: Honourable senators, I would ask the Leader of the Government in the Senate if he does not see a danger in the manner in which these negotiations are being conducted, namely behind the scenes? It is so important that the Canadian people be involved, and that they understand and accept what has happened. The Canadian people may feel that when the resolution hits the table in Parliament and in the respective legislatures, what they are dealing with is a fait accompli because the decision has already been taken by people who have the political strength and power to press that fait accompli into legislation, no matter what the debate and discussion may be.

I am asking the Leader of the Government in the Senate to consider the perception of the Canadian people in the circumstances, and to communicate it to his colleagues in the cabinet.

Senator Roblin: I will certainly express my honourable friend's concern, because I think he is entitled to that. However, what he has described is really the process by which the parliamentary system works. That is, that cabinets have their policies; they present them to the legislature and if the legislature does not accept them, then the cabinet goes down. That is the way the system works.

I have something for my honourable friend to consider, and perhaps he could answer at some future time. I would like him to tell me what he considers is the better method. For example, should there be a plebiscite put to the people of Canada, asking them what they think about the Senate? If we are looking for a complete democratic expression of opinion, a populist way of sampling public opinion, a plebiscite is the way to go. I myself have some trouble with that concept, but it is an alternative method.

Senator McElman: As honourable senators well know, my views on plebiscites are quite clear and have been for a number of years. I recall again the comment of a great, old West German parliamentarian, a politician statesman, right here in our Conference Centre a few years ago, speaking from his many years of experience with plebiscites. He referred to them as "carnivals for demagogues" and I think he was absolutely right. However, I will leave this item since I have pressed it as far as I should.

I would like to raise another question with the Leader of the Government in the Senate, and I would hope that Senator Flynn would listen very carefully, because it is an area in which he—

Senator Flynn: The honourable senator is making one long speech, instead of asking questions.

Senator McElman: I was asking for Senator Flynn's attention out of my respect for him and certain views that he and I have held in common in the past, across partisan lines.

Senator Flynn: Very well, I will.

Senator McElman: I would ask the Leader of the Government in the Senate to draw the attention of his cabinet colleagues to this question. First of all, in one of his comments today, I noted that he said the government did not wish to act precipitately and make mistakes. With respect to abolition, he said that the constitutional requirement would be not just for the agreement of the Parliament of Canada and seven provinces, but the agreement of both houses of the Parliament of Canada and all provinces.

My question relates to section 47 of the Constitution Act, 1982, with which Senator Flynn and I have had grave concerns and which I still do not accept. In all of the constitutional conferences down through the years, it has been stated as fact that amendments of great moment, amendments that would materially change the character of our Parliament, amendments that would affect the basic powers of Parliament would require the agreement of all ten provinces before such amendments could come into effect. I can quote from the Molgat-MacGuigan report of a number of years ago on the Constitution. They, in their studies, found that to be the case and restated it. During the consideration of the Fulton-Favreau formula, that principle was also stated very carefully in the discussions.

I suggest to you that what we have now is political limbo with respect to that one aspect of the Constitution involving the Senate. I suggest to you that the Constitution that was assumedly approved in 1982 was badly flawed, in the sense that one of the four founding provinces, namely Quebec, which, together with New Brunswick and Nova Scotia, had demanded the establishment of a Senate, with specific powers and criteria for membership, as part of the contract of Confederation; that that important province, Quebec, did not sign that agreement and, therefore, section 47 of that Act, by constitutional practice in Canada, is invalid. Therefore the Senate of Canada today still holds its absolute veto with respect to constitutional matters. I am therefore suggesting to the Leader of the Government in the Senate that this question

should indeed be referred to the Supreme Court of Canada for an opinion.

Senator Roblin: If my memory serves me correctly, I am of the impression that similar questions have been dealt with by the Supreme Court of Canada as to the conventions of the Constitution. They have made it clear that unanimity was not one of them. This opinion was expressed by the Supreme Court of Canada before our Constitution was passed, so I presume that the situation still exists today that unanimity is not one of the conventions of the Constitution, except as specifically provided for.

The new Constitution, however, does specifically prescribe that unanimity is required in certain particulars. My honourable friend has introduced an interesting argument, but I think the matter has been settled.

Senator McElman: I have another point that I wish the Leader of the Government in the Senate to consider and also take up with his cabinet colleagues. The Supreme Court of Canada said that the Parliament of Canada could not, of itself, amend the Constitution with respect to the character and powers of the Senate. The Supreme Court said that such an amendment would require the agreement of the provinces. It did not specify all of the provinces; it said "the provinces".

As my honourable friend knows, the Supreme Court of Canada answers only questions that are put to it. The question was not put to the Supreme Court of Canada as to whether all provinces must agree. Therefore, the Supreme Court of Canada did not answer that question.

With respect to the convention and practice relating to amendments that affect the Parliament of Canada, its constitution and its powers, the consensus at all conferences has been that it did require all provinces to agree. Therefore, I repeat that although there have been opinions expressed by the Supreme Court of Canada with respect to the Constitution, there has been none on this question. The question has never been put to the Supreme Court of Canada and I suggest to you that it should be.

• (1530)

I suggest that if the government does not wish to put that question to the Supreme Court of Canada, it might be interesting if the Senate, since it is so directly involved, asked the Supreme Court of Canada to decide that question.

Hon. Stanley Haidasz: Honourable senators, in view of the fact that Canada's northern territories are integral parts of Canada, and that they have their own governments and legislatures, has the Government of Canada extended any opportunities or courtesies to date to the northern territorial governments so that they may be apprised of the proposals of Senate reform which the Leader of the Government has mentioned in his communiqué?

Senator Roblin: Honourable senators, the government is constitutionally bound by the provisions of the Constitution, and that is what it is carrying out.

Senator Haidasz: Does that mean that the territorial governments and legislatures will be ignored in this important matter, that the Government of Canada will not even extend to them the courtesies of asking them for their ideas on Senate reform?

Senator Roblin: I doubt that the government will ignore any informed opinion or uninformed opinion on this matter. With respect to its official attitude to the matter, it is bound by the Constitution.

Hon. George van Roggen: Honourable senators, this is not a question to the Leader of the Government in the Senate so much as an observation on his statement and the answers he has given to the many questions posed to him this afternoon.

Harking back to my earlier suggestion that some mechanism be found so that honourable senators can express their views at this time on this matter, I am concerned if I take as the general thrust of the answers from the leader that what is happening is not a simple proposal from the federal cabinet on an isolated thing being put to the provinces, such as a suspensive veto on money bills and the government seeking their support, but indeed a negotiation being opened up with the provinces on who knows how broad a range of reforms.

By the time the provinces come back with their own pet ideas, and if agreement is secured, which might be difficult, we would then have an agreement that is delicately balanced because the federal government has traded off one thing with one province or another thing with another province. That would then come before Parliament in the form of a bill, and all hell would break loose if somebody tried to tinker with it because it was so carefully constructed at the federal-provincial executive level of government. To bring that before Parliament so that we could all have our say would be meaningless, because it would be strenuously defended by the government with its majority in the House of Commons because it had been negotiated.

I am pleading for some input at an early stage so that the provinces themselves, quite apart from the federal government, can appreciate the fact that there is a large measure of agreement on reform. Conceivably, we could even arrive at a consensus on which they could work.

So, my plea is for discussion at this time, not simply a debate on legislation after a deal has been carefully struck with all the give and take required between the provinces and federal government.

Senator Roblin: My honourable friend is on interesting ground. The Senate undertook an intensive examination of itself and discussed reforms that ought to be brought in. That examination took place under the chairmanship of the late Senator Maurice Lamontagne, and occurred several years ago. There was also a special Joint Committee on Senate Reform, the report of which has been deposited in Parliament, but that report was not the subject of any consideration by the Senate. As I recall, neither was the Lamontagne report.

Senator Frith: The Lamontagne report was debated by way of Inquiry.

Senator Roblin: But were the reports themselves debated when they were presented? That is what I am talking about.

Senator Frith: By way of inquiry the report of the Lamontagne committee was debated, but the report itself was not debated.

Senator Roblin: My memory may be inaccurate, but perhaps Senator van Roggen will research *Hansard* to see what happened to those two reports. After he has conducted that research, if he wants to submit an inquiry that will highlight the points he has in mind, we could then discuss that. That of course, would be the traditional way in which we ventilate issues in the Senate. While I cannot, before knowing what is proposed, offer any enouragement or discouragement as to what my own views or the government's views might be, if there is the usual Senate debate, there will, in all likelihood, be a frank exchange of opinion, and I would not be surprised if there were different views expressed by senators from the same party.

So, that is a good idea and I encourage the Honourable Senator van Roggen to do something about it.

Hon. Jerahmiel S. Grafstein: On an historical footnote to the Leader of the Government in the Senate, perhaps I took his statement out of context today, but he seemed to isolate the Liberal senators for their actions taken in the committee. Before allowing the Government of Canada to rewrite history of the events and the catalyst that provoked Mr. Mulroney's calling this action "historic obstruction," did the Leader of the Government in the Senate bring to the cabinet's attention the fact that the report of the committee that was, in effect, the cause of this debate was a unanimous report? It was a report that was unanimously adopted, that is to say, not only by Liberal senators, but by Conservative senators.

Perhaps the Leader of the Government might read the last issue of *Hansard* which we have before us. At page 618 of *Senate Debates* the report of the committee is reproduced and it states, in part:

> The Committee recommends that the Senate remain reluctant to approve any request for borrowing authority if such a request is not supported by a budget or by main estimates for the period for which the borrowing authority is being requested.

Perhaps the Leader of the Government in the Senate might advise us whether or not he brought to the attention of the cabinet that Conservative senators joined in that recommendation unanimously.

Senator Roblin: Honourable senators, I can assure my honourable friend that the appropriate authorities in the House of Commons scrutinize carefully the record of what transpires in the Senate.

Senator MacEachen: That is new.

Senator Frith: A new breed, obviously.

Hon. Philippe Deane Gigantès: Honourable senators, the Senate could no doubt benefit from reform, but even as currently constituted, it is considerable protection for the provinces against derogation by some House of Commons majority from equitable regional development. Part III of the Constitution Act, 1982 states that the federal Parliament, which includes the House of Commons and the Senate—the provincial legislatures, and Canada's 11 governments, "are committed to furthering economic development to reduce disparity in opportunities." I have left some words out, but that is the gist of it.

There is nothing, however, in Part III to define how much regional disparity should be reduced. Some House of Commons majority might have a view different from that of provincial governments as to what is tolerable disparity. The Senate, in defence of the regions, could block House of Commons legislation, and perhaps should block House of Commons legislation, that affected adversely the principle that regional disparity should be reduced.

I ask the honourable Leader of the Government in the Senate whether he would be kind enough to bring this aspect—the implications of Part III—to the attention of his colleagues in the government and to the attention of the provincial premiers with whom discussions are now being held.

Senator Roblin: I am sure that the import of that particular section was carefully examined by the previous administration which sponsored it, and also by all of the various provinces who are concerned with it. I really think it is a bit impertinent for me, at this moment, to try to rewrite that record.

• (1540)

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Government in the Senate. I hope that when a decision is made by the government that they will not completely ignore the recommendations that were presented a few months ago by the Joint Committee of the House of Commons and the Senate on the Reform of the Senate. There is an opportunity for considering now some of the matters that were studied very carefully and recommended by that committee which heard representations from across the country. There are some of us who still feel—I look at my colleague Senator van Roggen who does not feel that way—that there is room for an elected Senate with much stronger representation from western Canada and the Atlantic provinces.

Senator Sinclair: And Ontario.

Senator Buckwold: Not Ontario and not Quebec. I feel, in considering the fit of pique being displayed by the cabinet today, that the recommendations of that committee, and they are still new, should not be completely ignored.

Senator Roblin: I can tell my honourable friend that this report to which he refers hardly ever leaves my hand. I study it carefully and am cognizant of some of the good points that it makes. I hope that he will find some of them reflected in the decisions that may be made in due course.

Senator Haidasz: Give us an opportunity.

EMPLOYMENT

REPORT OF ROYAL COMMISSION—GOVERNMENT RESPONSE

Hon. Lorna Marsden: Honourable senators, I should like to ask the Leader of the Government in the Senate about a different matter, namely, the response to the royal commission report on equity in employment which was brought before members in the other place last Friday. As I am sure the honourable senator knows, Judge Abella's report made very clear recommendations about the need for certain kinds of information which are the basis for establishing some kind of employment equity among women, the handicapped, visible minorities and native people in Canada. I have searched in vain among the papers provided for some reference to what will be in the 1986 census which would allow the minister to proceed with her plans for creating employment equity. Can the Leader of the Government in the Senate tell us when the order in council will be tabled for the 1986 census plan?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I shall have to make inquiries about that.

Senator Marsden: I should like to ask a supplementary question. In the same package of material the Honourable Robert de Cotret pointed out that the Treasury Board, of which he is President, is immediately proceeding to conduct a survey to try to ascertain information on the employment of indigenous people and disabled people in the federal workplace. I would like to know how the government thinks that such a survey will help, since the Treasury Board, having discovered its own internal employment practices, will have no point of reference since it does not know how many people who are indigenous or handicapped there are in the labour force at the present time. Could the Leader of the Government get some clarification and amplification from the President of the Treasury Board about the purposes of such a survey?

Senator Roblin: The Treasury Board up to now has been operating under the same rules for the past 16 years, so my honourable friend need not be surprised if it takes a little time to put things right.

Senator Marsden: I have another question about this same series of announcements that were made last week. Many questions have been asked in the other place which have clarified issues. There is a great emphasis placed upon fairness in these announcements. I would like to point out, however, that crown corporations are required to report on their employment equity plan by September 1986 whereas other industries under federal jurisdiction of a certain size are not required to report for three years. For example, Air Canada will have to report in September 1986 about employment equity plans inside the corporation, but its competition in the marketplace—and the Air Canada Act requires that the airline be competitive and profit-making—CP Air and other airlines will have three years before they are required to report upon their internal plans for employment equity. Could the Leader of the Government clarify for us where the fairness lies in this proposal?

Senator Roblin: The fairness lies in history. History indicates that crown corporations such as Air Canada have been asked for some time now to take this question of balance, equity and fairness between various applicants for jobs into account and, indeed, they have been assuring the government for some time that they are doing so. In that case it is not such a difficult thing to ask them to produce the facts and figures in a short order of time. As far as I am aware, the same statement cannot be made generally of other organizations that are not crown corporations.

Senator Marsden: I am sure that Air Canada will have no difficulty whatsoever producing an employment equity plan because they have been asked by previous governments to produce those numbers and have done so. My question related not to their ability to produce it but to the fairness in the marketplace, that is, if one employer is put at a disadvantage by the government's program in comparison to another one, it seems to me that there is an aspect of unfairness involved here. I wonder if he would care to elaborate or clarify further on that.

Senator Roblin: I have to admit that my honourable friend is right, that there is no such thing as perfect fairness or perfect equity in this world. We strive for it but we do not always get it. We have to produce plans, however, that we think are practical and are within the capacity of the various people we ask to do something to do it in the normal course of their business with all convenient speed. That is what we are trying to do here. It does not mean that nothing happens for three years because a lot of things will happen in that time, but what it does mean is that the report as to what has been done and what is planned has to be available in three years.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators will be pleased to know that I have some delayed answers that pretty well bring us up to date. In view of the sensibilities of Senator Frith about the way in which I respond to these—I will have to stop making that reference because it is getting a little tiresome to my old friend and it certainly is to me—if any honourable senator wants the answer to his question read aloud, I will be glad to do so.

THE BUDGET

PREPARATION—USE OF CONSULTANTS

Hon. Duff Roblin (Leader of the Government): The first delayed answer is to a question raised in the Senate on January 23, 1985, by the Honourable H.A. Olson, regarding the budget preparation and the use of consultants.

(*The answer follows:*)

Mr. William Mackness is a Special Policy Advisor to the Minister of Finance. His salary entitlement as a member of the Minister's exempt staff is in the range of $68,000 - $80,000. During the period of this assignment,

the salary entitlement payable to Mr. Mackness by the Finance Department will be paid directly to the Bank of Nova Scotia. In turn, Mr. Mackness will continue to receive his normal salary and employee benefits from the Bank.

The Bank of Nova Scotia has agreed to make Mr. Mackness available on full loan to the Department of Finance, on an exclusive basis, for a one-year period beginning November 12, 1984. The Mackness appointment is patterned on procedures established for the "Executive Exchange" program. Mr. Mackness has no other corporate connections. Mr. Mackness has taken the Oath of Office and Secrecy and is subject to the Public Service Conflict of Interest Guidelines. Additionally, he has placed his assets and those of his wife under blind trust arrangements and has made related disclosures to the Registrar General.

DISARMAMENT

DEPLOYMENT OF NUCLEAR WEAPONS—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, the next delayed answer is to a question raised in the Senate on January 24, 1985, by the Honourable Allan J. MacEachen, Leader of the Opposition, regarding government policy with respect to disarmament and deployment of nuclear weapons.

(*The answer follows:*)

The Secretary of State for External Affairs has not "unthinkingly embraced the Strategic Defence Initiative". Mr. Clark stated quite explicitly that definitive conclusions cannot be drawn at this time from a research program. The research itself does not of itself contravene the provisions of the 1967 Outer Space Treaty or the 1972 Anti-Ballistic Missile Treaty. In the light of Soviet advances in this type of research, it is only prudent that the West explore the feasibility of such projects. Further, we have reassurance from President Reagan that the USA would not proceed beyond the research stage without discussion and negotiation.

In the interim, Canada will keep an open mind on the issue and will offer the fullest support for USA-USSR efforts to reach agreement on equitable and mutual reductions in their respective nuclear forces.

On the question of nuclear weapons, Canada has no plans to allow nuclear weapons on Canadian soil without the prior consent of the Government of Canada.

With regard to Canada-USA consultations in the event of a crisis, the SSEA has instructed officials to initiate a process which will resolve the issues recently raised with regard to Canadian and USA contingency plans, with particular reference to nuclear weapons deployment. The result will reaffirm Canadian sovereignty in this crucial area.

[Senator Roblin.]

As the Honourable senator knows from his own lengthy experience as SSEA, there can be no open debate or discussion of the details of contingency plans or the consultations related thereto. Such matters are crucial both to national and NATO security due to their central role in deterrence, a role which would be compromised if details were available to Warsaw Pact military planners.

As the SSEA is already pursuing this matter, there are no plans to place it on the agenda for discussion by Prime Minister Mulroney and President Reagan in March.

FOREIGN AFFAIRS

IRAN—PERSECUTION OF BAHA'IS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on February 5, 1985, by the Honourable Jerahmiel Grafstein regarding foreign affairs—Iran—persecution of Baha'is.

(*The answer follows:*)

Senator Grafstein cited a press report which quoted an official representative of Iran as saying that his government would not hesitate to violate the Universal Declaration of Human Rights. The Canadian Government would hope that, if such a statement were made, the Government of Iran would clarify it because it would be a denial of the obligations of Iran under the U.N. Charter, and a denial of the rights and dignity of people.

Our representatives in the United Nations have repeatedly expressed Canada's views about continuing violations of human rights in Iran, very much including the systematic persecution of members of the Baha'i faith which has caused us much concern. Most recently, on November 26, Canada raised the issue of the persecution of the Baha'is in our statement to the U.N. General Assembly Third Committee, one of very few countries to do so.

Last year, Canada co-sponsored a resolution in the U.N. Commission on Human Rights whereby the Commission appointed a Special Representative to report on the situation in Iran and we will continue to urge the Government of Iran to co-operate fully with that official. We have also continued to express regularly Canada's concerns to the Iranian Chargé d'Affaires in Ottawa. These efforts will continue.

UNITED NATIONS

FOOD AND AGRICULTURE ORGANIZATION—CANCELLATION OF APPOINTMENT OF HON. EUGENE WHELAN, P.C.

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on February 5, 1985, by the Honourable Keith Davey, regarding the United Nations with specific reference to the Food and Agriculture Organization and the cancellation of the appointment of the Honourable Eugene Whelan, P.C.

(*The answer follows:*)

The press reports are a misinterpretation of the material released under the Access to Information Act.

In February 1980 the Department recommended that the Government should upgrade the level of its full-time Representative to the FAO from the rank of Counsellor to Minister-Counsellor and also assign to the Canadian Ambassador to Italy the additional responsibilities of Canadian Permanent Representative to the FAO.

In fact, in 1982 when action was taken, a Permanent Representative was appointed with the diplomatic rank of Minister and a second officer was also assigned FAO responsibilities.

In 1984, the Department was again internally reviewing the question of representation to the FAO when this was overtaken by the July announcement by the former Government of the appointment of a separate Ambassador to the FAO.

In other words, no departmental recommendation had gone forward on this question before the appointment was made.

ENERGY

PRICE OF CANADIAN CRUDE OIL

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on February 6, 1985, by the Honourable Gildas L. Molgat, regarding the price of Canadian crude oil.

(*The answer follows:*)

The Minister of Energy, Mines and Resources recommended that, from February 1, 1985, any necessary reductions to accommodate increased exports and reduce potential shut-in be made in the tariff of charges for licensed exports. Revenue from this charge is shared 50-50 between Ottawa and the producing provinces.

In implementing this policy, the National Energy Board is to ensure that export prices of each crude oil type, netted back to the field, do not fall below the corresponding price at which a similar type of crude oil is made available to Canadian refineries. Similarly, oil product export prices should not be permitted to fall below comparable Canadian levels, excluding domestic taxes (Petroleum Compensation Charge $6.54/bbl, Canadian Ownership Special Charge $1.15/bbl) which are not applicable to oil exports.

In other words, the wellhead cost for crude is no different for Canadian than it is for American refiners. The current disparity is a result of our regulated oil price system. Canadian refiners pay about $30/bbl for western Canadian light crude at the field. When pipeline transportation costs, the PCC and the COSC, are included, the Canadian refinery acquisition cost averages over $39/bbl. Light Canadian crude, delivered to Chicago, is priced at Can. $33 to $34/bbl due to the reduction in the export charge, as described in the opening paragraph. This reduction affects the revenues of the federal government and the producing provinces only.

ECONOMIC COUNCIL OF CANADA

RUMOURED DISSOLUTION

Hon. Duff Roblin (Leader of the Government): The next delayed answer is a question raised in the Senate on February 6, 1985, by the Honourable Lorna Marsden regarding the rumoured dissolution of the Economic Council of Canada.

(*The answer follows:*)

In reply to the honourable senator's question regarding the Economic Council of Canada, I want to inform her that, at the present time, the government has no plans to dissolve the council. These rumours are just that; they are simply rumours.

THE BUDGET

DATE OF PRESENTATION

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on February 7, 1985, by the Honourable Allan J. MacEachen, Leader of the Opposition, regarding the date of presentation of the budget.

(*The answer follows:*)

With regard to the honourable senator's query about the prospective date for the budget, it is still the government's intention to bring down a budget in the spring. When the precise date for the budget is established, the minister will inform Parliament, as is the customary practice.

• (1550)

EMPLOYMENT

NOVA SCOTIA—DECENTRALIZATION PROGRAM

Hon. Duff Roblin (Leader of the Government): Honourable senators, I also have a delayed answer to a question asked by Senator Graham on February 12, 1985, regarding the decentralization program as it relates to Nova Scotia.

(*The answer follows:*)

In responding to Senator Graham's earlier question regarding the cancellation of the proposed relocation of the Halifax regional office of Income Securities Program to Sydney, the Minister of National Health and Welfare indicated that the move was cancelled for two reasons.

First, the move could not be justified on the grounds of either programming or improved service to ISP recipients in Nova Scotia. Second, because of this, and together with the government's current financial position, the $8 - $10M cost of the program was deemed unwarranted.

For these reasons, the government has no plans to reconsider the move.

ENERGY

CANADA-NOVA SCOTIA OFFSHORE OIL AND GAS DEVELOPMENT AGREEMENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have another delayed answer to a question asked by Senator Hastings on February 13, 1985, relating to the Canada-Nova Scotia Offshore Oil and Gas Development Agreement.

(*The answer follows:*)

Nova Scotia has not yet made a formal application for renegotiation of its existing agreement.

FOREIGN AFFAIRS

AFRICA—FAMINE RELIEF

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a further delayed answer to a question asked by Senator Olson with regard to famine relief for Africa.

(*The answer follows:*)

The focus of public attention in recent months has been on the famine in Africa and the Canadian response to it. The response of Canadians through private contributions and through Government funds has been substantial. On the Government side, in addition to the $65 million allocated through the Special Fund for Africa, $149 million has been spent on food aid primarily in those countries with the greatest need for famine relief. In Ethiopia, for example, over $32 million in food aid was provided in 1984/1985 through all channels.

But in addition to these responses to the short-term crisis, the Government provides funds through a number of other channels that are focussed on the longer-term problem of how to increase food production. In 1984/1985, Canadian Government funds to Africa through all channels totalled more than $800 million. Of this, nearly $300 million was through CIDA's bilateral program.

The focus of CIDA's bilateral programs is on three priority sectors - agriculture, human resource development, and energy. In 1984/1985 agriculture and agriculture-related activities accounted for roughly 35 per cent of all bilateral expenditures. As example of the type of projects being undertaken to restore productivity in countries most affected by the drought, CIDA is providing direct support for agricultural production and marketing (e.g. improvements in dryland farming in the Sudan and integrated rural development in Mali), reforestation projects (e.g. reforestation programs in Niger, Burkina Faso and the Sudan), and rural infrastructure (e.g. rural water supplies in southern Ethiopia).

In summary, while the headlines focus on the immediate crisis and our response to the situation, the Canadian Government is also making a considerable effort to find longer-term solutions to the fundamental problems of agricultural productivity in Africa. But it should be pointed out that we are not alone in this effort — other nations and international institutions such as the World Bank are involved in these efforts and our activities are closely coordinated and supportive of the goal of helping Africa to feed itself.

AGRICULTURE

MARKETING OF POTATOES

Hon. Duff Roblin (Leader of the Government): Honourable senators, finally, I have a delayed answer to a question asked by Senator Corbin on February 19, 1985, with regard to the marketing of potatoes.

(*The answer follows:*)

No one would be more anxious than the Minister of Agriculture to develop, in conjunction and co-operation with his provincial colleagues and the potato producers and processors in this country, an effective marketing system, whatever that marketing system is. It is not in the Minister of Agriculture's hands to dictate; but rather, it is in the hands of the industry to design and to recommend to him.

The Minister of Agriculture had an opportunity to discuss this matter with people in the industry prior to making the decision, and he checked with a number of his colleagues in potato-producing provinces of the country as well. As with some other segments of our economy, the Minister of Agriculture thinks they have a tendency to be studied to death.

REQUESTS FOR ANSWERS

Hon. Philippe Deane Gigantès: Honourable senators, I should like to ask the Leader of the Government whether he has an answer to a question I asked on February 6, 1985, relating to a question asked by Senator Molgat. I asked whether it was true that we were selling oil in Chicago for 18 cents less than we were at that time selling it in Ontario; who paid for that 18-cent shortfall; was it the governments who lowered their taxes to accommodate that 18 cents; was it the oil companies that could still make a profit and sell oil for 18 cents less; and, if so, why isn't oil being sold for 18 cents less here?

Hon. Duff Roblin (Leader of the Government): Honourable senators, if my honourable friend has already asked that question, and he has told me that he has, it is quite unnecessary for him to repeat it because the question will be answered as soon as the information is available.

If my honourable friend wants to know why it has not been answered so far, that is different. I would respond by saying it is because the information has not yet been assembled, but it will be.

Senator Gigantès: Thank you.

Hon. Eymard G. Corbin: Honourable senators, I should like to request that the Leader of the Government read the answer to the question earlier referred to as being asked by me.

Senator Roblin: I am sorry, but I have handed all the delayed answers in.

Senator Corbin: Honourable senators, what is the point of the Leader of the Government saying that he is prepared to read them and not waiting to see if there is a request to have them read aloud?

Senator Roblin: The point is: If my honourable friend had asked at the time I had the answer in my hand, I would have been pleased to oblige, but he has left it a little late.

Senator Corbin: Honourable senators, I took the first opportunity to rise. The honourable senator to my left rose before me, and I thought he should have been heard then. Perhaps the Leader of the Government should put on the brakes once in a while.

Senator Roblin: The next time I will read them.

HUMAN RIGHTS

MEETING OF EXPERTS—DESIRABILITY OF SENATE PARTICIPATION—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Haidasz, P.C., calling the attention of the Senate to the desirability of its participation in the preparations for and deliberations of the special meeting of experts on human rights, which is to be held in Ottawa, April 23rd to mid-June, 1985, as directed in the concluding document of the Madrid Review Meeting of the Conference on Security and Cooperation in Europe.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I adjourned this debate in my own name in the event that some other senators might wish to participate. Since no one has come forward and since no one wishes to debate the matter further, I believe this inquiry should be considered debated.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this inquiry is considered as having been debated.

● (1600)

[*Translation*]

NATIONAL FINANCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY FEDERAL BUDGETARY DEFICITS WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Leblanc (*Saurel*), seconded by the Honourable Senator Kelly:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the magnitude and the impact of federal budgetary deficits and the associated public debt and that it consider appropriate policies relating to these deficits;

That the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination; and

That the Committee have power to sit during adjournments of the Senate.

Hon. Fernand-E. Leblanc: Honourable senators, about that motion I tabled on December 19, 1984, I would like to avail myself of rule 23, which reads as follows:

A senator who has made a motion or presented an inquiry may withdraw or modify the same by leave of the Senate.

So, with leave of the Senate, I would like to withdraw that motion.

The Hon. the Speaker: Is that agreed, honourable senators?

Hon. Senators: Agreed.

Order withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 624*)

ADDRESS

OF

HIS EXCELLENCY JAVIER PEREZ DE CUELLAR
SECRETARY-GENERAL OF THE UNITED NATIONS ORGANIZATION

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

THURSDAY, MARCH 7, 1985

His Excellency the Secretary-General was welcomed by the Right Hon. Brian Mulroney, Prime Minister of Canada, and thanked by the Hon. Guy Charbonneau, Speaker of the Senate, and the Hon. John W. Bosley, Speaker of the House of Commons.

[*English*]

Hon. John W. Bosley (Speaker of the House of Commons): Mr. Secretary-General, we are highly honoured to have you address this joint session of the Senate and the House of Commons. Before calling on the Prime Minister, we want to welcome you and Mrs. Perez de Cuellar warmly to our Parliament.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Your Excellency, Mr. Secretary-General and Mrs. Perez de Cuellar, Hon. Members of the Senate and the House of Commons, it is a special occasion in the life of the Canadian Parliament when we gather to hear a distinguished visitor address a joint session of the Senate and the House of Commons. Today, we have the honour of receiving the head of the world's pre-eminent international organization, the Secretary-General of the United Nations, and we bid you a warm welcome.

Some Hon. Members: Hear, hear!

Mr. Mulroney: In his presence let me reaffirm, on your behalf, Canada's commitment to the United Nations and to the values and aspirations it was created to serve.

Mr. Secretary-General, there has been no war on our soil in more than a century and a half. In that respect, Canadians are among the most fortunate people in the world. Yet three times in this century young Canadians have put on uniforms and, leaving all they love behind, have gone overseas to war. Six hundred and twenty thousand did so in the First World War; 550,000 in the Second World War; and 25,000 in Korea. More than 100,000 Canadians died in those wars. Most of them were younger by far than any of us in this Chamber today, and they lie in graves in Europe and Asia. Those who came back to Canada gladly turned to peaceful occupations and to the building of this country. Some of them sit in this parliament. Some have raised sons and daughters who sit in this parliament with us today.

[*Translation*]

Canada has not forgotten those days and the lessons of those days. So long as there remains etched in our national memory the sacrifice of our youth and the trauma of war, peace will be, Mr. Secretary-General, the paramount objective of this nation, of its Parliament and of its Government. I mean a lasting peace, a just peace, a universal peace.

[*Applause*]

Forty years ago the terrible memories were new and hopes were high that the United Nations could ensure international order and world peace.

On many occasions and in many parts of the world, the United Nations system has in fact helped prevent the worst from happening. Your predecessors, sir, have played an honourable and a memorable part in those events. Your own very tenacious efforts have contributed to the easing of tensions in such areas as the Falkland/Malvinas Islands, Cyprus, the Middle East and Africa.

[*English*]

Yet, as we meet today, the most tragic and brutal wars are laying waste to the lives and resources of human beings and

nations in many parts of this world. These wars and their continuance mark the failure of our world organization to make peace prevail. This failure is a reproach, not to the United Nations, but to each and every member state.

As you know, Sir, Canada is a member of the North Atlantic Alliance. That Alliance has for more than 30 years helped prevent war in Europe. We believe in a strong defence as a deterrent to war. We believe further that a country such as ours can make its best contribution not only to defence but to peace and stability by participating in organizations such as these.

You will also be aware that the Canadian Armed Forces have taken part in almost every United Nations peace-keeping force that has been formed. We are particularly proud of the fact that we have never failed to respond as a nation to a call to serve the United Nations. We have heard that call in the past and it is with great pleasure that we meet with you today in the quest for peace.

[*Translation*]

The wars that are still raging in various parts of the globe do not seem ready today to respond to peacemaking or peacekeeping initiatives by the United Nations.

Is there a more effective way for the world community to anticipate and avert such wars?

That is a complex question. But I want you to know, Mr. Secretary-General, that Canada agrees that a good part of the answer lies in a stronger United Nations Organization.

In particular we support your personal efforts to play a more active role in the security council in dealing with critical world situations—and to pursue the task of peacekeeping and peacemaking as the *sine qua non* for significant progress in the social and economic spheres.

[*English*]

We welcome the steps you are taking to ensure that the machinery of international co-operation is serviced by an efficient and solid secretariat. Your actions have restored a strong and central role for the Secretary General in the management of the international system and in the conduct of world affairs. For that and for many other things, Sir, we salute you as we welcome you to our Parliament today.

Canada strongly supports this pivotal role within a renewed and revitalized United Nations system.

No less than the waging of frequent war in every part of our world, the threat of nuclear war and the danger that life on this planet will be extinguished by nuclear war is a reproach to member states and a disgrace to the ideals of the United Nations.

In every forum that is open to us, Canada will pursue arms control and disarmament with vigour, commitment and patience.

Some Hon. Members: Hear, hear!

[*Translation*]

In this connection, Mr. Secretary-General, I want you to know that your remarkable intervention, at the last General Assembly, on the dangers of nuclear war, struck a responsive chord here in Canada.

Mr. Secretary-General, if the multilateral system is, at worst, under siege or, at best, in a weakened state, then we pledge to strengthen the system.

We know that continued prosperity in Canada cannot be realized except in a healthy and growing world economy.

That is the meaning of interdependence. The world community must address with renewed seriousness, the issues of trade and aid, of social and economic development, of raising living standards everywhere.

Up to now, those issues have been addressed intermittently. They must be addressed relentlessly or we shall constantly lose ground, all of us, especially the poorest.

[*English*]

Canadians have come to know you, Sir, for your determined and reasoned leadership of the United Nations. The leadership of the United Nations in co-ordinating the massive response of the international community to the emergency in Africa is a tribute to your personal commitment, a commitment which is shared by the Canadian people. At such times, we see vividly something of the immense possibilities for good when the nations of the world are mobilized to that end. We see manifested also, the solidarity of millions of individual human beings around the world, their sense of fraternity, their willingness to help. That, Sir, is a powerful force for the betterment of mankind.

Under your leadership, the international community must rededicate itself to the realization of these objectives and to the rule of law in international affairs. You can count upon the Canadian Government, the Canadian Parliament and the Canadian people in this formidable pursuit. Welcome, Sir.

Some Hon. Members: Hear, hear!

His Excellency Javier Perez de Cuellar (Secretary-General of the United Nations Organization):

Mr. Speaker of the Senate,
Mr. Speaker of the House of Commons,
Mr. Prime Minister,
Honourable Members of Parliament.

Thank you, Mr. Prime Minister, most sincerely for your warm, generous, and stimulating words of welcome.

It is a great honour for me to address this joint session of the Canadian Parliament. I regard your invitation and kind welcome as another expression of that deep concern for the

success of the United Nations, which has motivated Canada's role in the world Organization.

It has been an exemplary role, based, of course, on your sincere dedication to the aims of our Charter. But I believe it has also derived much of its vitality from this great country's distinctions: the rich diversity of your culture, the wide range of your international contacts and the understanding of world affairs which you command.

It has been suggested to me—from your side—that I should speak to you about the possibilities relating to Canada's future role in the United Nations and not deliver an encomium on your contributions in the past. The suggestion reflects an appealing modesty and generosity, yet it would be inappropriate for me to omit a reference to all that Canada has done to help the United Nations meet the difficult challenges facing it.

The break-through in 1955 in the deadlock which had frozen the composition of the United Nations, the innovative response in 1956 to the situation created by the Suez Canal crisis, your participation in almost all peace-keeping operations launched by the United Nations, your positive contributions to the work of every committee or commission set up since 1945 to deal with the issue of disarmament—these are only the most outstanding instances. Long before the issue of achieving greater balance in the world economy assumed its present prominence, Canada was among the pioneers of the idea of technical assistance programs for developing countries being undertaken by the United Nations.

Let me, therefore, pay my heartfelt tribute to Canada's loyal and consistent support of the endeavours of the world organization. Solidly based as it is on a national consensus, sustained as it has been through your successive administrations, it provides a graphic illustration of the capabilities of countries, other than the permanent members of the Security Council, to advance the work of the United Nations. I might parenthetically mention here that it has become conventional to call countries such as yours the medium-sized ones. The phrase is hardly descriptive of a number among them. Canada, for one, is large not only in territory but also in spirit and intellect, in its resources of statesmanship and in its philosophy of practical co-operation in international life.

As I stand before you today, looking ahead in this year of the fortieth anniversary of the United Nations, I feel that the future appears to hold even better prospects for the decisive role of countries such as yours. A dynamic United Nations system provides you with a unique instrument for wielding a collective influence on the resolution of outstanding global issues. It is true that major decisions relating to the maintenance of international peace and security depend on the agreement of the permanent members of the Security Council. But in our age of interdependence, other countries have an equal stake in peace and cannot, therefore, be bystanders. A privileged position is conferred on a few, but responsibility rests with all.

[*Translation*]

Ladies and gentlemen, I am sure you are aware of the increased dissatisfaction being expressed in certain circles with the way the United Nations operates. It is said, and there is some truth in this argument, that the UN has been steadily losing credibility. I have said as much, if not more so, myself. However, can the world afford to sit back after making such a judgment? Credibility requires that we provide purpose and direction to the multilateral dialogue on issues that give rise to tension and threaten to cause conflicts between nations.

Since in the world forum that is the United Nations, the dialogue is an international one, it is incumbent on those who express dissatisfaction to bring to this forum the requisite practical and methodical approach and appreciation of urgency and consistency which together may be expected to produce concrete results. An organization like the UN cannot afford to maintain a purely rhetorical stance. It cannot afford to prevent the free expression of the aspirations, fears and grievances of the peoples of this world. It is important that each Member State consider the success or failure of the UN as the success or failure of a personal undertaking. Small and medium-sized powers have various avenues open to them for making good use of the capability of the UN to promote negotiations leading to lasting agreements. These countries can influence the climate of debate and play a moderating role in international conflict. They can formulate specific and realistic suggestions and put them on the agenda of the international community. Through discreet diplomacy they can help fend off threats to peace. The United Nations offers many opportunities for consultation and contacts between ministers of Foreign Affairs and heads of government, which can be used to seek a meeting of minds, to explore avenues that may lead to an agreement on major issues and to analyze the world situation.

I have mentioned earlier the idea of peace-keeping by the United Nations and the part that Canada has played in its conception and development. Peace-keeping operations have conclusively shown the resilience and responsiveness of the United Nations and its capacity for conflict control. The very idea of launching a peace-keeping mission with the help of member states that are not permanent members of the Security Council puts a focus on the responsibility of these states for the maintenance of international peace and security.

But the responsibility does not end with containing a conflict; it extends to resolving the underlying cause of the conflict. Peace-keeping without peace-making can be but a palliative. The cooling-off period which peace-keeping operations manage to secure is of little avail if it serves only as a prelude to a more violent eruption.

I do not have to cite any particular regional conflict: the proposition holds true of all that, without a credible movement toward a just and lasting settlement of an international dispute, pent-up passions accumulate and distrust mounts. Frequently, such a situation runs the risk of dangerous escalation

on to a global plane, with immediate ramifications for the entire international community.

The Charter of the United Nations lists all conceivable means for the pacific settlement of disputes. At present, in situations where direct negotiations are difficult or impossible for one reason or another, states rarely feel encouraged to avail themselves of such means as mediation, the good offices of an impartial third party, or adjudication. This is one of the cardinal manifestations of disorganization in international affairs. However, the failure is by no means terminal. Member states of the United Nations can exert a collective and benevolent pressure for the rational settlement of international disputes.

In this regard, the bulk of these states, compared to the world powers, have the advantage of greater flexibility because they are less entangled historically in the causes of the conflict. Alone, none of them can expect success in mediating a dispute: together, their voice can be persuasive and may well prove irresistible.

I would urge influential states like Canada to use the opportunities afforded by the United Nations for giving a fresh impulse to encouraging the comprehensive and durable settlement of regional conflicts. I do not underrate the difficulties involved but, even with the small signs of realism and fluidity that can be discerned in certain situations, the climate may be more propitious now than it has been in recent years. In some situations, the United Nations or the Secretary-General remains essential to communication between the parties. I think, for example, of Cyprus, over which at the moment I am engaged in a new personal effort to find a solution, of Afghanistan, the Iran-Iraq war and South-East Asia.

Another very important area in which a country like Canada can play a most useful role is the promotion of the North-South dialogue. I do not believe that there is a primordial or inherent conflict between the interests of the developing countries and those of the industrialized ones: all will benefit from a more efficient, less unbalanced and less crisis-prone global economy. If the positions respectively formulated by the two sides seem irreconcilable, a more imaginative approach can help to bridge the gulf. What is important is that the dialogue should be free from the tone of confrontation.

Canada has been second to none among the industrialized countries in acknowledging the necessity of making the world economic system more responsive to poverty in large parts of the globe. Your statesmen have urged a less fractious approach to the process of giving a more balanced meaning to the idea of economic interdependence. The objectivity and breadth of vision that inspired their appeal can be most helpful in stimulating some progress in the North-South dialogue.

[*Translation*]

One of the main concerns of our society today is the existing situation with respect to human rights. Paradoxically, at a time when the United Nations, after tremendous efforts, has succeeded in giving the provisions guaranteeing the protection of human rights force of law internationally those very rights are still being violated on a wide scale. For the first time in history, the States that make up the international community and are signatories to the Charter of the United Nations are committed to work together to promote and foster respect for human rights and basic freedoms for all. Such instruments as the Universal Declaration of Human Rights and related convenants prescribe those standards against which the international community may judge the behaviour of a State in that context. Various procedures have been established to make it easier for the States to adhere to those standards. Unfortunately, many regions of the world still violate them, and that is one of the most disturbing characteristics of mankind. This problem ought to be tackled with tact, and the method most likely to give positive results ought to be adopted. In my opinion, countries such as Canada can contribute to strengthen the means available to the United Nations to allay the great sufferings caused by the denial of human rights and dignity.

In conclusion, may I allude to the concern which, in the minds of people the world over, is by far more extant than any other: the apprehension stemming from the unrelenting expansion of the nuclear arsenal. Here again Canada has the advantage of being a country which, however advanced in the realm of nuclear technology, is not equipped with nuclear weapons.

In that capacity, you are in a position to give invaluable assistance to overcome the technical obstacles which stand in the way of the implementation of effective measures to limit and, ultimately, eliminate nuclear arms. Mankind's foremost objective must be to reverse the trend towards nuclear overarmament. This is not the proper forum for me to attempt to analyze the various reasons why no progress has been made to that end. However, it seems to me that the human mind has now become a prisoner of a new form of determinism, even more paralyzing than fatalism—a believe in predestination, to which the fall of the glorious civilizations of the past has been attributed. I am speaking of the subjection to the ruthless advance of military technology.

Technology should be at the service of mankind and not be the ruler of its destiny. If private corporations can maintain control over their industrial technology and use it sensibly in their own financial interests, there is no reason why States cannot maintain control over the technology of destruction in the interests of peace. However, such control requires reciprocal agreements to put an end to the arms race. Without these agreements, science can play the role of the sorcerer's apprentice as far as armaments are concerned; if we want the gnome to stop before all of us are swept away by the flood, we need an order from our political leaders.

As a matter of fact, the arms race among the major world powers was prompted by their serious concerns about their own security. However, the concept of security cannot be solely military; its other aspects, whether economic, social,

cultural or philosophic, are infinitely more important today than in the past. Moreover, there is no reason to believe that our quest for security must always lead us to outbid each other as far as armaments are concerned rather than agreeing to a mutual reduction of arms levels. Without an armament limitation agreement there can never be a fixed point at which one of the parties can feel assured of equality or of an advantage in armaments. Viewed only in terms of armaments, total security is a goal which always gets further away and which is always just out of reach. Humanity cries out to escape from this vicious circle.

[*English*]

Distinguished Members of Parliament, I have touched on only some of the more important problems facing the international community today. I am convinced that if these and other difficulties are to be tackled squarely, we must all concentrate more on what unites us as human beings than on the often transitory factors that pit nations as adversaries one against the other. Few nations know better than Canada the need to recognize fully and accommodate differing voices in a representative forum.

Such recognition is the secret of your success as a people. Success for the community of nations cannot be complete while so many of our fellow human beings languish in deprivation. Ultimately, we must all advance together, and I am convinced that the United Nations is by far and away the best vehicle for doing so. I am gratified indeed to find here in Canada such frank and fair recognition of these truths and I look forward to continued close co-operation with you as we proceed to our common goal.

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Guy Charbonneau (Speaker of the Senate): Mr. Secretary-General, being aware of your reputation, I knew you would be sharing with us today some profound thoughts on the current problems of a divided world. As we sit upon a huge powder keg, the detonator of which could be activated from the four corners of the world, we find solace in the assurance that the Secretary-General of the organization whose mission is to unite all the nations on earth is endowed with such a positive understanding. As a matter of fact, you carry out your duties with the realism of an experienced politician and the generosity of a confirmed humanist.

As we commemorate this year the 100th anniversary of Victor Hugo's death, allow me to quote one of the biting comments for which this great man was deservedly famous and which reflects on the nearly superhuman dimension of your quest: "Universal peace is an hyperbola and the human race is following its asymptote". In other words, we are trying to bring together two parallel lines which could never meet.

In spite of this age-old evidence, you fervently persevere in your efforts to foster appeasement throughout the world, efforts which we, as Canadians, both admire and support. In your achievements so far we find grounds for hope because, like us, you constantly proclaim the priority of right over force, of reason over blind passion, and of dialogue over violence.

Through your untiring and omnipresent action, you appear to us to have acquired a sense of ubiquity which is the distinct characteristic of a universal assembly. You must be everywhere at once because nations all over the world need a peacemaker.

[*English*]

When things go wrong, it is easy to join the chorus criticizing the United Nations. But we should never lose faith and throw our hands up in exasperation. You know as we in Canada know that the United Nations system can be no stronger than the collective will of its member states. We cannot treat the United Nations as a handy scapegoat.

It is not surprising that the United Nations is having more difficulty carrying out its responsibilities in the maintenance of peace and security. The drift toward political conflict and war between nations is never easy to reverse. You, Mr. Secretary-General, have continued to work assiduously in the centre of these conflicts in the highest traditions of your office. I need only note that where all others have failed to date, you have successfully chipped away at the inhuman edges of the war between Iran and Iraq. In Cyprus, you are bringing the leaders of the two Cypriot communities together to promote a settlement. You must not lose hope. You should draw your encouragement from quiet successes and the support of nations like Canada for the long road ahead.

We are honoured by your presence among us. Canadians support you in your vital work. We are proud of the contribution we shall continue to make in strengthening the United Nations so that it can rise to the new challenges. Thank you, Mr. Secretary-General.

Some Hon. Members: Hear, hear!

Hon. John W. Bosley (Speaker of the House of Commons): Mr. Secretary-General, on behalf of the Hon. Members of this House of Commons and the people of Canada, I wish to thank you for sharing your thoughts with us so eloquently.

Twenty-one years ago, U Thant spoke in this Chamber and brought to Canadians a message that still rings with relevance and importance. He said to us that "for all its moral authority and good intentions, the United Nations, like any peaceful agent of order and justice, cannot be effective without some co-operation, some give and take, some effort to move forward, on the part of the peoples primarily concerned". Today, you gave us a message that will stay with Canadians for at least another 21 years.

[*Translation*]

We are compelled by your masterly review of the current global situation to seriously ponder over the problems faced by

the international community and over the impact on each of us of the "multilateralism crisis."

You have explained why it is of the utmost importance that the United Nations Assembly should remain strong.

If there is a lesson to be drawn from recent history, it is the global interdependence of nations.

Without such a dynamic mechanism for international co-operation, the conflicting interests of nations would lead to chaos. In a world of increasing complexity, the United Nations is an essential body.

[*English*]

Canadians know this, and as you have heard in the Prime Minister's introduction, Canada remains committed to the United Nations, its principles and its objectives, in both word and deed. As you have indicated, what is needed is a revitalization of the U.N. system. What better or more effective way could there be to celebrate the fortieth anniversary of the United Nations?

[*Translation*]

During the thirties, certain countries turned their backs on the League of Nations, and the consequences were disastrous. If in a nuclear era a new cataclysm were required to have us realize the importance of our existing heritage, we might very well find nothing to rebuild the world upon.

This is the reason why your message to us today is of unparalleled urgency and import.

[*English*]

For Canadians, peace is an urgent matter, as it is for you. We too hope that leaders around the world will find the way to make peace last forever throughout our planet. For Canadians, the blue beret that has been worn with pride by thousands of Canadian peace-keepers is a constant and positive reminder of Canada's partnership with the United Nations. You, Sir, by your presence and your words here today have reinforced this partnership. For this we are truly grateful. Again, Mr. Secretary General, thank you.

Some Hon. Members: Hear, hear!

Mr. Speaker: This meeting is now adjourned.

THE SENATE

Wednesday, March 13, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

NATIONAL DAY OF GREECE

NOTICE OF INQUIRY

Hon. Philippe D. Gigantès: Honourable senators, I give notice that on Tuesday, March 26, 1985, I will call the attention of the Senate to the National Day of Greece, and to the contribution of Ancient Greece to conservative thought.

[*English*]

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have four motions which, in effect, refer four bills to committee for pre-study. With leave of the Senate, I shall introduce them now as motions or, if leave is not granted, I shall introduce them as notices of motions for tomorrow.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Doody advised me earlier in the week that he was going to handle these motions in this manner. I asked for an opportunity to consult my colleagues about it. I have done so and have advised him that we are supportive of this procedure. Therefore, leave is granted and there is no need for them to be introduced only as notices at this time.

FISHERIES ACT

AGRICULTURE, FISHERIES AND FORESTRY COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-32

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and consider the subject-matter of the Bill C-32, intituled: "An Act to amend the Fisheries Act", in advance of the said Bill coming before the Senate, or any matter relating thereto; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

Motion agreed to.

INVESTMENT IN CANADA

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-15

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject-matter of the Bill C-15, intituled: "An Act respecting investment in Canada", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

CRIMINAL CODE

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-18

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-18, intituled: "An Act to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other acts and to make other consequential amendments", in advance of the said Bill coming before the Senate, or any matter relating thereto; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

Motion agreed to.

INDIAN ACT

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-31

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That, notwithstanding Rule 67(1)(m), the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of

the Bill C-31, intituled: "An Act to amend the Indian Act", in advance of the said Bill coming before the Senate, or any matter relating thereto;

That the Committee have power to adjourn from place to place within Canada; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

He said: Honourable senators, Senator Neiman, the chairman of the committee, would like to make a comment on this particular motion.

Hon. Joan Neiman: Honourable senators, I am grateful for the opportunity to speak to this motion. We are anxious to get under way with the study of Bill C-31 as soon as possible. In fact, I have made provision for a meeting room for tomorrow morning to hear our first witness from the department who will explain the technical background and intricacies of this bill, which of course is an amendment to the Indian Act. You will be informed later in the day of the location of the meeting which will take place at 9.30 a.m. tomorrow and Mr. Lahey from the department will appear.

The meeting will be held *in camera* in order to give everyone as much opportunity as possible to discuss this matter thoroughly and to be briefed in an informal manner. There are several senators on this side of the house who have expressed to me the desire to become a member of that committee. As you know, we cannot accommodate everyone. However, I would urge those in this chamber who are interested in the provisions of Bill C-31 to attend as many sessions as possible in order to familiarize themselves with the provisions of the bill.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, as you will note, our own order paper is quite bare of legislation. Nevertheless, the order paper of the House of Commons is not, and some of the 15 or 20 bills on it are quite substantial. They are going through due process in the House of Commons; the debates are ongoing, and its committees are examining those bills in detail. In anticipation of many of them arriving here at the same time, we have decided, in consultation with our honourable colleagues opposite, to ask certain committees to pre-study the subject matter of four of those bills.

The pre-study of the subject matter of those four bills will entail quite an extra load on the committees branch. When the Senate rises this afternoon, tomorrow afternoon, or whenever, I will suggest that we try to take advantage of our time to schedule committee meetings. I know that there are several meetings scheduled for this afternoon and tomorrow morning.

I do not know whether the scheduling of Senator Neiman's committee to sit tomorrow has been cleared with the chairman in charge of committees or not, so perhaps our whip, who has expressed some concern, will make a comment on that.

At this point I can only say that, since the order paper looks something less than crowded, we should take advantage of our time to conduct those pre-studies.

Hon. Orville H. Phillips: Honourable senators, if I may point out, there are limited facilities for holding committee meetings and a limited number of personnel to staff them. It was my understanding that all committee meetings were to be cleared through the chairman of committees, or the whips. The meeting proposed for tomorrow morning has not been cleared by me; the suggestion was not even made to me. I would ask the committee chairman to have the courtesy to do that so that we can avoid any difficulties.

Hon. Royce Frith (Deputy Leader of the Opposition): As I understood the arrangement, the "traffic policeman's" job for these committee meetings was to be shared by Senators Phillips and Petten. I note that Senator Petten was not here, so that may be the reason he did not raise it with Senator Phillips. I confirm what Senator Phillips has said—that is, we have asked Senators Phillips and Petten to control the traffic as far as meetings are concerned. That may be the reason for the slip up.

Hon. Joan Neiman: Honourable senators, I apologize to Senator Phillips. I had understood that the meeting had been cleared. We will certainly do that in the future.

QUESTION PERIOD

[*English*]

PARLIAMENT HILL

CANADIAN FLAG AT HALF-STAFF

Hon. Stanley Haidasz: Honourable senators, my question is for the Leader of the Government in the Senate. I ask the leader whether the Canadian flag, which is at half-staff over the Peace Tower, is in that position to mourn the late Konstantin Chernenko, the former President of the U.S.S.R., or to mourn the late Right Honourable "Tom" Adams, the late Prime Minister of Barbados, or the Canadian who gave his life defending a foreign mission, the Turkish embassy, to discharge Canada's responsibility to give protection to those missions.

Hon. Duff Roblin (Leader of the Government): I hope the flag is flying at half-staff for all three of those reasons.

THE LATE RIGHT HONOURABLE JOHN ADAMS PRIME MINISTER OF BARBADOS

CANADIAN REPRESENTATION AT FUNERAL

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether the Prime Minister of Canada is going to lead the Canadian

delegation to the funeral of the late Prime Minister "Tom" Adams on Saturday next, and whether in that delegation will be included one of our distinguished colleagues, Senator Anne Cools, who comes from Barbados and who had a role to play in the formation of responsible government in that country.

Hon. Duff Roblin (Leader of the Government): I appreciate my honourable friend's reference to Senator Cools, because that is a matter that should be noted by this chamber.

The Prime Minister will not be leading such a delegation because at that time he will be in Quebec City, either meeting with President Reagan or making arrangements for that meeting. So, regrettably, he will be unable to attend.

I do not know whether, in fact, there will be a Canadian delegation to the funeral, but I will find that out, and if there is an opportunity to adopt my honourable friend's suggestion, I will look into it.

• (1410)

Senator Haidasz: May I ask the Leader of the Government in the Senate to impress upon his government the need to send a Canadian delegation to the funeral of the late Right Honourable "Tom" Adams as Barbados is one of our sister Commonwealth countries?

Senator Roblin: I think it is a valuable suggestion. I have just heard, via the grapevine, that there may well be a delegation of that kind. If there is, I will see that my honourable friend's suggestion is considered.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—AGENDA

Hon. Ian Sinclair: Honourable senators, the Leader of the Government in the Senate has indicated that the Prime Minister will be attending an important meeting with the President of the United States in Quebec this coming weekend. In view of the preparations that have been made, I am sure that honourable senators are concerned with the agenda for that very important meeting. Can the government leader enlighten us on the subject matter of that agenda?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have not received a copy of the agenda for that meeting, and I have to confess that I do not expect to receive one at the present time. Undoubtedly, it will be made available in due course, but I do not have that information now.

TRADE POLICY

Hon. Ian Sinclair: I should like to ask a supplementary question. In questions that have arisen concerning trade and the relationship of the United States dollar to the Canadian dollar and its effect on trade, requests have been made to the Leader of the Government in the Senate to bring the importance of this matter to the attention of the distinguished Prime Minister of our country. Can he enlighten us on what kind of reaction he got when he did that?

[Senator Haidasz.]

Hon. Duff Roblin (Leader of the Government): I am afraid I cannot reply to the last part of my honourable friend's question, but I can tell him that the Prime Minister is well aware of the critical importance of the international relationship between Canada and the United States, particularly with regard to trade. The problems we are facing, in the rising current of protectionist sentiment in that country, have already seriously impinged upon our export possibilities to the United States. I can assure my honourable friend that while I cannot describe to him the facial expression or, indeed, pass on the comment of the Prime Minister when faced with this problem, I can assure him that he takes it with the utmost seriousness.

EXTRATERRITORIAL JURISDICTION

Hon. Ian Sinclair: I have a further question. Earlier this month the *Globe and Mail,* which is well known to my friend, in its lead editorial made reference to the sad state of the Canadian government's reaction to the action of the United States courts in support of the grand jury in Florida on the question of extraterritoriality in relation to the Bank of Nova Scotia. In view of the fact that that distinguished paper, the *Globe and Mail,* took such a strong stand and suggested that Mr. Mulroney might have an opportunity in Quebec, I wonder if that lead editorial was brought to the attention of the distinguished Prime Minister.

Hon. Duff Roblin (Leader of the Government): My honourable friend already knows the answer to that question because I gave it to him personally a few days ago—namely, that this extraterritoriality problem with respect to legal matters of the kind he mentioned between the United States and Canada was under review. I believe I also told him that not only was it under review but we also expected to see some concrete proposals come forward in order to place that matter in a more satisfactory light insofar as Canadians are concerned and, indeed, insofar as Americans are concerned. I can repeat that assurance today.

Senator Sinclair: Honourable senators, although that answer may have been well received by many people, the question went even further. It was: What steps are being initiated for a legislative remission of the $1.8 million penalty that was slapped on a very distinguished Canadian institution? Many people wonder what the reaction would have been if the situation had been reversed and Canada had slapped a $1.8 million "hit"—if I may use that word—on, say, the Bank of America.

Senator Roblin: I believe my friend is asking me a question of law which I am not competent to answer. I would also point out that such questions of law are not dealt with in Question Period.

I can only say that one has to abide by the law as it happens to be at the particular moment in time, whether in Canada or in the United States.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the point I should like to raise with the Leader of the Government in the Senate is: The United States

takes the view that it has the right to extend its jurisdiction into other countries. While there may be certain instances when that is legitimate, generally the Canadian position has been to oppose vigorously that ideology of the United States, even though there may be concrete proposals here and there to tidy up difficult situations. What is so offensive to Canadians is the continued persistence of the United States in asserting extraterritorial jurisdiction over not only Canadians but over nationals of other countries.

What I am really asking the Leader of the Opposition—

Senator Flynn: Are you asking it of yourself?

Senator MacEachen: I thank Senator Flynn for his coaching.

My question to the Leader of the Government is: Will the Prime Minister be suggesting to the President of the United States that there is more required than attention to particular cases, and that what is required is an abandonment by the United States of its concept of extraterritorial jurisdiction?

Senator Roblin: Honourable senators, I shall start by saying, "What's in a name? A rose by any other name would smell as sweet." I do not mind if my friend misnames me because I have done the same thing from time to time. Perhaps I will call him the Leader of the Government some day if I do not watch out.

Hon. Royce Frith (Deputy Leader of the Opposition): Soon you may not have to apologize.

Senator Flynn: Soon?

Senator Roblin: In the words of a famous Canadian, "The universe is unfolding as it should" in that respect.

Honourable senators, I want to deal with my friend's question because it is an important one. I know he knows something about these matters because, for more years than one, he was in the position of having to resist the claims of extraterritoriality on the part of the United States when applied to Canada. He also knows just as well as I do the difficulties in dealing with that problem.

Without wishing to be pejorative, I would point out that we have had some successes in computing that argument.

I want to tell my honourable friend that we will do our best to deal with those matters in as constructive a way as he did, because we do not agree with extraterritoriality in regard to our relationships with the United States any more than he did.

Although I admit this is a limited area, what we are trying to do is deal with one aspect of the problem. If we can solve that satisfactorily, I will be well pleased. I am sure the government will be open to other suggestions as to how we can deal with other aspects of the problem, because it is a matter we do not intend to ignore.

Senator Frith: What is the one aspect?

• (1420)

Senator MacEachen: Honourable senators, the Leader of the Government has dealt with a certain aspect of my question. I do not think there is a difference between us on the importance of this question and the fact that solutions can be found to particular segments of it.

While the United States is ready to explore a solution to particular problems between our two countries such as legal enforcement, it has not been willing to accept the principle that we are advocating—namely, that there ought to be an abandonment of its assertion of extraterritorial jurisdiction, except in very limited circumstances.

While I understand the difficulties, I think it is important that Canada continue to assert to the United States its disagreement with the overall concept accepted by that country. That is why I ask again whether the Prime Minister will make that point, a point that has been made in the past and one which must continue to be made. Otherwise, we will not achieve our objectives in the long term.

Senator Roblin: Of course, the old bromide is "Rome wasn't built in a day."

We have taken concrete steps in dealing with this problem. In fact, as I have just been reminded, no later than December 13 of last year the House of Commons passed Bill C-14, a bill to authorize the making of orders relating to the production of records and the giving of information for the purposes of proceedings in foreign tribunals, relating to measures of foreign states or foreign tribunals affecting international trade or commerce and in respect of the recognition and enforcement in Canada of certain foreign judgments obtained in anti-trust proceedings. That bill was eventually passed by the Senate and was passed into law as the Foreign Extraterritorial Measures Act.

Again, while that act does not provide a solution to all of the problems of extraterritoriality, it does represent a concrete measure taken by this government toward that end. I assure my honourable friend that as the opportunity presents itself, we will take other concrete steps in this respect.

I express my thanks to the Honourable Senator Flynn for having brought the matter of Bill C-14 to my attention.

Senator Flynn: It is something that the Leader of the Opposition in the Senate had forgotten.

Senator MacEachen: It is not something I had forgotten. It was a bill prepared by the former government and one which I debated in this chamber.

Senator Flynn: But you had forgotten. A short memory.

Senator Frith: He debated it in this chamber when you were away.

Senator MacEachen: Honourable senators, the bill to which the Leader of the Government has referred relates to the ability of Canada to frustrate, in Canada, actions taken by the United States government. It is a help, but it does nothing in the way of removing the constant assertion by the United States of extraterritorial jurisdiction in principle. The Foreign Extraterritorial Measures Act is a way of protecting Canada. It is useful. But it does not solve the main problem.

Senator Flynn: It indicates to the U.S. authorities what we think.

Senator Roblin: We have been working at the problem for six months and we have two concrete measures on the table, one being the Foreign Extraterritorial Measures Act and the other being a measure dealing with the question of extraterritoriality and judicial relations between the two countries—a measure which, I assure my honourable friend, is to come.

That is not a bad record for six months. After all, his party had 16 years in which to deal with the problem and he knows the difficulties involved. He is not minimizing the difficulties, but I think he should recognize that we are facing exactly the same problems as he was facing when in government.

Senator MacEachen: Honourable senators, I agree with the Leader of the Government. I would merely point out that the bill for which he is taking credit, and properly so, was a measure that was before his colleagues when they formed the government. All the work had been done and the bill was ready.

Senator Roblin: We had the satisfaction of passing it into law.

Senator Frith: That can be said in respect of a lot of our legislation.

INVESTMENT RESTRICTIONS

Hon. Richard J. Stanbury: Honourable senators, the Leader of the Government in the Senate has already mentioned his concern—a concern of many of us—in relation to the protectionist developments in the United States, a tendency which has been developing now for two or three years.

Will the Prime Minister take up with the President of the United States the fact that the present government of Canada has been most generous in stripping away the restrictions on foreign investments and stripping away the protections—nationalistic protections perhaps—afforded by the National Energy Program, and that that has all been done without any compensation as yet?

And will he ask the President of the United States to recognize that fact by encouraging the U.S. government to get rid of the prohibitions and restrictions on foreign investment in coastal and freshwater shipping, aviation, nuclear and hydro generating, communications, financial industries, real estate, fishing, some mineral leases, dredging and salvage operations and defence industries—all of which exist in the United States to a far greater extent than they exist in Canada?

And will he ask the President of the United States to put an end to the use of securities and anti-trust agencies and monitoring by government to frustrate company acquisitions in the U.S. such as those attempted by Canadian Pacific, Seagrams, and Brascan?

Are we, after having given away our own protection, going to try to insist upon some amelioration of the tariff and non-tariff barriers and restrictions on foreign investment which exist in the United States to a much greater extent than they ever existed in Canada?

[Senator Flynn.]

Hon. Duff Roblin (Leader of the Government): My honourable friend raises the whole question of economic relations with the United States, which is worthy of a debate in itself. I cannot agree that I should begin that debate by answering my honourable friend's question. But I must say a few words about it, because the devices which he claims we have given away reflect a different philosophy from mine. I believe that the action we have taken with respect to FIRA and the action we are studying with respect to the National Energy Policy are good for Canada regardless of our situation with the United States, and will help us in our economic development. Our primary motive for doing that is self-interest, not in an effort to curry favour with anyone else.

My honourable friend has listed off a formidable recitation of areas in which he wants freer trade, or areas where he wants non-tariff barriers reduced. Surely that is one of the great issues that this government is struggling with at the present time. There is a public paper on the issue, various options are being set out, we are soliciting public input, and I solicit my honourable friend's input, as to what people think should be the best course for this country to follow; and when those consultations are completed, our agenda will be firmed up with respect to our trading relationship with the United States.

My honourable friend has put his finger on the key issue in this whole development. People talk about free trade. What we should be talking about is how to preserve the trade advantages that we now have with the United States. I can assure my honourable friend that that will be a paramount thought in the mind of our Prime Minister when he meets with the President of the United States in Quebec City.

Senator Stanbury: Honourable senators, I thank the Leader of the Government for his answer. I agree with much of what he has said. He and I have worked together on the Canada-U.S. Interparliamentary Group and we understand the difficulties of these negotiations. I would simply point out that while we have certainly some great advantages in dealing with our American friends, we have been willing to sit back and allow them to abuse us for such agencies as FIRA and programs such as the National Energy Program, without responding to the very serious list of restrictions—it was only a partial list that I read. I stopped because I ran out of breath—on what Canadians can do in the United States, and the obstacles that are put in their way of doing it. I would simply ask that the Prime Minister, when he is talking to the President of the United States, try to convey that sense to him, that never has there been any restriction on American activities in Canada which compares in the slightest with those placed on Canadian activities in the United States.

Senator Roblin: In the interests of balance, my honourable friend should agree with me that in two or three very important particulars the non-tariff barriers that have been promoted by various interests in the United States have not been accepted by the President of the United States. On the question of lumber, which again is on the table, and restrictions on which would have had a disastrous effect not only in western Canada but also in New Brunswick and other places, the

Government of the United States and their administrative agencies did not accede to what some people considered to be a very strong case.

• (1430)

On the question of the export of steel pipe and other items of that kind to the United States, when we protested against what we thought was unfair conduct toward us, our protestations were considered. We have not won everything, but it seems to me that we ought not to lose sight of those instances where the Americans have been able to accede to our requests in this area. I also say to my honourable friend that if he is interested in trade between the two countries, the tariff barriers in Canada against American exports to this country and American tariffs against our exports to the United States are not the same. The American tariff structure is lower than ours at the present time. One has to take that into account when dealing with the Americans. So, while I am not here to advocate the interests of the United States—I am here to advocate the interests of Canada—I think we will get further in dealing with them if we try to put on the table the good things and the bad things, because when they have done some good things we ought to encourage them, for the simple reason that we will need their help in the future.

NATIONAL DEFENCE

INCREASE IN CANADIAN FORCES CONTINGENT IN WESTERN EUROPE—EFFECT ON ESTABLISHMENT

Hon. Paul C. Lafond: Honourable senators, I welcome, as I think we all should, the announcement made on Monday by the Secretary of State for External Affairs and the Minister of National Defence that our contingent of land forces in western Europe will be increased by 1200. This is a positive, if incomplete, step toward implementing the recommendation made a few years ago by your National Defence Committee. My question to the Leader of the Government is this: Does that gesture mean that the authorization of man-years from the Department of National Defence will be increased by 1200, or does it mean that our already meagre home forces will be depleted by 1200 in order to fill part of a gap in western Europe?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I share the satisfaction of my honourable friend with respect to this move, because it was clearly a part of the recommendations of the National Defence Committee with respect to manpower in the Canadian Armed Forces. Although this report was prepared some few years ago, it is, nevertheless, gratifying to see that we are now beginning to accept more of our responsibilities to NATO in this way. I would hope that the whole of these 1200 men will be found from the administrative tail that we have in this country, so that we can put the manpower we are already paying for to better use. However, I cannot tell my honourable friend categorically that that is the case, because the minister has announced that there is a cost of some $50 million this year and some $100 million next year on account of this move, which leads me to think that it must involve salaries for additional personnel. I shall find out for sure and will let my friend know.

Senator Lafond: While the leader is doing that, he might try to discover, since the Secretary of State for External Affairs seems to be developing a propensity for accepting invitations to commit Canadian troops to peacekeeping undertakings, whether he is committing troops that the Minister of National Defence does not have or whether a similar increase in the number of authorized man-years would apply in these instances if our offers were accepted.

Senator Roblin: I am afraid that my honourable friend has posed a hypothetical question. Although the matter has been discussed in the news media and elsewhere, I do not think the minister has made any commitment at the present time. If he should make a commitment then the question becomes relevant and it will be answered.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, may I ask a supplementary question to those asked by Senator Lafond? With respect to the additional $50 million that will be required to provide the additional land forces in Europe for 1985-86, is that amount already included in the Main Estimates for 1985-86 as tabled in the house on that memorable day, or will that $50 million be provided for in a supplementary estimate?

Hon. Jacques Flynn: I thought you had time to study the estimates in detail.

Senator Roblin: That question is being investigated at the present time. I shall have an answer in due course.

Senator Flynn: You should know that. You know everything since you have passed the bill.

Senator MacEachen: It does not show.

CANADA-UNITED STATES RELATIONS

CANADIAN ADVERTISING IN UNITED STATES MEDIA

Hon. Keith Davey: Honourable senators, I have a question for the government leader. As he knows, Bill C-58, passed in 1975, has been the salvation of the Canadian broadcasting industry. Indeed, CKND television in Winnipeg is an excellent case in point, a television station that simply would not exist without this legislation which eliminated the tax deduction for Canadian advertisers buying space or time in U.S. media. My question is whether or not this law, as some have suggested, will be discussed at the so-called Shamrock Summit.

Hon. Duff Roblin (Leader of the Government): The law my honourable friend refers to deals with advertising revenues with respect to transport or transmissions. It is perfectly true that this law has been a long-standing irritant as far as Americans are concerned. Every year that I and some of my collegues have had occasion to talk with American congressmen, the subject has been raised. Certainly, it has not been forgotten. I would be surprised if our Prime Minister will raise the matter, but it is quite possible that the President might

raise it. However, I am quite unable to tell my honourable friend which might be the case.

Hon. Allan J. MacEachen (Leader of the Opposition): The President won't raise it.

Senator Davey: I can tell my honourable friend that in 1982 alone this legislation diverted more than $30 million in Canadian advertising money away from American television to Canadian broadcasters who were thus able to create 5,000 jobs. My supplementary question is: Would the leader undertake to speak to the Prime Minister and persuade him to hang tough on this legislation which is so important to Canadian broadcasters?

Senator Roblin: I just hope that none of the friends I made in the United States who do not like our legislation read *Debates of the Senate*, because when they see those figures, confirmed by such an eminent authority, it will add ammunition to their claim, to be sure. I have no information as to whether or not this item is on the agenda, so I am unable to respond further to my friend.

SUMMIT MEETING IN QUEBEC CITY—NEWSPAPER ARTICLE

Hon. Keith Davey: Honourable senators, my next question is not a supplementary one but it has to do with the so-called Shamrock Summit. I quote from an eminent authority who had an article in yesterday's *Toronto Star*. The authority is none other than Dalton Camp.

Hon. Duff Roblin (Leader of the Government): Wow!

Senator Davey: Mr. Camp said:

> Of the two principals, one is a professional entertainer and the other has spent a life time moonlighting as one.

Unhappily, Mr. Camp did not explain which is which and I wonder if the leader could enlighten us.

Senator Roblin: God bless Dalton Camp! He is an old friend of mine and one of the most humorous men I know. Every time I read his column I get as much pleasure out of it as I know my honourable friend does.

Hon. Royce Frith (Deputy Leader of the Opposition): Isn't there a New Brunswick vacancy?

END OF DECADE WOMEN'S CONFERENCE

COMPOSITION OF CANADIAN DELEGATION AND AGENDA

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. Two weeks ago the American government announced the composition of their delegation to the End of Decade Women's Conference in Nairobi in July. This allows interested American citizens to express their views on the content of that conference. I wonder if the honourable senator would tell us who will compose the Canadian delegation and what arrangements have been made for input on behalf of Canadian citizens and organizations in preparation for that conference.

[Senator Roblin.]

Hon. Duff Roblin (Leader of the Government): I shall have to take the question as notice.

Senator Marsden: I suggest to the leader that it would be useful if, in answering that question, he could give us some indication of what consultation will take place and when and where it will occur. The agenda and background papers are all published, and I think that many Canadians are anxious to ensure that our delegation represents their views.

Senator Roblin: The Secretary of State takes a very deep interest in this question, and he will provide every assistance to my honourable friend in giving her information.

UNITED NATIONS

RATIFICATION OF INTERNATIONAL CONVENTION AGAINST TAKING OF HOSTAGES

Hon. Stanley Haidasz: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. Can the Leader of the Government tell us why to this date the Canadian government has not ratified the international convention against the taking of hostages, which was established by the General Assembly of the United Nations in 1979?

● (1440)

Hon. Duff Roblin (Leader of the Government): I think my friend is asking the wrong man. My honourable friend opposite is, perhaps, in a much better position to reply to that question than I am.

DIPLOMATIC MISSIONS

SECURITY

Hon. Stanley Haidasz: I have a supplementary question for the Leader of the Government in the Senate. I wish to ask him whether he can report to this chamber the reasons for the breach of security that occurred at the Turkish Embassy yesterday, in view of Canada's obligation to protect diplomatic missions in Ottawa, according to its commitments to the Vienna Convention on Diplomatic Relations.

Senator Roblin: We take that responsibility very seriously. For some time, I think, Canadians were under the impression that this was a safe place to live, and that measures that might be required in other parts of the world were not necessary here. If that is no longer the case, then I am sure we will have to take measures.

I can tell my honourable friend, however, that the matter is now under investigation.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—PRESS RELEASE

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government in the Senate that flows from the discussions we have had this afternoon with respect to that very important, upcoming meeting between the

President of the United States and the Prime Minister of Canada. I am wondering if we may look forward to the publication of a press release relating to the discussions, the conclusions and the decisions arrived at at that conference, prior to the arrival of the President of the United States in Canada.

Hon. Duff Roblin (Leader of the Government): That is a question that should be addressed to the President of the United States, since it was not the Prime Minister of Canada nor the Canadian press officials who made the premature release to which my friend is obviously alluding.

[*Translation*]

STANDING RULES AND ORDERS

COMMITTEE REQUESTED TO STUDY AUDIO RECORDING AND BROADCASTING OF PROCEEDINGS OF SENATE COMMITTEES

Hon. Fernand-E. Leblanc, pursuant to notice of Tuesday, March 12, 1985, moved:

> That the Standing Committee on Standing Rules and Orders be requested to consider and report upon the question of the audio recording and broadcasting of the proceedings of Senate committees.

Hon. Senators: Explain.

Senator Leblanc (Saurel): Honourable senators, this motion refers to a problem that arose on February 18 at a meeting of the Standing Committee on National Finance when we were considering Bill C-11.

Senator Corbin raised a point of order when he noticed that a member of the public was taping the committee's proceedings on a cassette recorder. As I was chairing the meeting, Senator Corbin asked me for a ruling on the acceptability of recording the proceedings of this committee by persons not on the Senate staff.

The person concerned then identified himself as representing a newspaper, stopped his recording apparatus and apologized.

It was agreed that the chairman would not give a ruling until he would be able to respond to the point of order raised by Senator Corbin.

I believe this point of order raises two questions: Is it necessary to obtain permission for recording the public proceedings of Senate committees? If so, does the committee have the authority to give that permission?

It seems that at the present time, there is no unanimity on the subject. The Senate has a specific instrument for examining such problems and for changing the Rules, if necessary, and I am referring to the Standing Committee on Standing Rules and Orders which, and I quote:

> . . . is authorized to propose to the Senate, from time to time and on its own initiative, amendments to the Rules of the Senate.

I believe that we have here an authority that is qualified to examine the issue of audio recording and broadcasting of the proceedings of Senate committees, and I am seeking the support of honourable senators for this motion in order to clarify this point and to provide an answer to the point of order raised in committee.

Hon. Eymard Corbin: Honourable senators, I would like to comment briefly on the motion, since I raised the point of order on the committee that was considering Bill C-11 a few weeks ago.

If honourable senators decide to refer the matter for study and consideration to the relevant committee, I think it might be a good opportunity to consider as well the possibility of allowing live radio or television broadcasting of the proceedings of this chamber. I think all these questions are related. If the committee should recommend that the Senate allow the proceedings of a committee to be recorded, I think this chamber would be in a rather difficult position with respect to the radio or television broadcasting of its own proceedings.

I do not intend to move an amendment to the motion of Senator Leblanc but, unless I am mistaken, I believe the House of Lords in England—and God knows I do not want to draw a parallel between this institution and the House of Lords, they are altogether different and so are their origins—is or has recently been experimenting with direct broadcasting of its debates.

Being a component of the Canadian Parliament, we ought to consider the possibility of adopting a permanent procedure for this House and its committees as well.

As I said before, I am democratically minded. I do not see that we have anything to hide. God knows we get wide coverage when we are going through periods of crises, or so-called crises. Once they are over, we are totally ignored. A glance at the press gallery today will convince anybody. Whenever a minor controversy arises, we are swamped by reporters, we trip over cameramen and their blinding spotlights. After everything has died down, we are completely forgotten and our future is left in the hands of others. What is lacking in this institution, it seems to me, is a more direct link with the public, for it has a very fuzzy perception of the role, function and traditional heritage of the Senate.

Honourable senators, if the Committee on Standing Rules and Orders is to consider whether or not committee proceedings ought to be televised, I suggest that at the same time, without the need for me to move a formal motion, it should consider and make recommendations on the advisability of broadcasting and televising the debates of this house.

Those are the comments I wanted to make.

• (1450)

[*English*]

Hon. John M. Godfrey: Honourable senators, I should like to say a few words on this subject. I note that this motion refers to audio-recording alone. I think the motion should include television broadcasting as well. We have had experience with television broadcasting when the Legal and Constitutional Affairs Committee was considering the marijuana bill.

Hon. Royce Frith (Deputy Leader of the Opposition): Was that when the committee was considering the LeDain Commission report?

Senator Godfrey: When that committee was considering the marijuana bill, we received permission from the Senate to broadcast the proceedings on television. I must say that that was not a very satisfactory experiment. The bright lights blinded everyone, television cameramen were running around, and those running the broadcasting took over for a couple of days, and I think that that put many senators off. However, I believe that things have improved technically since then so that it can be better handled today.

I really think we should look at both radio and television broadcasting. I also think that the proceedings of the Senate itself should be broadcast on radio and television.

Hon. Louis-J. Robichaud: Honourable senators, it is not customary for me to rise in the Senate; I have developed the habit of being quiet, but on this issue I think I should express an opinion following the comments made by my colleagues, Senators Leblanc (*Saurel*), Corbin and Godfrey. I recall vividly that the Legal and Constitutional Affairs Committee, then under the chairmanship of Senator Carl Goldenberg, allowed television cameras to cover the committee's deliberations at one time. I did not totally agree with Senator Godfrey when he said that that disrupted the proceedings of the committee; I think it improved the quality of the debates.

I am in favour of broadcasting our committee proceedings on television and radio. I do not think there is anything wrong with that. I think the public is entitled to know what is going on in Senate committees. That is where the Senate does its most important work. Members of the media rarely attend our committee meetings; they are only in attendance when something such as happened a couple of weeks ago occurs. I think enough has been said on what occurred a couple of weeks ago, and if we keep silent on it, the media will also keep silent on it.

When matters of national significance are discussed at Senate committee meetings, I believe that television cameras and radio broadcasting equipment should be allowed into the meeting rooms so that the proceedings could be televised and broadcast on radio. My position on broadcasting the proceedings of the Senate itself is that it should not be allowed unless the Queen or the Governor General is present in the chamber reading the Speech from the Throne.

Senator Corbin: Honourable senators, I believe that Senator Robichaud, for whom I have a great deal of respect, as he well knows, inadvertently made an error when he referred to Senator Carl Goldenberg as having been the Joint Chairman of the Special Joint Committee on the Constitution.

Some Hon. Senators: No, no.

Senator Corbin: Was the honourable senator referring to another committee?

Senator Robichaud: Yes.

Senator Corbin: I apologize; I thought you were referring to the committee on the Constitution, which was televised and broadcast by radio.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 14, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

THE SENATE

COMMITTEES—REPRESENTATIONS BY PROVINCES—NOTICE OF MOTION

Hon. John M. Godfrey: Honourable senators, I give notice that on Tuesday next, March 19, 1985, I will move:

> That whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the committee as to whether or not they wish to make written and/or verbal representations to the committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

This motion is no doubt very familiar to honourable senators. I think it was exactly two years and nine months ago that I originally gave notice of such a motion. I have been considerably emboldened by the fact that two other motions of mine were recently passed after two years and ten months. I hope that, with another month to go, I shall get this motion passed within the same time.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g) moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, March 19, 1985, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

REFORM OF THE SENATE

REQUEST FOR INFORMATION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government in the Senate whether he has any information on the constitutional amendment which Mr. Crosbie, the Minister of Justice and Attorney General of Canada, is reported to have stated would be available for consideration possibly by the end of the month.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can give some more information by telling honourable senators, as they probably already know, that my colleague, the Minister of Justice, is the member of the cabinet who is conducting discussions at the present time with his provincial colleagues on this question of changes in the structure of the Senate. He has asked me to report to the chamber on a couple of developments that I think will be of interest to us.

First of all, on the question of substance, I can say that the principal item that is being reviewed at the present time is the question of time allocation in the Senate. As to the exact form the time allocation will take and to what bills it ought to apply, these are matters that are still being reviewed by the committee looking into this. I am not at the moment able to say what agreement has been reached on those points.

I can also give honourable senators some information with regard to the question of timing. While it is always dangerous to be too positive when one is dealing with matters of federal-provincial relations, particularly with respect to the Constitution, the minister is of the opinion—and I share his opinion—that there seems to be general agreement on the principle of time allocation with respect to the Senate. Based on that assumption and the progress that has been made to date, it seems probable that I will be able to make a further report, I hope next week, but I must place a caveat on that because I may be unable to deliver. So, I hope that I will be able to provide more information to the Senate as to the details in respect of this matter next week.

Senator MacEachen: I thank the Leader of the Government for that information. I have looked at the statement the Leader of the Government made on the subject a day or two ago in which he stated that there will be consultations on the timetable and on how this matter will be dealt with by Parliament. Am I correct in saying that there will be no consultation on the substance of the resolution with members of the Senate before the resolution is put down, and that the sole consultation will be with respect to how it is dealt with in Parliament?

Senator Roblin: All I can say is that until the negotiations and discussions are completed and we know the substance of the matter, I have to reserve my position with respect to the question my honourable friend has asked.

Senator MacEachen: While the leader has this question under reservation, would he reflect upon what I understand to be the commitment made by the Government House Leader that if a consensus is formulated by the provinces and the Government of Canada, at that point there will be consultation on the resolution with the leader of the New Democratic Party and the Leader of the Opposition in the House of Commons? I have no objection to that, but could the Senate be upgraded to the point where it will be consulted in the same fashion as the leader of the New Democratic Party?

Senator Roblin: I shall bear in mind that the honourable senator has disclaimed any right of the members of the House of Commons to tell him what to do or to tell the party what to do and that he reserves the independence of his position and that of the Senate.

Hon. Hazen Argue: That is the purpose of the Senate.

Senator Roblin: I quite understand his reluctance to allow discussions to take place in the House of Commons as if the Senate were not a party to this important constitutional matter. I can assure my honourable friend that the same consideration will be extended to the leadership in the Senate as is given to the leadership in the House of Commons.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I thank the Leader of the Government for his comments. This matter involves two parts, the timing and the substance. In talking about the substance of the negotiations the leader said that the principal subject is the matter of time allocation. Is it safe to assume that at this stage that is the only subject, that methods of appointment and other items are not the subject of negotiations at this time?

Senator Roblin: As far as I can determine at present, the subject matter of the resolution that Parliament will ultimately be expected to consider in very short order will be limited to the question of time allocation. However, I would not like anyone in the Senate to assume that other aspects of Senate reform will not come before us for consideration as well. I think it is quite probable they will. I am merely saying that at the present time, within the immediate purview, the one item that I have spoken about is the one that we shall be discussing.

I do not want anyone to inscribe these words in steel. I am always conscious of the fact that when negotiations are taking place and when you are giving a report on progress, something might change before they are finished, and I would ask honourable senators to bear that in mind. As things stand at the moment, the question of time allocation will be the only subject of the constitutional proposal.

Again, I repeat to members of the Senate that I am reasonably certain that at some time—I am not sure when—in the future we may expect other aspects of Senate reform to be before us.

The Senate adjourned until Tuesday, March 19, 1985 at 2 p.m.

THE SENATE

Tuesday, March 19, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

UNEMPLOYMENT

NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, March 21, 1985, I will call the attention of the Senate to one way of fighting unemployment.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—ABSENCE OF GOVERNOR GENERAL

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to draw to the attention of the Leader of the Government in the Senate a report in the Ottawa *Citizen* of today which is headed "Governor General left out of summit". That article states, in part:

> Government House sources confirmed Monday that [Her Excellency] Jeanne Sauvé was not invited to Quebec City to meet President Ronald Reagan at the "Shamrock Summit," nor invited to the gala concert held Sunday night.

The article goes on to state:

> Insiders say the reaction at Rideau Hall is one of "stunned disappointment."

In light of the fact that in the absence of Her Majesty the Queen Her Excellency is the head of state of Canada, and that the President of the United States is the head of state of that country, as well as the head of government, can the Leader of the Government in the Senate explain why in this case the status of Her Excellency was not recognized so that she could participate in those important bilateral exchanges between the two countries?

Hon. Duff Roblin (Leader of the Government): I am afraid that I have no information on this topic. I will have to take the question as notice.

Hon. George van Roggen: Honourable senators, I have a supplementary question for the Leader of the Government. Is he aware of the excuse reported in the press yesterday on this very matter, that the government was treating this not as a "state visit", but only as a "working visit"? That was the government's lame excuse for the Governor General not being present.

Senator Roblin: I think the degree of lameness resides in the eye of the beholder.

Some Hon. Senators: Oh, oh.

[*Translation*]

Hon. Jean Le Moyne: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Considering that Madame Sauvé is Canada's First Lady, of French extraction, our highest ranking dignitary, and a woman, would it not be appropriate for the government to offer apologies?

[*English*]

Senator Roblin: I think that I inadvertently made a reference a moment ago that was the furthest from my mind. I apologize humbly if my honourable friend took that remark as a personal reference, because I had no intention it should be so.

Senator van Roggen: No, no.

Senator Roblin: I appreciate that.

With reference to Senator Le Moyne's question, I will take it as notice.

[*Translation*]

Senator Le Moyne: Honourable senators, would it not be appropriate as well—I am asking this of the Leader of the Government in the Senate—that apologies be extended to Her Majesty after the insult suffered by the Governor General yesterday?

[*English*]

Senator Roblin: I am afraid I cannot accept the premise to the question, but I shall endeavour to find out the answer to the interrogative part.

Hon. Philippe Deane Gigantès: Honourable senators, there was another insult. The most highly-placed westerner in this land happens to be Her Excellency the Governor General, Madam Sauvé. So, the west itself should receive apologies.

Senator Balfour: What nonsense!

Hon. Charles McElman: Honourable senators, while the Leader of the Government is making inquiries on this subject, would he also have the government delineate what are the appropriate uses of the Great Seal and by whom it should be used?

Senator Roblin: Honourable senators, I will take that question as notice, too.

Senator Gigantès: Honourable senators, my question is addressed to the Leader of the Government in the Senate. Would he please find out whether it is a fact, as reported in the press and on television, that the Leader of the New Democratic Party in the other place, Mr. Broadbent, was invited to the gala but Mrs. Sauvé was not?

Senator Roblin: I am not sure that I can accept that question because I am not here to deal with material that appears in newspapers. If my honourable friend wants to rephrase his question, I will be glad to give it consideration.

Senator Gigantès: Thank you for giving me this opportunity. Would the Leader of the Government find out whether Mr. Broadbent, the Leader of the NDP in the other place, was invited to the gala performance whereas Mrs. Sauvé was not?

Senator Roblin: Honourable senators, I will make an inquiry about that.

AIR CANADA

BOARD OF DIRECTORS—REPLACEMENT OF MEMBERS

Hon. Keith Davey: Honourable senators, I have a question for the Leader of the Government in the Senate. I am curious to know why all 13 members of the board of directors of Air Canada were fired last week.

Senator Murray: Because they should not have been appointed in the first place!

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that I can do little better than repeat the observation made by my colleague. I should really tell my honourable friend that I will endeavour to find out why they were appointed in the first place.

Senator Davey: Would the leader agree that all of the new appointments are people associated with the Progressive Conservative Party?

Senator Roblin: I think that that is a fair statement of the situation as I see it. At the same time I observe that all or most of the people they replaced were closely associated with the Liberal Party. But since today most Canadians are associated with the Conservative Party, about twice as many as are associated with the Liberal Party—

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): With growing shame!

Senator Roblin: —I find the appointments to be representative.

Senator Davey: The appointment of these 13 Tories makes a mockery of the Prime Minister's statement about a new day when it comes to political appointments. It is the same old game—13 Tories. Would the leader agree with that?

Senator Roblin: If it is the same old game, nobody is better qualified than my honourable friend to recognize it. I would say to him that there have been a number of distinguished appointments made involving persons who have nothing to do with the Conservative Party; one is the gentleman who now represents Canada at the United Nations. There are others that can be referred to as well.

Senator Frith: You have to recycle that.

Senator Davey: The curious thing about these 13 Tories appointed to the board of directors of Air Canada is that none of them has anything to do with transportation.

Senator Roblin: Of course, if my honourable friend took the trouble to examine the dossiers of these ladies and gentlemen, he would find that that statement is not correct.

• (1410)

Senator Frith: They also cover transportation like Marcel Lambert and other independents.

Senator Roblin: Just like Lloyd Francis.

Hon. Ian Sinclair: Honourable senators, my question for the Leader of the Government is: Based on his experience before he came to this chamber and before he became the Leader of the Government in this chamber, would he agree that continuity is one of the basic factors in boards of directors?

Senator Roblin: Honourable senators, I am, by no means, going to express my opinion on this matter. If my honourable friend wishes to ask a question about government policy or seek information on any appropriate subject, I will be glad to answer. I do not give my opinions because, after all, I think every member of this chamber is here through one form of patronage or another, and it ill behooves us to take some of the stands we are taking in this matter.

Senator Sinclair: My question has nothing to do with patronage; my question has to do with the proper conduct of business organizations.

Is it not good business practice to have some continuity in boards of directors?

Senator Roblin: I believe the two senior executives of Air Canada are still on the board, and if that does not constitute an adequate degree of continuity, I would be surprised.

Senator Sinclair: Would the Leader of the Government then recgonize that independent directors must work closely with the executive, and that being so, would he tell this chamber whether those executives were consulted or whether their views were given consideration before the appointments were made?

Senator Roblin: I really do not accept my honourable friend's premise because he and I know perfectly well that it is not always the case that directors operate in the manner he has stated.

Hon. H. A. Olson: Honourable senators, I have a supplementary to Senator Davey's question about the change in attitude.

Are we to take it now that, inasmuch as all 13 appointments were high-profile Tory supporters, that is now the policy of the government, which is substantially different from that advocated, particularly last July?

Senator Roblin: The government will continue to show good judgment in making a judicious mix of appointments from those who are known supporters of its policies and those who are not.

Senator Olson: The Leader of the Government used the phrase, "judicious mix." Is 13 out of 13 a good example of judicious mix?

Senator Roblin: In this particular case, I think it is admirable.

Senator Olson: Honourable senators, there is a serious aspect to this matter, although there may also be some element of humour.

Can we now assume that the Tory party has completely abandoned its sanctimonious piety of last fall respecting patronage and that it will continue to do what it has done in the last few days?

Senator Roblin: We will have a good look around to see what competent people we can find irrespective of political views.

My friend should, by no means, assume that we have changed our policy.

Senator Olson: Can we take it, then, that what has been happening in the last few days reflects the policy of the present government and that the words of last July were just so much scam and fluff?

Senator Roblin: No, they are not. They are just as valid and just as worthy of confidence as the statements made by the leader of my honourable friend's party during the same period.

Senator Frith: As reliable as the sacred trust.

Hon. Philippe Deane Gigantès: To what classification, or to what quality of appointment does the Leader of the Government assign his own appointment, that of Senator Kelly, Senator Marshall, and the former Governor General, Mr. Ed Schreyer, though he was a member of the NDP?

Senator Roblin: If I knew the thrust of the question, I might be able to answer it. Would my honourable friend like to give it to me again?

Senator Olson: Who made the appointments?

Senator Gigantès: Is the Leader of the Government saying that when his government does things well and appoints members of other parties to certain posts, it is imitating the Liberal Party, but that when it appoints to the Air Canada board of directors 13 Tories—13 individuals whose qualifications may otherwise be admirable—it is simply using phrases such as "sacred trust" to camouflage the real issue?

Senator Roblin: I do not think anyone is trying to camouflage anything.

Hon. Charles McElman: Honourable senators, my question, as well, is for the Leader of the Government in the Senate. May I preface it by saying that the individual from the province of New Brunswick named to the Air Canada board of directors is a first rate chap and an excellent businessman. He is an individual I know well myself and for whom I have much respect. But he is also a bagman—

Some Hon. Senators: Shame! Shame!

Senator Doody: Horrors! People who finance elections.

Senator McElman: I am speaking of Jim Ross.

In the light of the gratuitous insult offered by the Prime Minister to so-called bagmen just before Christmas—our Christmas present—particularly "bagmen of the Senate," I now ask whether it is government policy to again elevate "bagmen" to a position of respect in the community.

Senator Doody: Bagpersons!

Senator Roblin: When I look around this chamber and see so many "bagmen" sitting here, I am inclined to agree with my honourable friend.

THE ECONOMY

NATIONAL CONFERENCE

Hon. Lorna Marsden: My question is for the Leader of the Government in the Senate.

I understand that there will be 22 ministers from this government attending the Economic Summit at the end of the week. Will you be one of those?

Hon. Duff Roblin (Leader of the Government): I think the number is 20. I have been invited to attend, but I doubt that I will be present.

Senator Marsden: A supplementary, if I may. I wonder, then, whether you can tell us the means by which we in this chamber will learn about what goes on at the summit and from whom we can get information about the debates which will be held at that summit.

Senator Roblin: I think what my honourable friend is asking me is, what kind of a conference is this? I can tell her that this is a conference which is not organized by the government in any direct sense. While it is true that the government suggested that the conference be held and made the preliminary arrangements for it, it is a committee of citizens who decided who would be invited to attend the conference and who would be invited to present papers.

Those ministers of the government whose portfolios bear on the particular subject under discussion are expected to be in attendance, though they may or may not take part in the proceedings. The proceedings will consist of the presentation of a number of papers and ensuing discussions, all of which will be fully publicized.

Senator Marsden: My question relates to how we in this chamber will get access to the debates that take place. I have read the papers and have reviewed the agenda. As well, I know a number of those who will be in attendance. I am interested at this point in what reports you will be able to provide for us in this chamber.

Senator Roblin: I shall be glad to table any material that is available for the information of honourable senators.

REFORM OF THE SENATE

APPOINTMENTS REVIEW COMMITTEE

Hon. Stanley Haidasz: Honourable senators, my question is for the Leader of the Government in the Senate.

I am wondering whether there is included in his government's proposals for Senate reform a review of his government's appointments, by the appropriate committee of the Senate.

Hon. Duff Roblin (Leader of the Government): Before I answer the question, I should like to thank my honourable friend for the suggestion he made last week about the propriety of asking Senator Cools to represent the Senate at the funeral of the late Prime Minister of Barbados. I am glad to say that we have been able to act on that, and I want to express my appreciation for the suggestion.

Some Hon. Senators: Hear, hear.

Senator Roblin: With respect to the question concerning a review of appointments by a Senate committee, I can say that this is a subject that is being studied by a committee of the House of Commons. Once that committee tables its reports, we may be able to have further information on the subject.

THE PRIME MINISTER

CRITICISM OF APPOINTMENTS—REQUEST FOR APOLOGY

● (1420)

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government. In view of the way that the Prime Minister spoke of so-called patronage appointments prior to the election, and in view of the way he spoke of former Prime Minister Turner and the way he treated, at least in words, those who were appointed by the former Prime Minister to various posts, will the Leader of the Government ask the Prime Minister to have the decency to apologize to those people?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not believe the Prime Minister has said anything that could be construed as a personal reflection. I believe his observations were of a general character, and I must say with respect to some of them that his observations are widely shared by the public.

Hon. Jean Le Moyne: Honourable senators, would the Leader of the Government accept that the Prime Minister's words should be understood in a Pickwickian sense?

Senator Roblin: That is the nicest question I have heard today. I think I will answer by saying "Yes".

[Senator Marsden.]

AIR CANADA

BOARD OF DIRECTORS—REPLACEMENT OF MEMBERS

Hon. Keith Davey: Honourable senators, I apologize to the Leader of the Government for returning to the subject of Air Canada appointments, but I am wondering why the government did not follow the precedent set by Prime Minister Trudeau and Prime Minister Clark of allowing the terms to expire, rather than conducting some sort of purge. When Mr. Clark and Mr. Trudeau were in office, the terms were allowed to expire. I am wondering why that did not happen in this case.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not able to give a considered reply to that question, because it is a matter that does not fall within my purview. But I believe it is generally recognized that the change of administration that took place on September 4 was a most unusual event in Canadian history, in that the Progressive Conservative Party, for the first time in living memory, apart from Mr. Diefenbaker's noble example, had a majority, and the recent changes, following an election of that kind, would seem to me to be quite reasonable.

Senator Davey: Prime Minister Trudeau had a majority, but he did not purge those who had been appointed during the tenure of the Clark administration.

Senator Roblin: They were very few on the ground, I'm afraid. As a matter of fact, there were some complaints in certain circles that they were a little slow on that.

THE ECONOMY

NATIONAL CONFERENCE—AVAILABILITY OF INFORMATION

Hon. Philippe Deane Gigantès: Honourable senators, since, in answer to a question asked by Senator Marsden, the Leader of the Government said he would supply us with papers on what happened at the economic summit, can he assure this chamber that such papers will contain at least some information, unlike the paper on trade published following the so-called Shamrock Summit?

Hon. Duff Roblin (Leader of the Government): Honourable senators, if that is my friend's opinion of the paper on trade following the Shamrock Summit, then I do not think I should spend my time worrying about his grasp of the essentials. I can tell him that I do not know what is going to be in the papers to be dealt with at the economic summit. I have not seen them and I will have to wait until they are delivered. But when they are delivered, I will be glad to send them to my honourable friend. I think he will find them worthy of his consideration.

Senator Gigantès: The view that the paper on trade contains no substance whatsoever is widely held in the country, at least among editorial writers. Would the Leader of the Government advise his colleagues in the cabinet that they should give some flesh to this paper, so that people of miserable intellect, who are not members of the Tory hierarchy, but who are still citizens of this country, will understand what it is that the government and President Reagan are saying?

Senator Roblin: Well, I certainly would not say to my honourable friend that he is a man of inconsiderable intellect. I will say he is a man of considerable intellect. I would not like to have any misunderstanding on that point, because I do not strive to be rude to colleagues in the chamber, although from time to time I might slip from that lofty purpose.

Hon. Royce Frith (Deputy Leader of the Opposition): By propensity.

Senator Roblin: Sometimes I find myself a little encouraged to fall into that way of speaking, but I really do not intend to be rude. I do not want my honourable friend to think that I am rude to him. But I can say that the statement made by the two leaders in Quebec is one of the most hopeful statements made on Canada-U.S. trade in my lifetime. I do not recall when a President of the United States has previously undertaken to do the best he can, under the regulation of their Constitution, to deal with the question of trade impediments and barriers between this country and the United States. I do not know when a more positive and hopeful statement has been made, and to say that it has no substance seems to me to indicate a misunderstanding of the situation.

• (1420)

Senator van Roggen: May I welcome the Leader of the Government as a convert, as he now appears to be, to free trade.

Senator Roblin: I have been following my honourable friend with the greatest of interest for many years.

THE SENATE

MOTION TO AUTHORIZE COMMITTEES TO INVITE PROVINCIAL REPRESENTATIONS—DEBATE ADJOURNED

Hon. John M. Godfrey: Honourable senators, I move, seconded by the Honourable Senator Hicks:

> That whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate—

Hon. Royce Frith (Deputy Leader of the Opposition): Are you going to accept this?

Hon. C. William Doody (Deputy Leader of the Government): No.

Senator Godfrey:

> —in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the committee as to whether or not they wish to make written and/or verbal representations to the committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

The Hon. the Speaker: It is moved by the Honourable Senator Godfrey, seconded by the Honourable Senator Neiman:

> That whenever a bill or the subject-matter of a bill—

An Hon. Senator: It was seconded by Senator Hicks.

The Hon. the Speaker: I am sorry.

> That whenever a bill or the subject-matter of a bill—

Some Hon. Senators: Dispense.

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

Some Hon. Senators: Agreed.

The Hon. the Speaker: Carried.

Senator Doody: No. Explain.

Senator Godfrey: You will go to any length to avoid hearing a speech from me.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am afraid that in the general merriment I have lost my place in the words and music. Just what is it that the Honourable Senator Godfrey thinks we have done?

Senator Godfrey: Pardon me?

Senator Roblin: What have we done?

Senator Godfrey: You have approved my motion. It is passed.

Senator Doody: No, no.

Hon. Allan J. MacEachen (Leader of the Opposition): The motion is carried.

Senator Roblin: Could I ask my honourable friend to explain?

Senator MacEachen: The motion is carried.

The Hon. the Speaker: Honourable senators, the motion is carried. However, with leave of the house, if honourable senators wish Senator Godfrey to speak on it—

An Hon. Senator: No.

The Hon. the Speaker: The motion is carried.

Some Hon. Senators: Yes.

Senator Doody: Honourable senators, on a point of clarification, if nothing else, when His Honour the Speaker stood to read the motion I very clearly heard some honourable senators say, "Explain" from this side.

An Hon. Senator: That was "Dispense".

Senator Doody: I cannot say what other honourable senators heard. I am telling honourable senators what I heard and I know what I said. I said, "Explain" on several occasions. Obviously, nobody paid any attention to me. Now the motion has been carried. If that is the way it is going to be done, then that is the way it is going to be done. I just want to express my disappointment with the proceedings.

• (1430)

Senator Godfrey: You are expressing disappointment that you will not be hearing from me?

Senator Doody: If that is the sort of flippant arrogance that is to dominate this chamber, then, from now on, that is the way it will be. However, I can honestly say that I asked for an explanation; none was forthcoming and then the motion was carried. I do not see much point in the small membership of the government side of this house coming to these sittings if that sort of bullying is to take place. You can bring 75 people in here any day of the week and pass anything you want, anytime you want to do it. Perhaps there is some merit in all of these cries we hear from outside for Senate reform.

Hon. Stanley Haidasz: Why didn't you ask for a division?

Senator Doody: I asked for an explanation, which is not unusual in this chamber and which has been granted to many senators on many occasions, on various matters. I have no idea what the honourable gentleman said when he stood up, and I would like to know. If you do not wish to give me that privilege, or present that courtesy to the government, then that is fine, but the word will go out from here that this is the way this place is being operated.

Senator Godfrey: I am quite willing to give an explanation. I was so delighted to hear that everybody was in favour without debate. I thought that the opportunity had been given for anyone who wished to speak to do so, and that nobody had taken advantage of it because they were in favour of the motion. If there is any way that we can reverse the proceedings and start over again, then I will be very happy.

The Hon. the Speaker: Honourable senators, I ask for leave of this chamber to hear the explanation of Senator Godfrey on this motion. If honourable senators will agree, we will rescind the vote and ask Senator Godfrey for his explanation.

Some Hon. Senators: Agreed.

Senator Doody: Honourable senators, it may be that everyone here is very much in favour, but I would like to know what it is we have just approved. Surely that is not unreasonable.

The Hon. the Speaker: Are honourable senators agreed that we have Senator Godfrey explain his motion?

Some Hon. Senators: Agreed.

Hon. Gildas L. Molgat: Honourable senators, if I may make a comment, merely to get us in order, I do not think it is in order for His Honour the Speaker to ask for leave. If some honourable senator would move that leave be granted, then that is the way to proceed.

Senator Godfrey: I ask that leave be granted.

Some Hon. Senators: Agreed.

Senator Godfrey: I was somewhat surprised to hear from Senator Doody that he did not know anything about this motion—

Hon. Eymard G. Corbin: Honourable senators, I rise on a point of order. I would like to know exactly what is happening here. The decision has been taken. Was unanimous consent given to allow the honourable senator to explain the object of his motion, or was unanimous consent given to ignore the decision? Can someone explain to me where we now stand?

The Hon. the Speaker: Senator Corbin, it was understood by the Chair that there was unanimous approval of the motion of Senator Godfrey. However, the Chair did not appreciate that some members had asked Senator Godfrey to explain his motion. That decision has now been reversed, and a motion has been approved that Senator Godfrey explain his motion before it is carried.

Senator Corbin: On the same point of order, I definitely heard you, Mr. Speaker, declare the motion carried. How can you now "uncarry" a motion that was previously carried?

Senator Frith: It can be done by unanimous consent.

The Hon. the Speaker: It was pointed out to me that I had not heard that some members had asked for an explanation of that motion by its proposer. Therefore, we are now proposing to rescind that motion and have Senator Godfrey explain his motion before putting it to a vote.

Senator Corbin: I should point out to honourable senators that it is not necessary for an honourable senator to speak to his motion for it to be constitutionally carried. All he has to do is move it. If no one rises, that is the end of that.

However, if there are honourable senators who wish to debate the matter and, following that debate, have the question put again, that is fine with me. I am neither pro nor con this motion.

Hon. Philippe Deane Gigantès: Honourable senators, if we must give unanimous consent, I personally will oppose this unanimous consent unless Senator Doody does us the courtesy of retracting the implied threats in his statement.

Senator Roblin: Honourable senators, I had hoped not to take part in this short discussion, but perhaps as leader of the house I am bound to do something about it. I would have to say that, as I sat here watching events unfold, Senator Godfrey rose and did not rise, Senator Doody rose and did not rise; they were up and down together because they were waiting for an explanation and Senator Doody wanted to have some part in this debate. While that was going on, Mr. Speaker, when you put the motion, if you asked for yeas and nays I confess I did not hear it. Had I heard it, I would have known the state of play. However, it seems to me that, regardless of all that, there is a general disposition on the part of members of this house to let Senator Godfrey explain his motion, and then we will have a chance to say what we think about it. That is the general feeling.

I think it would be a mistake to ask Senator Doody to withdraw something he obviously feels is not offensive and that he should not withdraw; it would be a mistake to make that a condition of any continuance of the debate here; it would not suit the temper of this house, and I hope the honourable senator will not insist on it.

Senator Godfrey: Unanimous consent has already been given to reconsider the motion.

Senator Gigantès: Honourable senators, I think that threatening—

Senator Molgat: Senator Gigantès, I think unanimous consent was given before, and then Senator Godfrey got up to speak on the motion. It is Senator Godfrey's motion.

Senator Godfrey: I must say I was astounded. That is the only way to describe it.

Senator Roblin: Of course.

Senator Godfrey: I was astounded as well as delighted when the motion was originally put and everybody seemed to be for it, without debate. I must say, I much prefer what we are doing now, because it is not so much a question of getting this motion passed for the record, as it is that I had hoped that the members of this house would display to the public at large by debating this motion that they really are in favour of it. I think it would be most unfortunate if, through some slip-up in procedure, it passed technically over the objections of some senators, so I am delighted that we have reopened the matter. I must say I was a little surprised at Senator Doody's anxiety to hear me speak again on this subject.

Senator Doody: You know I have always been a friend of yours.

Senator Godfrey: I would like to point out that this all started by my writing a letter to Senator Perrault, then the Leader of the Government in the Senate, on February 23, 1982, over three years ago. I think I might read the first two paragraphs of that letter. Don't start looking bored, Senator Doody. The letter says:

> In the speech that Senator Stanbury gave in the Senate last week on Senate Reform, he pointed out that there were areas in which the Senate could increase its effectiveness without any constitutional or legislative change. He made the same point in a speech he delivered in the Senate on October 25, 1978.

That is seven years ago.

> I have, since I was appointed to the Senate, become a firm believer that the main justification for the Senate in its present form is the work of the Senate Standing and Special Committees. I also believe that the work of the Committees could be improved if they were more co-ordinated and if, in certain areas, they pursued common objectives. With that in mind, I have proposed in the past that meetings of Committee Chairmen should be held from time to time so that these matters could be discussed and, where practicable and desirable, policies established. The only co-ordination at the present time appears to be the allocation of time for meetings of Committees which is supervised by Senator Lafond. This in my opinion is not enough.

I go on in this letter to bring up the question of having discussion on the pre-study of bills. I must say that we have come a long way in the last three years on that subject. I remember we used to complain about Christmas closures. Last year we got around that partly by pre-studying bills. I think that generally speaking, while it is not a unanimous decision, more and more people are in favour of the pre-study of bills.

I also said in the letter that the Senate should act as a watchdog with respect to human rights. Later, I became more specific and proposed a motion—this was shortly after the Charter of Rights and Freedoms came into effect in April of 1982—which, as we all know, was approved by the Senate finally two or three weeks ago.

● (1440)

I also mentioned in the letter the question of enabling clauses of bills, and just a few weeks ago that motion was finally approved.

I also mentioned in the letter the reducing of quorums in Senate committees, and that has been done.

I also mentioned in the letter the question of investigative committees. I might just read one paragraph, in which I stated:

> Finally, the whole area of the investigative work of our Committees should be discussed from time to time with a view to seeing whether there is some subject of importance which should be studied by a Standing or Special Committee.

As we know, for investigative committees, we rely upon the initiative of individual senators, or certain committees of the Senate, such as the Senate Committee on Foreign Affairs, the Senate Committee on Agriculture and the Senate Committee on National Finance which have instituted that type of study.

I should now like to read the paragraph of the letter which is relevant to today's motion, where I stated:

> One area in which the Senate has been criticized is whether or not it is properly performing its function to represent the regions. I can recall long discussions on this subject in the Senate Committee on the Constitution, chaired by Senator Stanbury, in 1978.

That was seven years ago. The paragraph goes on to state:

> One of the conclusions we reached informally was that the Senate Committees should all adopt a policy that whenever a bill or a subject was being considered that affected Provinces, the Provincial Governments always be asked if they wished to make representations to the Committee. This again is an area which should be discussed by Committee Chairmen and a policy adopted.

The fact was that the committee chairmen met on March 3, shortly after I wrote this letter, but they did not get around to dealing with any of the subjects mentioned in the letter.

Finally, on June 22 of that year, I gave notice that I would move a motion that was in the exact terms of the Notice of Motion I gave last Thursday. I was trying to get some action going because no one seemed very interested and kept postponing the calling of another meeting of committee chairmen. Finally, that meeting took place on November 4, 1982—which was eight months after the original meeting took place—at which I asked that this matter be discussed. We did have a discussion on the matters mentioned in the letter.

I must say that at that time there seemed to be a general consensus in favour of the resolution—that is, the one I had given notice of in June. For that reason I did not want to press ahead and ask for formal passage of the resolution until we tried it out, in effect, because there had been that general consensus. So, I withdrew the motion of which I had given notice in June of that year.

As I said, there seemed to be general acceptance, but reluctance to adopt the matter formally. I felt that there were some committee chairmen who were not really in favour of the motion and that, therefore, I should eventually put it down in black and white so that they could not easily wiggle out of their obligations. So, I moved that motion again on April 21, 1983. On that occasion I said the following in closing my speech:

> There has been general acceptance now, and I think it a good idea to put this sort of matter on the record for the future reference of committee chairmen. That is why I am moving the motion at this time.

Senator Frith adjourned that debate.

Some of those who were not in favour of the motion or who were not very enthusiastic took the attitude that the provinces would not appear before a Senate committee if invited. One province cited in that respect was the Province of Quebec. We all recall that when Mr. Parizeau, who was finally invited to appear before the Standing Senate Committee on Legal and Constitutional Affairs on the transport bill, came, he stayed for approximately three hours. I recall that the wording of the invitation he received from the chairman was to the effect that the committee wanted him to appear before the committee but that he had to confine himself to the constitutional aspects. The first thing Mr. Parizeau said was that he was not interested in the constitutional aspects but wanted to discuss the bill on its merits, which he did for approximately three hours. Honourable senators know what happened to that bill. The Senate committee suggested changes and in other ways criticized the bill. It was reintroduced in amended form but never passed. I think the Senate deserves considerable credit for that.

Another instance of such an invitation being issued was when a Senate committee was studying a bill concerning the establishment of the Canadian Security Intelligence Service. Many representatives from the provinces gave evidence before that committee. I have forgotten exactly how many.

I can also remember receiving a letter from Senator Roblin setting out that he was not too enthusiastic about my suggestion because the provinces would regard that as a supererogation. I must confess that I consulted the dictionary when I heard that word, and, not being a devout Anglican, I did not know it was part of the Thirty-Nine Articles. Supererogation means "beyond the call of duty;" in other words, the provinces did not really think that that was necessary. I see nothing wrong with doing something beyond the call of duty.

On the question of the provinces thinking that way, I should like to read one line from the Goldenberg/Lamontagne report, and that appears at page 34, where it says that the Senate should "become a forum where regional grievances would be heard." How can one hear regional grievances unless representatives from the regions appear before Senate committees? Certainly, individuals and corporations from regions appear before committees, as do associations, so there is no reason provincial governments should not also be invited to appear before Senate committees.

I should also like to refer to the Terms of Reference of the Molgat-Cosgrove committee, which appears as Appendix A to that report, which state:

> That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country.

I should like to read several extracts from that report. At page 9 it states:

> It is the perception of many people who live in the western provinces, and of some who live in the eastern provinces, that their views are not given sufficient weight in the decisions of the national government.
>
> The principal complaint the Committee encountered was that federal institutions as they are now constructed are unable to express and mediate regional concerns.

That report further states:

> Those who argue for Senate reform, or for the reform of the House of Commons, say that institutional change can help the Canadian political system adapt to the new regional pressures. They do not argue that such change would solve all regional problems falling within federal competence. Rather the purpose would be to provide a better framework within which regional differences can be represented, debated and reconciled—a framework that gives the people of all provinces and territories a feeling that their views are given proper weight.

I appeared before that committee and pleaded that the Senate should have a particular interest in human rights, and also in this particular matter. Although the committee report indicates that that is one of the main roles of the Senate, it never does get down to the nitty-gritty. The nitty-gritty is, for example, the practical suggestion made by me in this motion.

● (1450)

I believe that the provinces should have a forum and it should be known that when they want to appear before a Senate committee they can do so. This motion is proposed so that chairmen of Senate committees who might be reluctant on certain occasions to invite them, or who could not persuade the committee to invite them because there was nothing on the record of the Senate to help persuade them to do so. We should go on record by this motion and show that we are serious in representing the regions. This is only one small step, but I suggest it is a practical one. It has been two years and nine months now since I originally gave notice of this motion

and I hope that whoever adjourns this debate will not try to kill it by adjourning it indefinitely, as has happened before.

Senator Doody: Honourable senators, if no other senator wishes to speak at this time I will move the adjournment of the debate—and not indefinitely.

Senator Frith: Honourable senators, I rise on a point of order. I propose that we should regularize what we have done. Rule 47(1) of the Rules of the Senate states:

> A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.

It seems clear that this motion was passed and that we are now going to put it again. His Honour said that he agreed.

Senator Roblin: Honourable senators—

Senator Frith: Let me finish the point and you might be a little less restive. Rule 47(2) states:

> An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

Rule 3 states:

> Notwithstanding anything in these rules, any rule or part thereof may be suspended without notice by leave of the Senate, the rule or part thereof proposed to be suspended, and the reason for the proposed suspension, being distinctly stated.

I am suggesting that the record today show that we invoke rule 3 to suspend rule 47 in order to make it work.

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Macdonald (Cape Breton), that further debate on the motion be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 20, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE RIGHT HONOURABLE JOHN ADAMS PRIME MINISTER OF BARBADOS

CANADIAN REPRESENTATION AT FUNERAL

Hon. Anne C. Cools: Honourable senators, I would like to make a brief statement to the members of this chamber. As you will recall, last Wednesday, March 13, the Honourable Senator Haidasz posed a question to the Leader of the Government in the Senate, the Honourable Senator Roblin, as to whether or not the Government of Canada was planning to include me in the Canadian delegation to the funeral of the late Prime Minister of Barbados, the Right Honourable J. M. G. Adams. As a result of this question posed by Senator Haidasz, Senator Roblin took swift, prompt and effective action, the result of which was my attendance at the funeral of the late Right Honourable "Tom" Adams in Barbados last Saturday.

I have no credentials to speak on behalf of the people of Barbados. However, I do feel, as a person born there, that I have the ability to convey to all here the sincere appreciation and the gratitude that they felt in seeing my attendance at the funeral of their beloved son. That appreciation was expressed in several ways—perhaps minor ways to some of us here but major ways to the people there. For example, one of the ways this appreciation was expressed was by the fact that our Canadian delegation, led by the Honourable Michael Wilson, was welcomed at the airport by the Minister of External Affairs himself. Obviously, in a time of sorrow such as this, a small nation like Barbados has to choose very carefully whom it sends its Minister of External Affairs to meet. I am told that the Minister of External Affairs of Barbados chose to meet certain delegations, including the Duke of Kent and the Canadian delegation.

Another small way in which that appreciation was expressed was the fact that our delegation was given choice seats in St. Michael's Cathedral where the ceremony for the late Right Honourable "Tom" Adams was held. I would like to tell this chamber that the funeral of the Right Honourable John Michael Geoffrey Manningham Adams was a majestic event. It was a glorious, rather than a sorrowful funeral and, as all of Barbados paid tribute to its native son, this friend of the Commonwealth, I can truly say it was a funeral befitting a statesman.

I would like to convey my personal and most sincere appreciation to Senator Duff Roblin, the Leader of the Government in the Senate. Senator Roblin not only knew the late Right Honourable "Tom" Adams but he also knew his father, the late Sir Grantley Adams, who was also a Prime Minister of Barbados. To the government leader in this chamber, I would like to say that I truly respect your efforts on my behalf and that I am fully appreciative of the fact that your involvement in this matter was not partisan, but was based purely on the recognition of a moral obligation to a sister member of the Commonwealth. I thank you, honourable senators.

[*Translation*]

THE ESTIMATES, 1984-1985

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the fourth report of the Standing Senate Committee on National Finance concerning its examination of expenditure as set out in supplementary estimates (C). I ask that the report be printed as an Appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix, p. 684.*)

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

Senator Leblanc: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

APPOINTMENT OF RICHARD J. DOYLE, ESQ.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. It deals with an announcement that was made yesterday concerning the Senate. I will have an opportunity to congratulate the, as he will soon be, Senator Doyle when he joins us, but I wonder if the announcement was incomplete, because I see that Senator Doyle is saying that he is "planning to be the member of the Senate from the *Globe*

and Mail. I am going to come down here and tell everybody how to run the place."

Some Hon. Senators: Hear, hear.

Senator Frith: I have almost got my answer. "It's high time somebody did," he continues. I wonder if that announcement was incomplete and we can soon expect an announcement that he will be replacing the Leader of the Government or the Deputy Leader of the Government.

Hon. C. William Doody (Deputy Leader of the Government): The deputy!

Hon. Duff Roblin (Leader of the Government): I want to express my personal satisfaction with the news that the new Senator Doyle is to join the ranks of this body, and I am happy to see his announcement, not mine, that he intends to sit as a supporter of the present administration.

Some Hon. Senators: Oh!

Hon. B. Alasdair Graham: What else is new?

Hon. Allan J. MacEachen (Leader of the Opposition): What a surprise!

Senator Frith: Now, there's news.

Senator Roblin: I rather anticipated such a reception for my statement. It is apparently Senator Doyle's opinion, at any rate, that up to the moment he has not been included in the ranks of my particular political party, so I accept this statement of this new recruit in the spirit in which it is offered.

As to Senator Doyle's views on the conduct of the Senate, I would not be surprised if, when he arrives here, he places a slightly different interpretation on the statement attributed to him from the one offered by the Deputy Leader of the Opposition.

Senator Frith: So you say we cannot expect such an announcement.

• (1410)

AGRICULTURE

DISCUSSION PAPER "TAX ISSUES IN AGRICULTURE"

Hon. H. A. Olson: Honourable senators, my question is to the Leader of the Government in the Senate and it is in relation to the white paper issued by the Minister of Finance in January entitled "Tax Issues in Agriculture".

Honourable senators, the Minister of Finance and some of his officials have appeared before more than one committee of Parliament and continue to say that this document is a statement of the facts as they see them.

I should like to ask the Leader of the Government in the Senate whether the government is going to disown the construction and impressions left by this paper because it says, as the Honourable Senator Argue pointed out some time ago, that a farmer's average tax rate is 4 per cent, which is "one-quarter of the average rates on wage and salary income and on non-farm business income".

It goes on to state that:

> Many farm tax-filers have been able to reduce their tax to zero. They account for a significant proportion of high-income non-taxable individuals who could be affected by a minimum tax—

And get this:

> —currently under consideration.

I think that the government has an obligation to set the farm community's mind at ease by telling them that the government is not going to use what is stated as being facts in this paper as a basis for a new run at farmers for taxation purposes.

Hon. Duff Roblin (Leader of the Government): Honourable senators, when the paper was first issued I was responsible for having it referred to the Standing Senate Committee on Agriculture, Fisheries and Forestry for study and comment. I understand that that committee has met to consider the paper and has heard from certain witnesses in respect of the matter. I believe the Honourable Senator Olson was present at that committee meeting. I am not clear as to whether he addressed those questions to the representatives of the department who appeared to deal with the matter. They would have been legitimate questions to ask of them. I do not think that Senator Argue, who has displayed some interest in this matter, attended that committee meeting.

What I suggest is that, rather than raise the matter in the way that my honourable friend has, the committee charged with the matter convene another meeting. If my honourable friend has not received the information he thinks he should have received on the factual points, then he should have another opportunity to inquire of the department. I think we should also pay special attention to Senator Argue's position on the matter and ask him to attend that meeting.

I say that because we are anxious to obtain a full disclosure of the meaning of the paper on the table. It may be that the facts in the paper are, in effect, verifiable, but there may be other facts with respect to events which have occurred since the paper was prepared which cast a different light on the matter. I, myself, am anxious to have the matter ventilated. I think we should give some thought to having that committee continue its consideration of the paper and have it deal with some of the questions my honourable friend has raised.

As to the matter of taxation, it is perfectly obvious that information on tax matters will be made available to the Parliament of Canada when the budget is tabled, and not before.

Senator Olson: My problem is with the image this paper is conveying based on the construction of the so-called facts that the Minister of Finance has put together. I am satisfied that the people who prepared this paper for the Minister of Finance believed that they had put the facts together in a fair way; however, it is up to the minister and the government to decide whether they have been set forth in a fair way, if they want to be the sponsors of this kind of document. That is the question and I do not need, quite frankly, to appear before the committee any more. We already know what they have said, but the

Minister of Finance needs to say something about this. He did appear before a committee of the other place, and as far as I can tell he did the appropriate amount of grieving for the farmers, but he did not back away from the image and the construction of this paper.

● (1415)

Senator Roblin: It may very well be that the facts of the paper are correct. My honourable friend had an opportunity to investigate that point before the committee. It is no use complaining to me in this house if he did not do so. If he thinks there are other facts that ought to be considered in connection with the paper, then let him say so and let him express his opinion and his views before the committee. You cannot do it in Question Period in this chamber when we have a perfectly satisfactory vehicle available for the full ventilation of the issue.

Senator Olson: There is one other even more satisfactory vehicle for that, namely, to let the farmers, particularly in western Canada, know what kind of attitude this government is displaying toward their activities.

Hon. Royce Frith (Deputy Leader of the Opposition): That is right.

Senator Roblin: This government so far has embarked on a number of very commendable acts involving policy with respect to western agriculture.

Senator Frith: Like what?

Senator Roblin: It has dealt with the Western Grain Stabilization Act and the cash advances under it.

Senator Frith: It was the previous administration's bill.

Senator Roblin: It has eliminated the taxation on farm gasoline, and that is worth millions of dollars to people in western Canada.

Senator Frith: That is nothing new.

Senator Roblin: The former administration never did anything like that. I regret that I don't have with me at the moment—because it is on my desk in my office, and I had better bring it in sometime—a list of the other moves that this administration has taken in support of agriculture, because it is a list that I think is most impressive.

Senator Frith: Do that.

Senator Roblin: Would my honourable friend like to take part in this discussion, too? He mutters into his beard and I cannot really hear what he is saying. It can't be worth much.

Senator Frith: I said bring the list.

Senator Roblin: You can stand up and say your piece the first chance you get. You are welcome.

Senator Frith: You heard clearly what I said.

Senator Roblin: My honourable friend should bear in mind that these concerns for western agriculture are real and effective. They do not amount to perfection but they amount to progress. To assume from that that the government is taking an anti-western agricultural stance is, I think, not supported by the facts.

Senator Olson: Honourable senators, it is not an assumption at all. What these papers say is that farmers are about eight times richer in terms of assets than other Canadians, and that their income is about double the average of all Canadians. That in my opinion is an absolutely wrong interpretation of the facts and, yet, it is put together in that way in this paper. If the government wants to stand behind it and say that that is their position, that is fine. Then the rest of us have a great obligation—-

Senator Frith: Do they stand behind it or not?

Senator Olson: —to tell the people out there how the government is regarding their economic situation.

Senator Roblin: The honourable senator has a great obligation to do his duty in the committee. White papers are published not as expressions of policy—

Senator Olson: They used to be.

Senator Roblin: —but they are published as a factual presentation according to the author of the document. If my honourable friend thinks it is not factual, he may be right.

Senator Frith: He is asking if it is government policy.

Senator Roblin: Let him express his view before the committee and thrash it out there. What is the point of having the matter referred to committee if we do not follow through and produce a report? If the committee does not like what is in that paper, it is at liberty to say so. As the government has no majority on that committee, there is no way that we can influence what you have to say. If you want to say something about the report, have the committee deal with it.

Senator Olson: You can be sure that I will.

Senator Roblin: I am sure you will.

Senator Olson: The Leader of the Government says that a white paper is not a statement of the position of the government, but it used to be that when a white paper of the nature of this one was issued—

Hon. Jacques Flynn: No, no!

Senator Olson: —it set out the position of the government on the policy involved at that time. There was another document called a green paper in which a number of options were put forward, but by the time it got to the status of a white paper it became a statement of the government's position as of that time. If that system has changed, we would like to know about it.

● (1420)

Senator Roblin: This paper is not a statement of policy; it is a statement of the facts that the department has produced.

The reason for this paper is to generate discussion, and there is nothing wrong with that. My honourable friend can continue to discuss it before the committee as long as he likes, but, if he

wants an expression of opinion on this matter, then the committee is the place to get it.

Senator Olson: I will try only once more.

In a committee of the other house, the Minister of Finance has already said what he thinks of this paper. He did not back away from the fact that this was the government's position, at least as a discussion paper, and that it outlined the facts as he saw them.

I am trying to persuade him to withdraw this false image. If he is not willing to do that, then we will leave it for now.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—ABSENCE OF GOVERNOR GENERAL

Hon. George van Roggen: Honourable senators, yesterday the Leader of the Government in the Senate undertook to obtain an answer to questions asked by myself and other senators as to the reason for the Governor General not being included in the reception for the President of the United States in Quebec City.

I referred to the excuse, which I had read in the paper, already given by the government in this respect. I have since read that the reception committee included not only the Prime Minister who, for all we know now, considers himself the new head of state, but also a guard of honour of 101 Mounties in ; 100 soldiers from the Van Doos; and a 35-man band. The President was accompanied by some four or five cabinet officials as was the Prime Minister.

In ascertaining the answer to the question raised yesterday, would the Leader of the Government also ascertain what the government considers to be the criteria for a state visit? Would they include 200 Mounties in dress uniform or 400?

Would he also inquire as to what criteria were used in designating previous visits of United States presidents and other heads of state as state visits as opposed to this one?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not think there are any rules which stipulate how many soldiers we should have on deck or how many mounted policemen we should turn out in order to make friends welcome.

I would point out, however, that surely one consideration which has to be taken into account in deciding the nature of the visit is the agenda. What are they here for? There is quite a clear distinction in my mind between visits by heads of state which are ceremonial in character and those which are not. It may very well be that that is the basis on which judgments are arrived at with respect to these matters. If they are here for business, that is one thing; if they are here on a ceremonial occasion, that may be another.

Hon. H. A. Olson: What about both?

Hon. Gildas L. Molgat: I have a supplementary question for the Leader of the Government.

I understand from his reply yesterday that he was to obtain further information. While he is obtaining that information, could he also obtain for us the complete list of guests invited to the gala evening and the total cost of the visit?

Senator Roblin: My honourable friend should put that question on the order paper, and it will be dealt with in the usual way.

TRANS-BORDER POLLUTION PROBLEMS

Hon. Len Marchand: Honourable senators, my question for the Leader of the Government in the Senate relates to acid rain.

As all honourable senators know, particularly those from eastern Canada whose favourite fishing lakes may be dead, this is a very serious matter.

I acknowledge the efforts of previous Ministers of the Environment, one of whom sits across this chamber, Senator LeBlanc, and the recent efforts by the present minister. I also acknowledge the fact that we have to, in a sense, get our own act together before we go screaming to the United States.

However, the fact remains that 50 per cent of the acid rain that falls in this country comes from the United States. Therefore, the United States must take some action to alleviate the serious problems which affect Canadians.

We have had the announcement in Quebec City of the appointment of the former Premier of Ontario, William Davis, an individual for whom I have high regard, and Drew Lewis of the U.S. to serve as special envoys on acid rain. The reaction to those appointments has been lukewarm at best. In the *Globe and Mail* we have the following: "Envoys on acid rain called small but important progress."

Mr. Davis is quoted as saying that the Canada-United States study "is not likely to produce dramatic results."

I should like to hear from the Leader of the Government in the Senate his version of what we can expect. Is this another delaying tactic, purely a delaying tactic? Or can Canadians look forward to some really serious joint action on the part of Canada and the United States on the problem of acid rain, and, more particularly, very decisive action on the part of the United States in the future?

Hon. Duff Roblin (Leader of the Government): I might say that this might be a useful subject for debate. It is a rather long question. I shall do my best to give a reasonably short answer to it.

The fact is, the acid rain problem in this country is not one of recent origin; it is something that has been with us for many years. Successive governments of Canada have tried to do something about it.

My honourable friend expressed the nub of the question when he said that 50 per cent of the acid rain comes from the United States. He should have gone on to say that 50 per cent originates in Canada. He was kind enough to mention the steps that have been taken recently in that respect.

Within our own exclusive jurisdiction, we have a certain responsibility. The initiatives taken by the present administration are, I think, commendable and hopeful. They certainly go far beyond anything that has been devised heretofore.

We have an understanding with the provinces on which we are working in order to deal with our contribution to the acid rain problem. Furthermore, we are putting into it not only our money, but we are putting a time limit on the efforts that are to be made. That, I think, is a good thing.

What happened in Quebec City, in the view of the government, is that the log-jam or the stalemate, or the stonewalling, if you want to be blunt about it, that some of us have felt has been characteristic of American policy on this question in recent years has changed. The problem has been recognized as a joint problem. That is something that I do not believe had ever happened before. To my mind, it is an important development that it has been recognized as a joint problem. No longer will it be considered exclusively a matter for the United States to decide on questions with respect to acid rain that originates within its own borders.

We have now asked two men, one from each country, to look into this problem, and we can only make certain assumptions as to what will be the result. I assume that this action has been undertaken by both parties in good faith and that they intend to try to make some progress on this matter—

Hon. Royce Frith (Deputy Leader of the Opposition): To study it further.

Senator Roblin: My honourable friend says that they will study it further. I do not mind that. He has witnessed studies in the United States all the time he was in office—

Senator Frith: Exactly. It is just more of the same. Where is the progress?

Senator Roblin: —and he never secured any commitment from the President of the United States to take some action in this matter.

I referred to my friend as having been in office. That is wrong. He wasn't in office.

While the action may not be as much as he would like to see, it is more than had been secured from this President of the United States heretofore.

Senator Frith: He always said that they would study it further. That is what he told us, too. He always said: "We will study it more."

Senator Roblin: He has undertaken to appoint his own special envoy to look into the problem of acid rain, and we have done the same.

Senator Frith: To do another study!

Senator Roblin: If my honourable friend wants to cast doubt on the good faith of the President of the United States in this regard, he is free to do so. I do not take that stance.

Senator Frith: It is your claim to progress that I am casting doubt on, not the good faith of the President of the United States.

Senator Roblin: I think that those involved have entered into this matter in good faith, and they intend to try to get results. I am optimistic that something will occur that we can give our approval to. I do not expect miracles. I do not expect the problem to disappear or to be solved in any quick fashion. That is unrealistic. The fact that there is agreement between the two countries that it is a problem that concerns both of us, and one on which we must make a better effort than we have made thus far to come to a common policy on, is encouraging.

• (1430)

Senator Marchand: Honourable senators, I thank the Leader of the Government for his reply. I fully appreciate the need for studies. In this country we went through a phase of study some time ago to delineate the problem. A number of joint studies have been undertaken by Canadian and U.S. scientists going back to Senator LeBlanc's time as Minister of the Environment. In my view, the time for study is over and now is the time for action. Action is needed now.

I will accept the Leader of the Government's answer in good faith that we have to look at what can be achieved in the future. Perhaps the Leader of the Government can provide us with some material, as it becomes available. Could the terms of reference given to both the Honourable William Davis and Mr. Lewis be given to senators so that we may be guided a little further in what we might be able to expect?

Senator Roblin: Honourable senators, I sympathize with my honourable friend's position. I believe he had some executive responsibility at one time in this field, and therefore he knows something about it. I would say, however, that it takes two to tango, and we are trying to coax the United States on to the dance floor. That is the position we are in at present. We hope that before long they may find the music sufficiently interesting to do some of the things that my honourable friend wants them to do. It seems that the first step has been taken. I make no claim other than that, because we must be realistic in these matters. But it is a helpful first step.

I do not have in my hand the instructions given to the Honourable William Davis in respect of this matter, but I do know that he is to approach the matter with his American colleague with a view to finding out what recommendations they will make to their various governments on what can be done, what initial steps can be taken and what lines of activity they consider likely to be productive. They have been given 12 months to consider this matter and to bring back something useful. The parameters of the problem are quite clear, and it is up to them to develop the positions of both sides to the point where they may have something helpful to report to us.

Hon. Charles McElman: Honourable senators, as a supplementary, I would ask of the Leader of the Government, when considering this important issue, that he and his cabinet colleagues take into account the example of the Province of New Brunswick, which, with technical and financial assistance from the Government of Canada—let us forget what government—proceeded to clean up the environment to a rather remarkable degree, to the extent—Senator Robertson will correct me if I am wrong—that some five, six or seven years

ago that province met all of the targets that had been set in federal-provincial agreements for the reduction of environmental problems in that province. Since Ontario is now the major polluter in Canada, and we seek to set an example for the United States, may I suggest to the Leader of the Government that, in view of pending events in Ontario, it might be a good time for the Government of Canada to bring the example of New Brunswick to the attention of the Government of Ontario, as one to be followed.

Senator Roblin: Honourable senators, I am morally certain that the point has not been overlooked in the negotiations between the provinces and the federal government.

[*Translation*]

SUMMIT MEETING IN QUEBEC CITY—ABSENCE OF GOVERNOR GENERAL

Hon. Jean Le Moyne: Honourable senators, would the Leader of the Government in the Senate allow me to come back to a protocol matter of great concern to us?

Could he tell us about the consultation which, according to the Prime Minister himself, was held between Mr. Mulroney and the Governor General before the Quebec summit?

For example, was Her Excellency asked to refuse the Prime Minister's invitation?

[*English*]

Hon. Duff Roblin (Leader of the Government): My honourable friend is a very good student of the Constitution. I think he understands that advice tendered by ministers to the Governor General is confidential.

TRANS-BORDER POLLUTION PROBLEMS—MANDATE OF SPECIAL ENVOYS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to return to the question of acid rain. I think there are a number of other points that ought to be brought out in order to get a better picture of the significance of what happened at Quebec City. The summary of the Quebec summit outlines the principal achievements. Among those achievements is mentioned an agreement to appoint special envoys with an agreed mandate to consider the problem of acid rain. I have not found in the papers which I have what *the* agreed mandate is. Would the Leader of the Government indicate whether he has the precise words of that mandate and whether he can make the mandate available to us, because it really is mystifying as to what a relevant mandate on acid rain could be in the present circumstances. The matter has been thoroughly canvassed. The Leader of the Government was quite right when he said that the Canadian government is, to use his words, "coaxing them on to the dance floor." That has been the effort, and it was continued at Quebec City—coaxing the President on to the dance floor.

Hon. Royce Frith (Deputy Leader of the Opposition): The stage!

Senator MacEachen: However, the President has not stepped on to the dance floor yet because he has not made any decisions with respect to a reduction of acid rain; nor is he prepared to enter into any bilateral arrangements with Canada with respect to a joint program for the reduction of acid rain. When that happens, the President will be on the dance floor. He has not come on to the dance floor yet.

I want to know what these two envoys will do in their agreed mandate to facilitate this question. Perhaps I will stop my questioning there because I want to come back with a couple of other points.

Hon. Duff Roblin (Leader of the Government): My friend and I are in accord. We are trying to coax the Americans on to the dance floor and we are hoping that they are going to dance. The point is that they had not even come into the dance hall until the summit meeting. At least we have them inside the dance hall.

Senator Frith: What is the mandate?

Senator Roblin: If we have any—

Senator Frith: He asked you about the mandate.

Hon. C. William Doody (Deputy Leader of the Government): Relax, Royce.

Senator Roblin: You will get your chance.

Senator Frith: What is the mandate?

Senator Roblin: I would like to answer these questions as faithfully as I can, but I must confess that when the Deputy Leader of the Opposition insists on interrupting me quite regularly, it disturbs my train of thought. I find him so interesting that I am inclined to follow him down the garden path. If he would just oblige me by allowing me to make my statement—

Senator Frith: I was just trying to remind you of the question, because so far your answer has had nothing to do with it.

Hon. Jacques Flynn: I challenge you to repeat the question.

An Hon. Senator: Order!

Senator Frith: It doesn't mean a thing.

Senator Roblin: If my honourable friend is trying to be helpful, I have to tell him he is not succeeding.

Senator Frith: Obviously.

Senator Roblin: The most helpful thing he could do is to keep quiet for a while and let me get on with it.

Senator Frith: Why don't you answer the question? That will shut me up.

Senator Roblin: If the honourable senator is not going to be quiet, I shall just have to put up with the noise he makes.

I want to come back to the question raised by my honourable friend. In effect, he has asked for the terms of reference with respect to these matters, and I think I will be able to provide him with the information in due course.

Senator MacEachen: I thank the Leader of the Government for his willingness to provide me with the agreed mandate. I

want to return to the analogy of the dance floor and the dance hall because the Leader of the Government now has said that he thinks that he has succeeded in getting the President into the dance hall. I thought at one time that I, too, had managed to get the American administration into the dance hall but the Government of the United States asserted very strongly that there was no link between environmental degradation and sulphur dioxide emissions; that the scientific evidence was lacking, and therefore it would be quite wrong to launch into an action program without the necessary research. Of course, Canadian scientists were absolutely aghast at this contention by the United States.

● (1440)

Finally, Mr. Shultz, in an effort to advance the cause, with good faith, I think, agreed that both Canada and the United States would appoint scientists from each country to look at the matter and to see whether they could reconcile their differences—and they did reconcile their differences. At least that problem was taken off the table, but we did not get to dance because the President himself refused to sanction any program of acid reduction.

Therefore I am asking now: Is it possible that Mr. Davis and Mr. Lewis must now go back to that scientific question? Will that be part of the mandate?

I go on to a second illustration that is quite important, in my opinion. Honourable senators may remember when Mr. Ruckelshaus was appointed the Environmental Secretary of the United States, and the assurance given at that time was that if anybody could do this job, it was Bill Ruckelshaus. I agree with that assessment; he was really quite a tremendous man and he did his damnedest. He even came to Halifax when Mr. Shultz was there and met with the Minister of the Environment, Mr. Caccia, on the question of acid rain, and nothing happened. We came away empty-handed because they were preparing for an election in the United States.

I must say, without contesting the good faith of the President of the United States, that I am really asking the Leader of the Government in the Senate whether he believes that this is just another evasive action to put off a decision. We do not need further studies; we want action, and I must say I am disappointed at this stage with this failure to get the President on the dance floor, even though the leader thinks he got him into the dance hall. Perhaps I will withhold my final judgment until I see the terms of reference. However, can the Leader of the Government in the Senate give me some assurance that there is something solid behind this effort?

Senator Roblin: I must agree with my honourable friend's description of the difficulties of the problem. I also agree with him that he and his colleagues were unable to do much about it. That is a fact; we know that. The problem is very difficult. However, we have now, for the first time, got the undertaking of the current President of the United States that he is willing to move a step further in this matter in the way that has been described.

[Senator MacEachen.]

I offer no guarantees whatsoever to this house as to what will happen, because I cannot foretell the future. However, I can say that this is an opening, an initiative which I welcome, and I think that with good faith something can be done. We can see, for example, how we can use the laws that are now in place in both countries—and there are some laws in place in both countries—to deal with this question. For example, we can see how to deal in the United States with the lobbies that are at work in the whole of this matter. In the United States, it is not a unitary government, as is the government in Canada, where the executive can make a finding and have things proceed on the basis of automatic parliamentary approval, one might say. It is quite different. The lobbies in the United States are very strong and very powerful, and undoubtedly they have had an influence that far exceeds that of any lobbies of the metal industry in this country in trying to influence our policy. There are real problems; I minimize them not at all. I think the honourable gentleman has been accurate in his analysis of the question.

With respect to the issue before us, the question asked of me was: Do I really think that the parties engaged in this matter are undertaking this exercise in good faith? And the answer is yes.

CROWN CORPORATIONS

COMPOSITION OF BOARDS OF DIRECTORS

Hon. Ian Sinclair: Honourable senators, my interest, as I am sure the honourable members of this chamber are aware, is as always directed to crown corporations. Last Saturday, the Minister of Transport said that he held all of the shares of CNR. In view of the fact that the shareholders elect the board, can we expect that the Minister of Transport would exercise that right in regard to all of the directors of the Canadian National Railways?

Hon. Duff Roblin (Leader of the Government): The other day, I sent my honourable friend a complete statement of the rules that govern Question Period in chambers of this sort. Having read those over, I am sure he will recall that he need not expect that I have any obligation to answer hypothetical questions of the sort that he has just posed.

Senator Sinclair: Honourable senators, the Leader of the Government in the Senate said yesterday that it was not surprising that there would be Tories on the Board of Directors of Air Canada, in view of the fact that 50 per cent of Canadians were of Tory persuasion. I would like to ask the Leader of the Government if that is a statement of government policy—that the percentage of Tories is to be reflected on the boards of directors of crown corporations?

Senator Roblin: I merely stated the obvious fact that most Canadians support the Progressive Conservative Party.

Senator Sinclair: I have a supplementary, honourable senators. I have never heard even the Prime Minister claim that the Progressive Conservatives had 100 per cent support.

Hon. C. William Doody (Deputy Leader of the Government): It is in anticipation of that.

Senator Sinclair: I see; it is in anticipation of 100 per cent support. If that is the policy, until that anticipation is realized, could we not have a more even distribution?

Hon. Jacques Flynn: What about the question of distribution in the Senate?

Senator Roblin: I think that my honourable friend is asking that so-called patronage appointments be distributed equally, and I do not know what he means by "equally". Perhaps he wants the 24 per cent, or whatever it is, of the popular support that his party has at the present time, reflected in these appointments. When he makes a deal with me on the membership of the Senate, I will consider his other proposition.

Senator Sinclair: Honourable senators, I would not be at all surprised that a deal could be worked out regarding the next few appointments in the Senate so that one-quarter of them could be Liberals and three-quarters of them Tories. I think that deal could be struck immediately.

Senator Doody: That is a new naivety.

Senator Roblin: Now I know why my honourable friend was such a success in business. Obviously, his idea of mathematics is somewhat removed from mine. If he wants to say that 53 per cent of the senators should be Progressive Conservative, that is a bargain that I would not be able to refuse.

HUMAN RIGHTS

JAPANESE CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. It is now over six months since the Mulroney government was sworn into office. Immediately after that swearing in, that government promised as a priority to go forward with an apology in the form of compensation to Canadians of Japanese descent for actions taken by the Government of Canada during the Second World War and immediately thereafter.

My question to the Leader of the Government in the Senate is: Can he give us some timetable as to when the government might finally act on its promise?

Hon. Duff Roblin (Leader of the Government): The government did its best to act on its promise by presenting to the leaders of the two parties in the other place a proposal that included a satisfactorily contrite apology to Canadians of Japanese origin for what had happened. They also made a proposal for certain studies to be made in this field of racial discrimination which would be a commemoration of the event that transpired, and an earnest expression of our intentions to do better next time.

I have to tell my honourable friend that that particular resolution, if my information is correct, was not approved by the two other parties in the other chamber and, therefore, could not be proceeded with.

Since that time, other negotiations have taken place and I think that this time the ball is really in the court of the Japanese Canadians to make it clear exactly what their views are. They did not like what the government proposed and no doubt they have other propositions to make. However, I must be perfectly frank with my honourable friend; I am not optimistic that we will find perfect agreement on this subject in the very near future.

Senator Grafstein: Just as a supplementary to that, is the government still actively considering a form of partial direct compensation on an individual basis to those Canadians who suffered loss of property?

• (1450)

Senator Roblin: I can say no, because I do not think the government ever considered that as an appropriate action to take in respect of this matter. It is not a matter that can be dealt with in terms of dollars and cents.

Senator Grafstein: Could the Leader of the Government in the Senate give us some idea what the government's timetable is in order to put its final proposals to Parliament, and perhaps to this house?

Senator Roblin: I think the government has already made up its mind what its proposal ought to be, but it was not approved, so that leaves the matter in limbo. Although negotiations are still going on with the Japanese Canadian community, I do not think anybody has any idea as to when they might be satisfactorily concluded.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—REQUEST FOR TEXTS OF AGREEMENTS

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate.

At the Quebec summit statements were made that the defence of Canada and that of the United States are inextricably linked and that closer ties between the Canadian and the United States economies will follow. I should like to ask the Leader of the Government in the Senate whether he would table in this chamber all of the seven agreements that were signed by the Prime Minister of Canada and the President of the United States in Quebec City last weekend.

Hon. Duff Roblin (Leader of the Government): The question of the interrelationship between Canada and the United States in connection with defence was first expressed in a very definitive form in the Ogdensburg Agreement in 1940, where it was made perfectly clear that the defence of this continent is shared by both and both had to take some responsibility for it. That was followed up by various other agreements between the two countries—the Hyde Park Agreement, for example, the NORAD Treaty, to say nothing of NATO, so the question of the defence relationship between our two countries has been the established policy of every Government of Canada since 1940. So there is nothing new there. That was the preamble to

my friend's question. I have today tabled two of the documents that were agreed at Quebec City. My friend says there are five more. I will examine that situation and advise him if they can also be produced.

Senator Haidasz: On the question of Canada-United States defence, I should like to know whether any commitments were made or any agreements reached at this Quebec summit insofar as the strategic defence initiative is concerned, which means the space based anti-missile system, commonly known in the newspapers as "Star Wars."

Senator Roblin: No commitment at all was made by Canada with respect to the SDI.

SUMMIT MEETING IN QUEBEC CITY—ABSENCE OF GOVERNOR GENERAL

Hon. John B. Stewart: Honourable senators, I want to go back to the question of the absence of Her Excellency the Governor General from the meeting in Quebec City. I go back to it, not only because a question of courtesy is involved, but because a constitutional question is involved. If I understood the Leader of the Government in the Senate correctly, he said that these visits should be put into either one corral or another corral; they are either strictly ceremonial visits or strictly working visits. Is that not too strict, or indeed almost too arbitrary, a division? Could not the proprieties have been respected without detracting from the competence of the Prime Minister and the other ministers to do the work that was to be done? Was there some basic incompatibility between showing respect to Her Majesty's representative in Canada and getting the work of the Quebec conference completed?

Hon. Duff Roblin (Leader of the Government): I do not think that I would like to pose as the constitutional expert on this side of the house. I think there are others who are more qualified than I am to make comments in that respect. I would not like the chamber to think that I am laying down any *obiter dicta* with respect to ceremonial visits versus working visits, because that was said by way of illustration only, not in any attempt to rewrite the Constitution.

Senator Stewart: I did not ask the Leader of the Government for assurance on this point as a constitutional expert. I asked him because he is the Leader of the Government in the Senate; he speaks for the government here. I put it to him: Was there some particular reason why the presence in Quebec of Her Excellency the Governor General, the Queen's representative in Canada, would have made the working sessions less effective? It seems to me that that is a simple question. I am sure the government made a decision on that point, and it would appear that the advice tendered to Her Excellency by the Prime Minister was that she ought not to attend. Was that the advice tendered? That it was is the obvious conclusion.

Senator Roblin: My honourable friend is entitled to draw any conclusion he likes, but it is not up to me to say what transpired between Her Excellency's advisers and Her Excellency, and I have no intention of doing so. Insofar as the rest of his question comes under that rubric there will be no answer. Insofar as there can be an answer provided, as I undertook to do yesterday, an answer will be provided.

Senator Stewart: Honourable senators, following on what the Leader of the Government in the Senate said earlier, can we assume that hereafter, when such visits are to take place, the Prime Minister or some person speaking on his behalf will declare in advance whether or not a visit is a strictly ceremonial visit or a strictly working visit so that when Her Excellency the Governor General is not present it will not be thought that an insult has been gratuitously thrown in her face?

Senator Roblin: My honourable friend can make any assumptions he likes, but he can be assured that the government has not gratuitously or otherwise insulted Her Excellency the Governor General.

Senator Stewart: Is the pattern of making a distinction between a strictly ceremonial visit and a strictly working visit the one that the government proposes to follow in future?

Senator Roblin: You know, my honourable friend was born out of time. If he were a scholastic in the Middle Ages he would no doubt be debating here how many angels could dance on the head of a pin. That is his idea of dealing with constitutional matters and constitutional propriety.

Hon. Royce Frith (Deputy Leader of the Opposition): But you are not a constitutional expert, so you cannot know.

Senator Roblin: All I do is try to bring a measure of whatever poor common sense I have to the questions involved, and there is no answer that I intend to give the honourable senator on that question.

Senator Stewart: The distinction is yours. It seems to me that since common sense is going to be the basis of decision, it would have been common sense to ask Her Excellency to arrange to be present to receive the President of a major foreign state. It seems to me that we could argue that an insult was offered not only to Her Majesty the Queen, but to the President of the United States of America.

Senator Roblin: When my honourable friend is in a position to know what advice was tendered to Her Excellency he may be able to know the answer to his question. He does not know; he is making assumptions; they are not correct.

Senator Frith: You are going to tell us then?

Senator Roblin: No, I am not.

Senator Frith: So we will never know.

SUMMIT MEETING IN QUEBEC CITY—DECLARATION ON INTERNATIONAL SECURITY

Hon. Allan J. MacEachen (Leader of the Opposition): I want to ask another question with respect to the Quebec summit—and I am glad that it has been given that official designation by the government, not that I have anything against the shamrock!

There are many interesting questions to be asked about this meeting, particularly in view of the fact that a number of

declarations from the Prime Minister of Canada and the President of the United States are listed. Among the achievements is a declaration on international security. I have a number of questions about this declaration. We know that an agreement was signed between the Prime Minister and the President on the northern warning line, so that is understood, and certainly well known. However, I want to know if the declaration contains any new concepts or any new commitments.

• (1500)

Hon. Duff Roblin (Leader of the Government): Which declaration?

Senator MacEachen: The declaration by the Prime Minister of Canada and the President of the United States of America regarding international security.

Senator Roblin: Are you referring to the northern warning line?

Senator MacEachen: It is a three-page declaration in which reference is made to the modernization of the North American air defence surveillance and early warning system. It covers a very broad territory of international concepts with respect to defence and security.

I am asking whether there are any new commitments or obligations or concepts in this declaration that hitherto had not been accepted or elaborated upon by Canada, either in a bilateral way with the United States, or with our North Atlantic Treaty Organization partners.

Senator Roblin: I believe the answer is that there are no new concepts contained in that that had not already been on the table in one form or another during previous discussions with the United States. However, it is a complicated question and I think it would be unwise of me to give a categorical answer without first being sure that I am correct. I think that I am correct, but I will investigate the matter further.

Senator MacEachen: I thank the Leader of the Government for that assurance.

Earlier I listened to his answer to Senator Haidasz on the question of the strategic defence initiative in which the leader, as I recall, stated that Canada had not made any commitments with respect to it. I am not asserting that Canada has done so at this point, but there is a sentence which states:

> We seek a stable world, with greatly reduced levels of nuclear arms. The prospect of an enhanced ability to deter war based upon an increasing contribution of non-nuclear defences against offensive nuclear arms has prompted the U.S. research effort embodied in the president's strategic defence initiative. We are agreed that this effort is prudent and is in conformity with the ABM Treaty.

I take it that the Leader of the Government would agree that the Prime Minister did endorse in this declaration the strategic defence initiative insofar as the research aspect of it is concerned.

Senator Roblin: I think he endorsed the idea that it was prudent to look into these matters as, indeed, have the Prime Minister of Great Britain and the leaders of a number of the NATO-member countries.

Senator MacEachen: I realize that. In fact, some of the wording in this particular declaration has been derived from the communiqué that was issued by Mrs. Thatcher when she endorsed the research aspect of the strategic defence initiative. I wanted to refine, in my own mind, at least, the answer given to Senator Haidasz about the strategic defence initiative, because Canada, through the Prime Minister, has stated that this is a good thing to do, but there is some difference of opinion on that point.

I have one more question which the Leader of the Government may want to take as notice. There is reference made to the necessity of continuing dialogue and consultation between Canada and the United States. Of course, that is fully endorsed by everybody, I am sure.

There is a further reference to the negotiations currently under way in Geneva between the United States and the Soviet Union. Could the Leader of the Government in the Senate tell me whether Canada was consulted with respect to the negotiating stance which is being put forward on behalf of the United States at the Geneva talks at present under way? Also, has Canada given any views of its own? Could he also say whether the United States is going into that conference with the same negotiating mandate with which it entered the broken-off negotiations with the Soviet Union, particularly on INF weapons.

Senator Roblin: I think that we must leave to the United States the right to establish its own negotiating position when it goes into negotiations of this kind. After all, that country is in charge of the nuclear umbrella, and we are, in a sense, the beneficiaries of that country having assumed that task. So, we have to allow it to clearly set its own priorities.

That is not to say that we do not have opinions on the subject, and that is not to say that we do not express them, because I am sure that we do.

If my honourable friend wants a more explicit statement from me, I will consult with my colleague, the Secretary of State for External Affairs, to see what information can be provided.

Senator MacEachen: Honourable senators, I do seek further information, because, in the past the United States has consulted with its NATO allies about its negotiating stance, and Canada has taken advantage of that opportunity to put forward its own views. Therefore, I would like to know if that process has taken place on this occasion, and if Canada has endorsed the mandate, and whether it had certain views of its own which it would like to see included in the American position.

Senator Roblin: There is no doubt that this whole matter was on the table at Quebec City. As to what information I can obtain for my honourable friend which would contribute to the

debate in the Senate, that remains to be seen, but I will do my best for him.

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government in the Senate. We are faced in this country, as everyone knows, with historically high real interest rates. Yesterday, the Governor of the Bank of Canada, Mr. Bouey, stated that a reduction in the deficit in Canada would have "some effect on interest rates."

In view of reductions being tied to a budget, and in view of the importance of lowering interest rates, could the Leader of the Government in the Senate advise this chamber when we may expect action in that regard?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend refers to the level of interest rates. In the very recent past, they were considerably higher than they are now. They are too high in any case; there is no disagreement about that.

The Governor of the Bank of Canada showed perhaps—and I do not want to overstate it—a scintilla of optimism that they may come down in the near future, and if so, I am sure we would all be happy with that.

The Governor of the Bank of Canada has, during the time that my honourable friend, Senator Everett, was Chairman of the Standing Senate Committee on National Finance, been persuaded to appear before that committee to discuss his report and germane matters. I do not see why that could not be done again. He is a very interesting man to discuss matters with.

My honourable friend seems to be asking a question about budgetary policy. If that assumption is correct, then he will have to wait until the budget is presented for that information.

Senator Sinclair: I have a supplementary question. While we have seen interest rates in absolute terms in the past at higher levels than they are at now, in modern times I cannot recall real interest rates being at a higher level than they are at the present time, in view of the relatively low level of inflation. Because the economy is sputtering in certain areas, the importance of budgetary matters and interest rates takes on priorities that have not been with us for a long time. Canadians have been waiting for a budget now for many months. My plea to the Leader of the Government in the Senate is, when discussing these matters with his colleagues, would he emphasize the concern of business that action be taken as soon as possible.

● (1510)

Senator Roblin: Honourable senators, I think it is the concern not only of business that we should have lower interest rates but it is the concern of everybody. I should remind my honourable friend that we are now on a mop-up or rescue operation, because he complains about the fact that they have been waiting a long time for something to be done. During the previous administration not only did we see a budget which to all intents and purposes was out of control but we saw interest rates and inflation at higher rates than they are now. That does not make anybody feel any better at the present time. We have a problem and we have to face it, and we are going to try to do that. I do not think it is appropriate for my honourable friend to express this business point of view leaving me with the impression that he thinks we should jump to attention and produce our budget before we are prepared and ready to do so. This is going to be a very important document which will require all the attention and care that can be given to it. It is also going to require the amount of consultation that is being given to it, particularly when one thinks of the consultation that will be taking place with labour and industry over this coming weekend. I appreciate my honourable friend's anxiety to see action—we all want that—but I would sooner be right a little later on than take some action today which might not be productive.

Senator Sinclair: I have a supplementary question. The point I would draw to the honourable senator's attention is that the one way to cause continued disquiet is to create an element of uncertainty, and the one way to create that uncertainty is to do nothing. You can consult and consult and consult but there comes a time for action and the taking of responsibility. My suggestion is that that time has passed. I would ask the Leader of the Government in the Senate to force upon his conscience the necessity of drawing that forcibly to the attention of his colleagues.

Senator Roblin: I can tell you one thing I am not going to do: I am not going to recommend to them that they follow the policy of the last administration. It had approximately 12 years to deal with this matter and during that—

Hon. Royce Frith (Deputy Leader of the Opposition): And they brought inflation down.

Senator Roblin: —whole period of time we saw the deficit increasing and the problems of inflation and interest rates increasing. They proved that they were unable to cope with those matters. I think we are going to do considerably better than they did.

Senator Sinclair: Honourable senators, the Leader of the Government has a convenient memory. It was the former administration that took action in regard to inflation and wrestled it to the ground.

Some Hon. Senators: Oh! Oh!

Senator Frith: You don't like the numbers!

Senator Roblin: I hesitate to stand up and prevent Senator Stewart from making his contribution, but I really must say that I appreciate the comment of Senator Sinclair because he said it with a smile on his face. That took all the sting out of it, didn't it? It wrestled inflation to the ground but inflation was shaking its fists in our face before we could turn around. It really was not a successful operation.

Senator Frith: Don't you read the figures, for God's sake!

An Hon. Senator: Steady, Royce!

Senator Roblin: Inflation was wrestled to the ground by Prime Minister Trudeau approximately 10 years ago and, unfortunately, it re-emerged.

Senator Frith: It has been going down since.

THE BUDGET

DATE OF PRESENTATION

Hon. John B. Stewart: Honourable senators, my question relates to the timing of the budget. I do not expect the Leader of the Government in the Senate to be specific, but would it be fair to assume, given his concern for a sound economic policy, that the budget will be brought down early enough so that the major measures eventuating from that budget can be dealt with before the summer adjournment?

Hon. Duff Roblin (Leader of the Government): My honourable friend can make any assumptions he likes, but the Minister of Finance will tell us when the budget is coming down, and not me.

Senator Stewart: Is it open to be assumed that it will come down so late that the major measures cannot be dealt with before the summer adjournment? That is the clear implication. I hope that is not too complicated a proposition in logic for my honourable friend.

Senator Roblin: I think I can just barely cope with it. I understand what my honourable friend is driving at. I recall, however, that some of the measures proposed in the budget—was it my honourable friend's budget or the one after?—took 18 months or 2 years to become part of the law of the country. In fact, some of the measures never did become part of the law of the country.

Hon. C. William Doody (Deputy Leader of the Government): Thank God!

Senator Stewart: Change!

Senator Roblin: My honourable friend says "change" and I agree with him, and the change is going to be for the better.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a non-controversial question that won't exercise the Leader of the Government. Are we still on the April target announced by the Prime Minister for the budget?

Senator Roblin: The Minister of Finance will deal with the question of timing when he is able to do so. I am sorry but I cannot add anything further to that.

Senator MacEachen: The April target is not necessarily in place now. It becomes irrelevant.

Senator Roblin: The man to answer that question is the Minister of Finance, not me.

CANADA-UNITED STATES RELATIONS

MEETING IN QUEBEC CITY—ABSENCE OF GOVERNOR GENERAL

Hon. Eymard G. Corbin: Honourable senators, I have a follow-up question to the Leader of the Government in the Senate in response to an earlier question raised by Senator Stewart. Senator Roblin said that Senator Stewart's assumptions were not correct. I should like to know on what basis the government leader is making that kind of affirmation when, on the one hand, earlier he said the matter of Her Excellency was a private matter; on the other hand, he is backhand turning down assumptions honourable senators are making in this chamber with respect to impoliteness offered to Her Excellency. Would it not be convenient for the Leader of the Government or his party leader once and for all to make a public statement with regard to this matter, in view of the fact that the Parliament of Canada consists of Her Excellency the Governor General, the Senate and the House of Commons? The Canadian public is not just confused but flabbergasted at the incident which took place surrounding the so-called Quebec summit. I would certainly expect—in fact, I would demand—that the government clear this matter up once and for all for the information of members of Parliament generally as well as for the general public.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend is correct in stating that Parliament consists of the Queen, the Senate and the House of Commons, but he should go further and say that the executive advisers to the Queen or to Her Excellency the Governor General are members of the federal Cabinet, not Parliament itself. That is the way our system works. I have nothing further to say on this matter.

Senator Corbin: Honourable senators, a few moments ago the Leader of the Government was accusing Senator Stewart of counting angels on the head of a pin. Things are what they are because they are that way, and because the Constitution says they are that way, but surely, on an occasion as auspicious as the visit of a head of state, to have ignored Her Excellency is an insult to the whole institution of Parliament of which Her Majesty the Queen is a part, as well as to her representative in Canada.

• (1520)

I feel strongly that we are entitled to a fuller explanation—not excuses, but a downright explanation of what has taken place, in the circumstances. This is fundamental to the good operation of the whole institution.

Senator Roblin: My honourable friend is raising a matter that has been dealt with now for the third time. I give him the same answer as I gave the other questioners.

THE LATE KONSTANTIN CHERNENKO

GOVERNMENT REPRESENTATION AT FUNERAL

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate on another matter of protocol.

Since he has said that the Queen, the Senate and the House of Commons represent all of the key constitutional elements, could the Leader of the Government in the Senate inform the chamber whether all the constitutional elements of Parliament, including representatives of the Leader of the Opposition and the Senate, were invited to join the Prime Minister in paying respects to the late President Chernenko?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must correct my honourable friend. I said that the Queen, the Senate and the House of Commons were the Parliament of Canada; I said nothing more and nothing less.

As to the question of what arrangements were made for the funeral of Mr. Chernenko, the former President of the U.S.S.R., I am unable to answer.

Senator Grafstein: As a supplementary question, may I advise the Leader of the Government that I read in the press that the Mother of Parliaments in England sent a delegation to the funeral, including representatives of the government, the opposition and other parties.

In order to determine what the future practices of this government will be, would the leader advise us whether senators or representatives of the opposition were invited to attend that funeral in Russia?

Senator Roblin: Honourable senators, I think you will find that every parliamentary body has its own rules and makes its own decisions in respect of these matters. When occasions such as this arise, the government makes a decision, and that is how these matters are settled.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—DECLARATION ON INTERNATIONAL SECURITY—EFFECT ON EMPLOYMENT IN ATLANTIC PROVINCES

Hon. L. Norbert Thériault: Honourable senators, we have not heard the last of the so-called Shamrock summit.

Would the Leader of the Government in the Senate inquire and report back to the Senate as to how many jobs will be lost in the Atlantic provinces because of the new agreement reached between the Government of the United States and the Government of Canada regarding the new radar stations?

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that part of the agreement was specific with respect to the stations to be closed, not only those in New Brunswick, but those in other parts of the country as well.

Explicit arrangements were made so that the United States will share the costs incurred as a result of anyone losing his job in this particular connection.

Senator Thériault: I had thought, honourable senators, that I had asked a very simple question.

How many jobs will be lost at those sites? I do not expect the honourable Leader of the Government to have that answer with him today, because I suppose, like many others in this government, he does not care very much about the people in the Atlantic provinces, but will he bring that information to this chamber?

Senator Roblin: My honourable friend is being unfair in saying that some of us do not care about the Atlantic provinces. Of course, we do. They have the same rights and considerations as any other part of the country and, while no balance is perfectly equal, nevertheless, an effort is made to treat them fairly in all respects. We will continue to do that.

If my honourable friend will rephrase his question and ask me how many jobs are involved, I can get an answer for him and I will, but as to how many jobs will be lost, that is another question. But I would point out that it will be considerably less than the number of jobs that are there now.

Hon. Royce Frith (Leader of the Opposition): That is the question he asked.

Senator Thériault: Honourable senators, I have heard that kind of answer before.

I have heard it said in Miramichi, where I come from, that no jobs will be lost in St. Margaret's radar station which will be closed, but that the workers will be transferred to Chatham. However, I would tell my honourable friend that in Chatham the unemployment rate is about 40 per cent, which means, of course, that the workers in Miramichi will, in fact, lose their jobs as a result of the closing of the radar station.

My simple question is: How many jobs are involved and how many will be lost at the sites of those radar stations that are to be closed?

Senator Roblin: I would point out to my honourable friend that there are many isolated areas in the prairies where the situation is even worse than that in Miramichi because those people are farther from any developing job centre.

That is a problem which is most difficult to deal with, and that is why special arrangements are being made to do what can be done.

Is my honourable friend asking me how many jobs in New Brunswick are related to the stations to be closed?

Senator Thériault: Yes.

Senator Roblin: I will find out.

Senator Thériault: I was referring to New Brunswick and the Atlantic provinces.

Senator Roblin: I will give him the figures for all of Canada if he would like that.

Senator Thériault: I thought I asked a specific question. The Leader of the Government can talk about the prairies all he likes, but I am interested in Atlantic Canada right now.

Senator Roblin: My honourable friend cannot take "yes" for an answer.

Senator Frith: He is not sure the "yes" was in response to his question.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to oral questions. When I come across a question asked by Senator Corbin, I will read it into the record, if he so wishes.

STATISTICS CANADA

RESTORATION OF 1986 CENSUS

Hon. Duff Roblin (Leader of the Government): The first delayed answer relates to a question asked by Senator Marsden on January 22, 1985 regarding Statistics Canada and the restoration of the 1986 census.

(*The answer follows:*)

In order to meet objectives of the Government, and achieve the $100 million saving over five years that would have been realized by cancelling the census, some economies must be implemented.

Statistics Canada will make major efforts in all of its programs to limit its expenditures and increase its revenues in line with market demands for statistical products and services. By having users bear a fairer share of the census costs, Statistics Canada will be able to continue to provide as wide a spectrum of products as can be reasonably resourced.

One of the Government's programs in support of academic and scholarly research is to make available free of charge federal government publications to Full Depository Libraries. Statistics Canada, including the Census, is a major participant in this program. Students are frequent users of this service.

NATIONAL FILM BOARD

POSSIBILITY OF BUDGET CUTS IN ONTARIO

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Corbin on February 14, 1985 regarding the possibility of National Film Board reductions in Ontario.

Hon. Eymard G. Corbin: Honourable senators, on a point of order, I should like to have that answer read aloud.

Senator Roblin: I will be glad to oblige my friend.

The answer is that the present restructuring effort being undertaken by the NFB must be understood as a response to both its new mandate and the recent budget reductions in its operations. As you are aware, the Film and Video Policy outlined, in 1984, a new role for the NFB as a world-class centre of excellence in film and video production and as a national training centre for advanced research, development and training in the art and technology of film and video. This new role will involve significant changes in production and distribution activities, as well as the reallocation of internal resources.

The policy required the NFB to product a five-year operational plan showing how it will restructure its activities to free up, over five years, $10 million in constant 1983 dollars, for reallocation into its operational budget to support production, research, development and training activities. This restructuring of activities should significantly benefit and strengthen the regional offices in Canada as the NFB undertakes to decentralize its operations and give more autonomy to the regional offices. As part of this restructuring effort, the NFB is presently re-examining all of its francophone operations outside of Quebec with a view to determining, through the benefit of a consultative process, how to effectively address the needs of those francophones in Ontario, and elsewhere, with the limited amount of resources that will be available to the NFB during the next few years. The Department of Communications is presently waiting to receive the NFB's finalized five-year operational plan outlining how the Board plans to implement this new role.

As well, the NFB's budget was reduced last November, by $1.5 million contributing to the restraint efforts announced by Finance Minister Wilson. It is anticipated that the NFB will sustain this dimunition through a restructuring effort that is complementary to those efforts presently being undertaken as a result of its new mandate, and that the budgetary reductions will be implemented with a senstivity to regional and minority interests.

FOREIGN INVESTMENT

REPORTED STATEMENT BY PRESIDENT OF THE TREASURY BOARD

Hon. Duff Roblin (Leader of the Government): Honourable senators, I also have a delayed answer to a question asked by Senator Denis on January 24, 1985 regarding the reported statement by the President of the Treasury Board.

(*The answer follows:*)

No, Mr. de Cotret had no specific figure in mind.

CONSUMER AND CORPORATE AFFAIRS

TRADEMARK LEGISLATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I also have a delayed answer to a question asked by Senator Godfrey on February 5, 1985 regarding trademark legislation.

(*The answer follows:*)

During the 1970's, there was substantial progress made on revised trademark legislation and, after considerable study and public consultation, Bill S-11 was introduced into the Senate. The Bill was fairly non-controversial and had generated widespread consensus but unfortunately died on the Order Paper.

However, there are other pieces of legislation which require immediate revision and are at this time a priority for the Department of Consumer and Corporate Affairs.

The Minister believes in consultation before legislation is introduced, so this bill cannot be introduced at this time in either the Senate or the House of Commons.

Nevertheless, Consumer and Corporate Affairs continues to consider proposals for revision of trademarks legislation. These are being considered in relation to the current international trading environment to see what changes, if any, should be made to the proposals originally put forward in 1979.

NATIONAL HEALTH AND WELFARE

CANADA-BELGIUM SOCIAL SECURITY AGREEMENT—DELAY IN TABLING

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to another question asked by Senator Godfrey on February 6, 1985 regarding the delay in tabling the Canada-Belgium Social Security Agreement.

(*The answer follows:*)

The Old Age Security (OAS) Act requires that an Order in Council declaring an international Social Security Agreement to be in force together with the agreement itself be laid before Parliament for thirty sitting days.

The Canada/Belgium Agreement was originally tabled in the House of Commons and the Senate on May 30, 1984. Because Parliament was dissolved on June 29, 1984, the Agreement only laid before Parliament for twenty-two sitting days. Ordinarily, the Agreement would have been re-tabled at the beginning of the following session of Parliament. However, since an election was called and a new government elected, it was necessry to obtain a new Order in Council to declare the Canada/Belgium Agreement in force.

This new Order and the Agreement were tabled in Parliament on February 5, 1985, within fifteen days of its making, in accordance with the OAS Act.

It should be noted that the Agreement will not come into force i.e., benefits paid, until both Canada and Belgium have completed the ratification procedures required by their respective laws. Since Belgium has not as yet completed its legislative requirements, the date of the tabling of the Canada/Belgium Agreement has in no way delayed the actual implementation of the Agreement.

The above factors, therefore, account for the length of time involved between the signing of the Agreement and the date of the tabling of the Agreement.

● (1530)

TRANSPORT

ATLANTIC PROVINCES—FREIGHT RATE INCREASES

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on February 12, 1985, by the Honourable Eymard G. Corbin regarding freight rate increases in the Atlantic Provinces.

[Senator Roblin.]

Hon. Eymard G. Corbin: I should like to hear that one too, please.

Senator Roblin: The answer is that in his economic statement on November 8, 1984, the Minister of Finance laid out a strategy for promoting growth and job creation in Canada. The need to remove obstacles to growth by reducing government regulatory intervention in the economy was stressed in this statement. In this context, the government decided to terminate the administered prices program. Inasmuch as this decision was based on broad national economic considerations, no specific studies were done to assess intra-regional or transport related consequences.

GOVERNMENT OF CANADA

ALLEGED FREEZE ON PROGRAMS

Hon. Duff Roblin (Leader of the Government): Honourable senators, the next delayed answer is to a question raised in the Senate on February 14, 1985 by the Honourable H.A. Olson, regarding an alleged freeze on government programs.

(*The answer follows:*)

The speech of the Deputy Prime Minister is self-explanatory.

With regard to details of government programs, some have been announced (by the Minister of Manpower, President of the Treasury Board, Minister of Defence and others) and are on the record.

When details of further programs are available, they will be announced in the usual manner.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Lowell Murray: Honourable senators, I wonder if I may have the indulgence of the Senate for a moment, in my capacity as chairman of the Standing Senate Committee on Banking, Trade and Commerce.

A cursory examination of the order paper for today persuaded me that today's sitting of the Senate would last considerably less than two hours, and on that basis I confidently went ahead and suggested 4 p.m. as the starting time for a meeting of the committee today.

As it now appears that the Senate may be sitting past 4 o'clock, we would need the permission of the Senate to have the committee sit while the Senate is sitting.

The meeting scheduled for 4 p.m. today is an important one as we are beginning our pre-study of Bill C-15, the Investment Canada Bill, with the witness today being the Minister of Regional Industrial Expansion.

I am therefore asking for leave to revert to Notices of Motions, following which, if leave is granted, the Deputy Leader of the Government will propose the necessary motion

to permit the committee to meet at 4 o'clock to commence its pre-study of Bill C-15.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

NATIONAL DEFENCE

CONSIDERATION OF SECOND REPORT OF SPECIAL COMMITTEE ENTITLED "CANADA'S TERRITORIAL AIR DEFENCE"—DEBATE ADJOURNED

The Senate proceeded to consideration of the Second Report of the Special Committee of the Senate on National Defence entitled: "Canada's Territorial Air Defence," tabled in the Senate on January 23, 1985.

Hon. Jack Marshall: Honourable senators, I am more than pleased to participate in the debate on the report of the committee entitled "Canada's Territorial Air Defence," which was tabled in the Senate on January 23, 1985, by Senator Lafond, the chairman of the Special Committee of the Senate on National Defence.

I apologize for the delay in my making my response to the report. However, that delay afforded us the opportunity to hear the wide and varied reaction to the report by the experts in this field. Judging from the positive analyses, particularly as to recent events, we should be satisfied to a high degree that the committee made a realistic contribution toward Canada's future military planning.

I rise also to pay tribute to the chairman of this committee, Senator Paul Lafond. I do so more emphatically on this occasion because in this instance he accepted the daring challenge to look into futuristic aspects of military thinking, and he did so as a result of his foward-looking appreciation of the scenario toward which Canada's military must be projected in concert with our NATO allies and our NORAD partner to the south.

It is interesting to note that Senator Lafond's thinking, in initiating the study of Canada's Territorial Air Defence some two years ago, is only now the subject of debate in the other place, more as a political reaction to the leadership of our military commanders and government than to formulate the policy which our country should follow.

The report is about global stability and the concept of deterrence as much as it is about the status of the Canadian Forces, as was pointed out in the previous reports of the committee.

The threat to Canada is not a direct one, but we have to be realistic. Our country is part of, and located on, the North American continent. Whether we like it or not, there is a threat to our country by virtue of the fact that geography has placed us in the direct line of fire in any conflict that may break out between the two superpowers. It is therefore Canada's duty and responsibility to make a contribution to our allies, most particularly in cooperation with the United States, and to re-inject some sense of military preparedness commensurate with the size, population and wealth of our country, to ensure that we are able to protect our citizens and our nation.

Senator Lafond expressed very adequately the focus of our attention, which was the approach that Canada should take toward territorial air defence until the turn of the century, with a view to preserving our sovereignty and continuing to fulfil our commitments to our allies.

He made the very strong and realistic observation on our main thrust to review the developments of the threats, and the measures taken to counter them since the 1950s, as well as the awareness of the growing obsolesence, the inefficiency and the cost of the systems now in place, and the options available to Canada in seeking their modernization.

We have recognized a need for Canada to maintain defence arrangements with the United States that will permit this country to promote its own interests and policies, as well as to participate effectively in the common defence effort.

The report, honourable senators, faces head-on the issues which will confront Canada into the next century. As set out in Recommendation 8, it recommends that the Canadian government define its objectives in North American aerospace defence as clearly as possible and concentrate on those aspects that are essentially defensive in nature.

While the report has probably been overtaken by events which have taken place over the past few weeks, it is pleasing to note that the government's recent action to take some immediate steps to meet our NATO commitments follows the recommendations made by the committee as a result of its study of Manpower and the Maritime Command. One positive step that we endorse is the action taken to increase the strength of the Canadian Forces stationed in Europe by an additional 1200, an initiative that will augment four Canadian mechanized brigade groups in Lahr, Germany, and increase the level of preparedness.

A second positive measure is that to designate an infantry battalion group in Canada to fulfil our commitment to the Allied Command Europe Mobile Force, which is designated as reinforcements in case of a crisis.

It is important to note that this will be a separate force from the CAST group, the Canadian Air Sea Transportable group, committed to reinforcing northern Norway

While these steps are commendable, they beg the question of where these troops will come from, lest we further weaken our present strength to fulfil our Canadian commitments. I

hope that the committee's recommendation in its Manpower report, as well as Recommendation No. 10 in this report, to increase Canadian Forces strength, will be implemented as a priority.

We are approaching the deadline when our government must take up an option to purchase an additional 20 CF-18 fighter aircraft by April 1 to continue to meet our operational commitments. I hope that this will come to pass, if not already agreed to, fulfiling another of the recommendations in our report, recommendation No. 6, that being that this option be fully exercised in order to cover attrition and round out existing capabilities, if all current air commitments of the Canadian Forces in Europe and North America are to be maintained.

The Minister of National Defence, as many senators are aware, announced last week in the other place that the Prime Minister, with the President of the United States, concluded an agreement for the establishment of an improved warning system around the perimeter of the continental mainland, a system which will be capable of detectng aircraft and cruise missiles penetrating the warning perimeter at all altitudes.

● (1540)

Honourable senators are also aware of the political sensitivity that is so apparent in the other place and in some circles across the country. The simplest way to describe the content of that debate is to read an extract from the letter to our chairman from a clear-thinking retired military expert. In commenting on our report, he said:

> It is unfortunate that you do not have some means of carrying on after a report is printed, when the House or media debates are obviously misleading for the Canadian public and cry out for some explanatory note from a recognized authority.

He went on to say:

> I have in mind, as an example, the current misunderstanding of the catch phrase "Star Wars" which has come to mean various things to various people, depending on their intentions. The subject has become very confusing and misleading for the public, and a simple statement of definition is required to clarify the subject.

Honourable senators, the military space program contemplated in the report meets the requirements set out by the report that Canada's contribution to aerospace defence should be limited to activities that are essentially defensive in nature. That is contained in our recommendation No. 8. This also is a point that deserves emphasis.

Some members of the press have established a tie between this Canadian military space program and the American Strategic Defense Initiative, SDI. There is absolutely no ground for doing so. SDI contemplates systems that would be able to destroy incoming missiles. The program suggested in the report contemplates nothing more than surveillance and communication satellites which would have absolutely no war-fighting capabilities. Obviously they could conceivably have a limited usefulness should hostilities break out.

[Senator Marshall.]

The recommendations made by the committee with regard to the modernization of the surveillance system around North America—that is, the north warning system, the coastal radars, the AWACs, the deployment bases, the OTHBs—are based on an analysis which established beyond any doubt that existing systems are inadequate to provide the sort of warning which we need today and will need in the future.

As one of our witnesses, a very respected general, said:

> Any "self-respecting nation . . . has to be able to find out what is happening in its airspace and to bring about a cessation of those activities which it considers harmful or improper. Unless we are prepared to say that we don't care who flies into or through our airspace—in the North or elsewhere—we must have a leak-proof surveillance system at least around the periphery of our country.

Honourable senators, I will not bother to repeat the description of the present warning system in detail and the proposed modernized system in greater detail, but I think it is important to place on the record the following sequence of events. For example, the present system was designed in the 1950s, and, as explained in the report, it is outdated, outmoded and does not meet the needs of the changing threat.

I would like to underline that the proposed modernized system is the result of considerable joint study and discussion by the defence staffs of both Canada and the United States and has been going on for some eight years. The first announcement of research to be undertaken into what has become known as Star Wars was not made until March 23, 1983. It is therefore obvious that factors whereby there was need to review the DEW Line were being discussed and contemplated long before President Reagan set out on his Strategic Defense Initiative; and it is worthwhile emphasizing that talks between Canada and the U.S. on the very intricate details were well advanced before any mention was made about Star Wars, and, as a reliable columnist expressed in a newspaper on March 18:

> Only for those with very, very short memories will it be necessary to add that another government was in power in 1983, including some of the same people who lately have been crying to the heavens that star wars is the one, the sole sinister, reason for any interest in the DEW Line.

He went on to say that it is necessary to recall that it was also the previous government who undertook to make available Canadian landscape, approximately the terrain and temperature of the Soviet Union, to test air-launched cruise missiles, not for NATO, as was said, but for the Strategic Air Command.

The parliamentary argument about Canada's participating with the United States in renewing the DEW Line has been long on passion but short on reason. If the United States succeeded in perfecting a defensive system in space, the Soviet Union would have two choices: To throw in its hand or to seek improved ways of striking back as it could. Against the latter, an improved DEW Line probably would be useful. But then that improved way of striking back would probably involve, in

the first instance, the use of air-launched cruise missiles which it will develop, if it has not done so already, without waiting for Star Wars.

Honourable senators, the other point that should be made is the fact that by the time the research is completed on Strategic Defense Initiatives, SDI, which is envisaged by President Reagan, likely into the next century, the north warning system will have existed at that time for 15 to 20 years. At that time a new technology will demand further updating of our joint surveillance and detection system because of retaliatory systems that may come about at that time.

Honourable senators, whether by accident or design, the Department of National Defence seems to have followed some of our recommendations; but I feel that we should stress three others that I have not mentioned. The first is that the committee urges the Government of Canada to undertake without delay the planned defence review. Canadian defence policy must be defined for this in the last decade of the century, and the Canadian people and our allies should be informed of its aim and substance.

Recommendation No. 2 is that the committee recommends that when the review of the NORAD agreement, due to occur in 1986, takes place, Canada should explore the possibility of renewing the agreement for a period of 15 years until the turn of the century, with provision for review every five years.

Recommendation No. 9 is that the committee notes the record of inadequate government-industry co-operation in the aerospace field in Canada and therefore recommends that the government should develop an effective immediate and long-range industrial strategy for air space, aimed at maximizing long-term industrial benefits, developing new technologies and expanding skilled and other employment.

Honourable senators, I conclude by joining Senator Lafond in expressing appreciation for the continuing efforts and the attention of all members of the committee, particularly for their dedication to the objective of the committee. I am happy to note that the committee will be continuing its study into other phases of air command, which, I am sure, will be welcome news to honourable senators, and I commend the Leader of the Government, Senator Roblin, for making that possible.

The Hon. the Acting Speaker: If no other honourable senator wishes to speak, this order is considered as having been debated.

Hon. Paul C. Lafond: Your Honour, I believe that Senator Yuzyk may wish to speak on the report. Possibly the Deputy Leader of the Government could adjourn the debate.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 666*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (C) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1985

Wednesday, March 20, 1985

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

FOURTH REPORT

Your Committee, to which Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1985, were referred, does, in obedience to the Order of Reference of March 12, 1985, report as follows:

The Committee heard evidence from the following witnesses from the Treasury Board: Mr. J. L. Manion, Secretary; Mr. J. Brophy, Assistant Secretary, Program Branch; Mr. H. Cocks, Assistant Director, Crown Corporations Directorate.

Supplementary Estimates (C) totalling $1.9 billion represents the last regular Supplementary Estimates for the current fiscal year. These Estimates, together with the 1984-85 Main Estimates of $96.5 billion, Supplementary Estimates (A) of $0.3 billion and Supplementary Estimates (B) of $6.2 billion bring the total 1984-85 estimates to $104.9 billion.

Of the $1.9 billion in these Estimates, an amount of $1.2 billion is for payments already authorized by statutes, hence this amount is non-discretionary. The remaining $0.7 requires approval by Parliament through an appropriations bill.

Treasury Board supplied the Committee with a list of thirty-eight $1 votes included in Supplementary Estimates (C) which is attached as an appendix to this report. The $1 vote which gives permanent authority for Petro Canada to borrow money from the private sector interested Senators. The Committee questioned whether a $1 vote, approved through an appropriations act, could provide such permanent authority and would not require renewal each time Petro Canada sought to borrow funds from the private sector.

The Committee questioned the witnesses with respect to the Department of National Defence (DND) item of $147.6 million and its relationship to the purchase of Canadair 600's and 601's by DND. The witnesses were unable to provide the Committee with the price that DND would pay for each plane. At one stage Senators were told that the $147.6 million was for the purchase of the planes themselves and that additional servicing costs would be borne by DND from within its budget. At another stage they were told that $140 million of the $147.6 million was to be allotted for the purchase of the planes whereas the remaining $7.6 million was for other equipment. To further confuse the matter, it was stated that the $140 million could represent the price of between 8 and 12 planes.

On the matter of the cost of servicing these 8 to 12 planes, the Committee voiced concern over the fact that these ancillary costs would be absorbed internally within the DND budget. The Committee felt that when funds are appropriated for a specific purpose, those funds should not be used for any other purpose such as servicing a new fleet of planes, without requesting parliamentary approval for their reallocation. The Committee felt that Parliament was entitled to know the price of the planes before the government was committed to their purchase.

The $150 million to the Havilland as an investment in equity was also discussed by the Committee. The witnesses indicated that with this $150 million, the total investment in equity to de Havilland by the government is $650 million. The Committee further learned that the intention of the government was to reduce the debt level of de Havilland to zero and to keep it there. This situation was compared to that of Canadair when the debts of the company were transferred to the Canadair Financial Corporation Inc. leaving Canadair Ltd., debt free as of April 1, 1984. The difference between Canadair Ltd. and de Havilland is that Canadair may not borrow any new funds unless approved by the Minister of Finance, whereas de Havilland, under previous authority, may continue to borrow up to $100 million with full financial guarantee by the government to the creditor(s).

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

APPENDIX

LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES (C), 1984-85

The 39 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I, according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an"*".

A Twenty-five votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B Seven votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C Two votes which amend provisions of previous Appropriation Acts. (Additional explanations are provided in Appendix II.)

D Three votes of which two votes seek increases in the drawing authority for Revolving Funds and one vote amends the purposes of a Revolving Fund. (Additional explanations are provided in Appendix II.)

E Two miscellaneous votes, one to clarify the borrowing power of Petro Canada and the other to inform Parliament of the amount of the actual 1983-84 deficit for the Canada Post Corporation. (Additional explanations are provided in Appendix II.)

MARCH 8, 1985

Estimates Division

APPENDIX I

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (C), 1984-85

Page	Department or Agency	Vote	Categories A	B	C	D	E
16	Communications	2c					X
16		10c		X			
24	Employment and Immigration Canadian Employment and Immigration Commission	5c		X			
26		20c	X				
26		25c	X				
32	Energy, Mines and Resources	35c		X			
36	Petro-Canada	66c					X
38	Environment	15c		X			
40		20c	X				
42	External Affairs	10c	X	*			
46		20c	X				
58	Fisheries and Oceans	10c		X			
70	Justice	5c		X			
72		20c		X			
82	National Health and Welfare	25c	X	*			
86		40c	X				
88		47c	X				
92	National Revenue Canada Post Corporation	21c					X
100	Public Works	5c	X				
100		6c				X	
102		10c	X				
106		85c	X				
108	Regional Industrial Expansion	7c			X		
118	Secretary of State	1c	X				
120		15c	X				
122		25c	X				
122		30c	*	X			
126		55c	X	*			
132	Solicitor General	5c	X				
140	Transport	1c	X				
144		16c	X				
144		36c			X		
144		37c	X				
144		45c	X				
144		46c	X				
148		76c				X	
158		85c	X				
158		90c	X	*			
158		110c	X				

APPENDIX II

ADDITIONAL EXPLANATIONS

Category C — To amend provisions of previous Appropriation Acts

Regional Industrial Expansion

Vote 7c—Authority is requested to amend Industry, Trade and Commerce Vote 6a, Appropriation Act No. 1, 1980-81, as extended by Industry, Trade and Commerce Vote 6e, Appropriation Act No. 4, 1981-82 so as to permit the Minister of Finance, on behalf of Her Majesty, to enter into agreements with the lenders to whom Canadair Financial Corporation Inc. has debt obligations guaranteed by Her Majesty pursuant to the said Votes for purpose to issue, within the meaning of Part IV of the Financial Administration Act, the relevant securities therefor.

Explanation—By March 31, 1985 the debts of Canadair Financial Corporation Inc. will approach its limit, guaranteed by Canada, of $1.35 billion and Canadair Financial Corporation Inc. has no source of funds to service or repay this debt. Separate authority is sought in these Estimates for a budgetary payment of $300 million to Canadair Financial Corporation Inc. to enable the oustanding debt principal to be paid down to approximately its March 31, 1984 level of $1.06 billion. This Vote seeks authority for the Minister of Finance to negotiate with the lenders for the purpose of assuming the remaining debt on behalf of Her Majesty. This will enable more efficient management and disposal of the debt; will eliminate the need for future vote funding relating to the debt, and will ultimately enable Canadair Financial Corporation Inc. to be wound up.

Transport

Vote 36c—Authority is requested to amend Transport Vote 10a, Appropriation Act No. 4, 1975 so as to enable the Minister to amend certain joint venture agreements related to the Canarctic Shipping Company Limited and the Vessel "M.V. Arctic" in order to permit the upgrading of the Vessel.

Explanation—Authority is required to permit the Minister of Transport to amend the joint venture agreement of December, 1975 with private shipping companies so as to permit structural modifications which would upgrade the Vessel "M.V. Arctic from class 2 to class 3 and to provide for the alternations and rebuilding of the Vessel as a tanker/dry bulk carrier instead of a cargo vessel.

Category D — To authorize increases in the drawing authority for two Revolving Funds and amend a third

Communications

Vote 2c—Authority is requested to increase the drawing authority of the Government Telecommunications Agency Revolving Fund from $15 million to $19 million.

Explanation—This Revolving Fund was included under the *Adjustment of Accounts Act* (1980). Section 33 of that Act includes authority to amend certain sections of the Act through an Appropriation Act, including Section 23 which deals with the Authority for making payments out of the Revolving Fund which specifies the amount of the drawdown authority.

This proposed increase in the drawing authority is required to provide the Revolving Fund with sufficient working capital to finance 40 days of operations thus reducing the risk of incurring surcharges by the telecommunications carriers for the late payment of invoices and to finance increased expenditures requirements.

The spending authority for this Fund was previously increased from $13 million to $15 million by Vote 2c, Appropriation Act No. 4. 1983-84.

Public Works

Vote 6c—Authority is requested to increase the drawing authority of the Construction Service Revolving Fund from $150 million to $300 million.

Explanation—This Revolving Fund was included under the Adjustment of Accounts Act (1980). Section 33 of that Act includes authority to amend certain sections of the Act through an Appropriation Act, including Section 26 which deals with the authority for making payments out of the Revolving Fund and which specifies the amount of the drawdown authority.

This proposed increase in the drawing authority is required to provide the Revolving Fund with sufficient working capital to finance operations until collections can be made of its Accounts Receivable. This increase in drawing authority for the Revolving Fund does not result in a change to the gross expenditures of government, but rather a change in the way these expenditures are displayed to achieve better visibility and accountability to Parliament, and also imposes on Public Works a requirement to manage its costs to the revenues collected. This drawing authority was previously increased by Vote 6b, Appropriation Act No. 3, 1983-84.

Transport

Vote 76c—Authority is requested to amend Section 31 of the Adjustments of Accounts Act so as provide for capital appropriations and expenditures.

Explanation—The Self-Supporting Airports and Associated Ground Services Revolving Fund was included under the Adjustment of Accounts Act (1980). Section 33 of that Act includes authority to amend sections of the Act through an Appropriation Act. It is therefore proposed to repeal the current Subsections 31(1) and (2) and to substitute therefore authority to make operating and capital expenditures and to expend appropriations for the purposes of this Section. The current wording of the Act does not provide specific authority for airport construction, nor does it allow for the new financial arrangements approved in the reconstitution of this Revolving Fund. In order to accommodate these new financial arrangements authority is added to the Adjustment of Accounts Act to allow for specifically voted appropriations for the Revolving Fund expenditure.

Category E — Miscellaneous

Energy, Mines and Resources—Petro-Canada

Vote 66c—Pursuant to para. 110(*b*) of the Financial Administration Act, specific authorization is sought for Petro-Canada to borrow money otherwise than from the Crown.

Explanation—The recent (Sept. 1, 1984) amendments to the Financial Administration Act concerning Crown corporations include a requirement, for agent corporations, that agent corporations borrowing money otherwise than from the Crown be both: (*a*) empowered by an Act of Parliament; and (*b*) specifically authorized by an Act of Parliament, including an Appropriation Act (S.110).

The requirements were included to ensure that Crown corporations created under the Canada Business Corporations Act (CBCA) that were borrowing from the private sector in the name of the Crown (i.e. as an agent corporation) were specifically authorized by Parliament to do so. A corporation created under the CBCA is empowered by that Act to borrow money (requirement (*a*) above). In the case of an agent Crown corporation, however, that general power is now insufficient and additional parliamentary authorization specific to a particular corporation is required (requirement (*b*) above).

In the case of Petro-Canada, although created by a special Act rather than under the CBCA, it is still subject to S.110 as an agent corporation. There is some uncertainty as to whether the borrowing provisions in its special act confer on Petro-Canada both of the requirements of S.110. To alleviate that uncertainty, it is thus proposed to clarify the matter through this Supplementary Estimate's Appropriations Act.

As noted, the legislative authority to include an item of this nature in Estimates is contained in para. 110(b) of the FAA.

National Revenue—Canada Post Corporation

Vote 21c—To report the actual excess of operating and income charges over revenues for the Canada Post Corporation for the fiscal year ending March 31, 1984.

Explanation—In accordance with section 29(1) of the Canada Post Corporation Act (CPC Act), the Minister of Finance during 1983-84 placed at the disposal of the Corporation sufficient monies to enable the Corporation to meet all is operating and income charges during the year. Section 29(3) of the CPC Act requires that the amount placed at the disposal of the Corporation is to be included, in the form of a deficit appropriation item, in the next Estimates laid before Parliament thereafter. Since the amount placed at the disposal of the Corporation has already been reported as expenditures of the Government in the 1983-84 fiscal year, it cannot be voted as an expenditure in 1984-85. Accordingly, in order to conform with the intent of the Act, a $1 voted item has been included in the Supplementaries to inform Parliament of the actual amount of the Corporation's deficit for 1983-84. The actual 1984-85 deficit will be reported as a $1 item in 1985-86 Supplementary Estimates, again in accordance with Section 29(3) of the Act.

THE SENATE

Thursday, March 21, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Richard J. Doyle has been summoned to the Senate.

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated.

Hon. Richard J. Doyle of Toronto, Ontario, introduced between Hon. Duff Roblin, P.C., and Hon. Lowell Murray.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF COMMITTEE TABLED

Hon. Royce Frith, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's fifth report approving the budget of the Standing Senate Committee on Foreign Affairs.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 26th March, 1985, at two o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps, as is sometimes the custom, the Deputy Leader of the Government and house leader will let us know what we might anticipate for business next week.

Senator Doody: Yes, honourable senators. We have been assured that at least one bill, Bill C-23, to amend the Small Businesses Loans Act, will be introduced in the Senate. There is some urgency respecting that bill in that the loan limit for that particular piece of legislation expires on March 31. It is obviously imperative that the legislation be enacted to permit the Small Businesses Loans Act to continue. If we receive that bill on Friday of this week or Monday of next week, we will be in a position to deal with it on Tuesday.

It is possible that we will have the Fisheries bill, although that is not certain. I have also been told that the bill relating to the Criminal Code amendments may be before the Senate next week. That bill is moving along very nicely. I have been told that it will probably be out of committee, and having gone through the report stage and having been given third reading, will be referred to the Senate sometime next week, although I cannot guarantee that. I have been told that we can reasonably expect to be dealing with that bill.

There is also in the offing the appropriations bills for the end of this fiscal year: an interim supply bill to look after the first three months of the coming year; and, of course, the bill respecting supplementary estimates (C). If all of those things come to pass, then we will have a busy week, quite apart from the many committee meetings that are scheduled. Most of the committees have a fairly full slate, what with the pre-studies and the legislation that will be coming before us. Of course, there are also several committees working diligently on preparing reports on the studies they have completed. Therefore, I anticipate a rather full schedule for next week.

• (1410)

Hon. Jacques Flynn: Has the deputy leader received any indication from the opposition that they will be ready to deal with the bills if we receive them?

Hon. Stanley Haidasz: Which opposition?

Hon. H. A. Olson: How long do you want us to wait?

Senator Doody: I have had no indication that they are not prepared to deal with the bills. They have given me no indication as to how long it will take them.

Senator Frith: It depends upon what one means by "deal with," of course.

Senator Flynn: Are they prepared to adjourn indefinitely the consideration of the bills?

Senator Frith: Honourable senators, speaking for the opposition, we are ready to deal with legislation and we make no promises in advance any more than any other previous opposition would have done.

Senator Flynn: If you were to deal with the legislation the way we dealt with it when we were in opposition, no problems would arise.

Senator Frith: I will look that point up and I think you will have some surprises.

Senator Flynn: You have a short memory.

Hon. Allan J. MacEachen (Leader of the Opposition): It would help if we had some legislation.

Hon. Charles McElman: Was Senator Flynn speaking in a leadership capacity?

Senator Flynn: No, in an ex-leadership capacity.

Hon. Frederick W. Rowe: Honourable senators, could the Deputy Leader of the Government indicate what our schedule is going to be for the next two or three weeks? Those of us who travel to and from Ottawa are faced with the problem of making reservations in advance, and usually there is a bit of a shemozzle with confirmations during the Easter and Christmas periods. Is there any definite information regarding the adjournment for the Easter break?

Senator Doody: The intention is to adjourn on Wednesday, April 3. It is hoped that following that we shall have the Easter break, although I cannot guarantee that at this point. I should tell Senator Rowe that I have spoken to members in the other place and they have told me to tell him that his reservations are confirmed! Although most of these people are soul mates of mine and have been for quite a period of time, they do not seem to take the honourable senator's travel plans as seriously as I do. Our intention is to try to have the week off following Easter, but we will have to see what happens.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

NATIONAL CONFERENCE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, yesterday the Prime Minister told us that the next budget would contain even deeper cuts than those contained in the November statement. My question to the Leader of the Government is: Is it the intention of the government at the economic meeting, which is to commence this evening, to discuss with the groups called from various parts of Canada the nature of the cuts that will be proposed in the budget?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think my honourable friend is somewhat confused as to the purpose of the meeting that is being held over the weekend. It is not a government meeting but a meeting which has been organized at the request of the government by the private sector, and the private sector is being encouraged to deal with 10 or 20 points in connection with the economy of the country. The participants, not only those who are sitting around the table but also those who are going to make the statements, have been selected by the private sector committee and include broad representation from every source you can think of.

The government's role is simply that of listener. We are there to hear what is to be advanced by the various interests represented at the conference. There will be no formal resolutions of any kind, as far as I am aware, but an effort will be made to discern the largest degree of consensus that may be possible at the meeting. It is not a forum for the government to discuss its policy: it is a forum for the government to listen to what other people think it should be doing.

Senator MacEachen: Am I being told that it is not the intention of the Prime Minister or other ministers to lay before this economic meeting the views of the government as to the state of the economy and steps that might be taken to improve it?

Senator Roblin: What will take place at the conference is a statement by the Prime Minister, which will be an opening statement only.

After that, the conference will be in the hands of the participants so that representatives of the private sector may express their views as to the state of the economy and what measures they think would be most productive.

Senator MacEachen: In view of the fact, honourable senators, that the Prime Minister yesterday denounced unilateralism as a policy, does the Leader of the Government think it appropriate that drastic cuts should take place possibly next month without giving any indication to the cultural groups who have been invited to attend the conference that a further sword is to be held over their heads? Does he believe that is an appropriate way to pursue the process of consultation, that is, to have in mind major cuts and not tell anyone about them?

Senator Roblin: I find it most strange to hear that argument advanced by my honourable friend because, during his period in office, he and his colleagues were quite willing to make decisions on that basis.

We are holding no swords over anyone's head. We will listen to the cultural groups who will be among those present at this conference, as they give the rationale for their views. Those views will be given very serious consideration when the budgetary proposals are developed.

Senator MacEachen: We are now told that the purpose of the conference is to educate the government and that, obvious-

ly, it has no views that it is prepared to disclose to the conference participants.

The Leader of the Government told us yesterday that he would not be among the listeners at the conference. I regret that because his absence from the Quebec summit made our exchange yesterday less productive than it might have been if the Leader of the Government had been in Quebec.

Hon. Jacques Flynn: Empty words.

Senator MacEachen: There were major areas in which he was unprepared, understandably, to answer questions.

I would ask the Leader of the Government: Would he reconsider his decision about attending the economic meeting so that we may get some information in the Senate after the meeting is over?

Senator Roblin: My honourable friend will have to recognize that our attitude toward the development of policy is much different from that employed by the previous administration. We intend to listen. We intend to have the widest area of public consultation we possibly can. That is one of the reasons this conference is being held. It is part of a deliberate approach to the development of policy and to enable the people who are going to be affected by it to have the widest possible input while decisions are under review.

Hon. Royce Frith (Deputy Leader of the Opposition): Now, about the question?

Senator Roblin: My honourable friend had a considerable preamble to his question; he must allow me to have a similar right in my reply.

Senator Frith: Now can we get to the question?

Senator Roblin: If my honourable friend will be patient, we might get to the question. I will not be hustled by him. I am not sure of what I will say, so I would ask him to wait a moment or two.

It is perfectly true that I was not at the Quebec conference; even if I had been, I would not have been a party to the discussions between the Prime Minister and the President of the United States. Although my friend flatters me with the assumption that had I been there I would be able to tell him a little more than I did yesterday, that is a false assumption.

I take to heart his suggestion that perhaps I should be at the conference tomorrow. In fact, so persuasive is he that I am able to tell him that I will be there.

Hon. Senators: Hear, hear.

Senator Roblin: That is an expression of confidence in me that is not often expressed by those on the other side of the chamber. I take what little comfort I can from it.

Senator Frith: Take it that way for now, but do not press it.

Senator Roblin: It is precious little comfort.

The full proceedings of the conference are open to the public in the sense that the television cameras will be there at the plenary sessions and perhaps at some of the committees as well. I have undertaken—and I repeat that undertaking—that I will collect for this body all the papers that are presented and I will see that they are made available to senators so that we will have the fullest possible view.

I warn my friends that they will find every conceivable view with respect to the economy, because the nature of this gathering and the qualifications of the people who are being asked to participate indicate that it is going to be, by no means, a controlled, muzzled or directed meeting. It will be one that will provide a forum for all the various viewpoints that will be presented there.

Senator MacEachen: It is a step ahead, honourable senators, that the Leader of the Government has accepted the suggestion to attend.

I have another suggestion for him on which I hope he will act. A member of the opposition in the House of Commons is being given a place at the conference, and I wonder whether the same courtesy could be extended to a member of the opposition in the Senate, who may be able to attend and observe the proceedings without relying entirely upon television and radio.

Hon. Orville H. Phillips: Would you understand it?

Senator Roblin: I do not think it is possible.

Senator MacEachen: The Leader of the Government has said it will not be possible to include a member of the opposition in the Senate at the economic meeting.

That is regrettable. I am not going to beg for a place, but maybe the Leader of the Government would explain to us why the Senate is being treated in this way, whereby it is not possible to create one seat for a member of the opposition. While he is reflecting upon his answer, perhaps I could ask him one more question and then let him get prepared for the meeting.

• (1420)

Senator Roblin: One question at a time, please.

Senator MacEachen: Yesterday I asked about the budget date and I was unable to extract from the Leader of the Government any precision as to the date of the budget. We know the Minister of Finance has stated that this is the last set of consultations before the presentation of the budget. We also know that officials of the Department of Finance have stated that it is unlikely that any of the comments made at the conference can be considered in the budget preparation, so they will not be reflected in the budget.

Can the Leader of the Government tell us when the budget date is? Yesterday Mr. Wilson, the Minister of Finance, said that the conference will be the end of his pre-budget consultations, adding that any good ideas that emerged could well find their way into his budget, expected in late April or early May. I was also made aware that the Prime Minister, according to a quotation reporting his remarks, "talked about government expenditures which were dealt with on November 8 and will be dealing with again in the April budget." Which date is correct? Can the Leader of the Government tell me today whether it is an April budget, as the Prime Minister said, or a

budget possibly in May, as stated by the Minister of Finance? If he cannot tell me today, will he undertake to find out and tell us next Tuesday?

Senator Roblin: The first thing I should like to say on that rather involved question is that I hope the Deputy Leader of the Opposition will allow me the same licence, to explain my answer in the manner in which the question was extended, if I may, with his permission.

Senator Frith: So far.

Senator Roblin: That is very good. I am obliged to you.

I can say to the Leader of the Opposition, on the question whether or not a member of the opposition will be able to attend this conference, I made certain inquiries. As a result of my inquiries, I was told that there was, unfortunately, no possibility of that. While I cannot—

Senator Frith: "No room at the inn."

Senator Roblin: While I cannot be positive that I am correct in this statement, my impression is that this was a decision of the organizing committee. I must hedge on that statement because I am not absolutely sure of it, but that is my impression.

I did anticipate the question. In fact, I anticipated my friend all along the line. I anticipated his question as to whether I should go or not, and I settled that before he raised the matter again today. I also—

Senator MacEachen: I am glad I am keeping you thinking.

Senator Roblin: I am glad you do, because I enjoy the stimulation.

Senator MacEachen: I thought so.

Senator Roblin: It makes the blood run in the veins.

I also anticipated his question respecting the attendance at the conference of members of the opposition. I would like to have seen a member of the opposition in the Senate in attendance, and I am sorry that I have not been able to arrange that.

As for the conference itself, the honourable gentleman who just spoke quoted the Minister of Finance as saying that it was quite possible that any good ideas coming out of this conference would be included in the budget. I am glad he did, because that indicates that we are taking it seriously. It is a fact that that is the case, and I am glad that the Minister of Finance has made that clear and I am glad that my honourable friend has made reference to it.

As to the date of the budget, the general assumption has been that it will be in the month of April. I am hopeful that that will be the case. But I have to tell my honourable friend frankly that, to the best of my knowledge, the precise date has not yet been set, and until it is, obviously no announcement can be made.

Senator MacEachen: I understand that it is not possible to have the precise date. The Prime Minister, I think, has put the situation clearly in stating that the budget is expected to be brought down in April. I want to know whether the Prime Minister is speaking for the government when he says that it will be in April, or whether the Minister of Finance is doing so when he says that it may be in May. That is all. Who is right?

Senator Roblin: I think that I would have to say that the Prime Minister speaks with the most authority on behalf of the government.

Senator MacEachen: The most representative.

Senator Roblin: That is his statement at the present time. But that does not alter what I have said, that being that the date has not yet been set. As a result, one cannot be too precise about it at the moment.

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate.

I am afraid you confused me when you said, in reply to an earlier question from Senator MacEachen, that the conference that is being held this weekend is not a government conference but a conference of the private sector. Can you tell me how that conference is to be financed? Are the taxpayers of Canada paying for this conference, or is it being financed by the private sector?

Senator Roblin: I think I made it perfectly clear in my previous comments in respect of this conference that it is a conference that was initiated by the government. It is a conference that is being held at the initiative of the government, and the government is funding the conference in all respects. The actual organization of the conference, however, in terms of who should be invited to attend and the subjects to be discussed, and the way in which the discussions are to be carried out, is not something over which the government exercised any control. That responsibility was remitted to the private sector committee, a committee headed by Mr. Stanley Hartt of Montreal, an individual who enjoys wide respect and an individual who, in my humble judgment, has done a fine job in organizing this conference.

Senator Marsden: A supplementary, if I may. Can you tell me, then, what guidelines the government gave to Mr. Hartt and his committee in terms of who should be represented at this conference?

Senator Roblin: That is a matter that was left to Mr. Hartt's good judgment.

Senator Frith: And he decided that there should be no opposition senators in attendance.

Senator Marsden: It is quite clear from an examination of the guest list that while the conference will hear a great deal from organized workers through the representations of the CLC, and so forth, there will be little or no representation from the over 50 per cent of Canadian workers who are not represented by a union. Can you tell me how it will be that the government will hear from that segment of Canadian society?

Senator Roblin: The general public interest, as opposed to any specific interests of the sort my honourable friend mentions, will be adequately covered. A perusal of the list of people to be in attendance— academics, labour people, and

business people—and a perusal of the subjects for discussion, indicate that the generality of the interests of the people of Canada will receive a good going-over.

Senator Marsden: Thank you. You will not be surprised to hear that we will be asking you next week what it is that you will have heard at the conference to be held this weekend. The government has already said that you expect no consensus, but I will be interested to learn whether or not you agree with Mr. Walker, who has provided one of the background papers in which he describes people who are on unemployment insurance as "layabouts". Since it is likely that that is one of the things you will hear, I wonder whether you will be giving us your own view of what you will have heard Canadians say this weekend.

• (1430)

Senator Roblin: Honourable senators, I will be listening to Mr. Walker with a great deal of interest. I will also be listening to Mr. Dennis McDermott, who will be one of the lead speakers in the conference, whose views will probably not coincide with Mr. Walker's.

THE CONSTITUTION

FIRST MINISTERS' CONFERENCE—ABORIGINAL RIGHTS—REQUEST FOR SENATE REPRESENTATION

Hon. Len Marchand: Honourable senators, I have a question for the Leader of the Government related to the one asked by the Leader of the Opposition. I am concerned about the forthcoming constitutional conference of first ministers with the native people of this country to be held on April 2 and 3. There are three senators in this chamber who have a special interest in that conference, namely, Senator Adams, Senator Watt and myself. Would the Leader of the Government make some inquiries as to whether space can be made available for us to attend that conference? Perhaps space can also be made available for non-Indian senators who might be interested in the subject.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe the conference will be an important one. I am also quite certain that it will be a very difficult one, because there are some quite opposing views being represented by the various parties who have an interest in this matter, and it will take the judgment of Solomon to get an agreement that will be satisfactory. I will take my honourable friend's request under advisement and will let him know if anything can be done.

NATIONAL HOUSING PROGRAM

EFFECT OF CUTBACKS ON NATIVE POPULATION

Hon. Len Marchand: Honourable senators, I have a question for the Leader of the Government on another topic. I am concerned about the following headline which appears in today's issue of *The Citizen*: "Govt. chops social housing budget." In the article it says:

[Senator Roblin.]

> The initial 1985 capital budget of the federal housing agency provides for 20,000 new units of social housing. That's down from the 22,500 new units authorized last year and well below the annual target of 25,000 units established in 1979.

I am particularly concerned about the following paragraph in the article:

> A total of 4,000 units were cut from non-profit and co-operative housing programs. The other 1,000 units were trimmed from the rural and native housing program—

Last year, on reservations, the target was for 1,240 units to be built under section 56.1 of the National Housing Act. I do not know what was the figure for housing under section 56.1 in the off-reserve areas, but I am sure honourable senators can see that this is a serious cut in terms of the effort made to provide native housing. I do not need to tell honourable senators how serious the housing problem is on reservations. I understand that the backlog is approximately 10,000 units.

Before I resume my seat, I want to mention a couple of very important parts of the housing program. Successive governments have struggled to try to meet the demand for native housing. For the first time, two rather important objectives have been met. First, CMHC is building quality houses on reservations. Second, there is more of a sense of ownership with regard to the houses built under this program than there is in the case of houses built under a purely welfare program. This is a very important part of the program. Would the Leader of the Government make inquiries to see whether the number of these units can be restored and even enhanced in the forthcoming year?

Hon. Duff Roblin (Leader of the Government): I knew my honourable friend had a question, and he has not disappointed me. I should say by way of preamble that every time the government seeks to reduce expenditures in one place or another the people who are directly affected will complain about it. I have to get used to that fact of life. While everybody agrees in general terms that the deficit of $35 billion is too high, and that something must be done about it and expenses must be reduced, the minute you start to impose expenditure reductions, those who are feeling the full chill, quite naturally, complain about it. I will simply have to get used to those complaints.

I am sympathetic to the point raised by my honourable friend. From my own experience I know something of the problem that he is alluding to when he talks about housing on reserves and things of that sort. I cannot promise him that the results he seeks will be achieved, but I will take his question under advisement and see whether any helpful reply can be given.

Senator Marchand: Honourable senators, I have a supplementary question. I know that we all cry a little bit when our own ox is being gored. However, previous governments have always given special consideration to native programs, particularly as it relates to housing. I cannot recall a previous

government cutting its budget on a serious matter like native housing, and I want to remind the Leader of the Government of that point. My question is: Would he make representations to his cabinet colleagues to increase the number of housing units built for natives rather than cutting them back?

Senator Roblin: I have to tell my friend that never before in the history of this country has the deficit been as high as it is now. It certainly is going to call for very painful decisions on the part of the government. While I appreciate what moves him to speak, I really can give him no assurance that I can do what he wants me to do.

Hon. Roméo LeBlanc: Honourable senators, I have a supplementary question to those asked by Senator Marchand. While the leader is checking into the matters raised by Senator Marchand, will he try to find an explanation why the worst-housed people in the country should be asked to make this additional sacrifice? While he is looking at that problem, will he also tell us if one of the reasons the program may be suffering cutbacks is that provincial authorities, particularly provincial premiers who share some of the ideology we hear here from time to time, are refusing to co-operate in the delivery of these programs to rural and native people?

Senator Roblin: My honourable friend has touched on a very important and sensitive point. As far as I know he is right, that in some provinces changes in policy have been made which affect what we are trying to do. That is one of the factors involved in this situation. I shall give to the honourable senator the same answer I gave to my honourable friend, Senator Marchand.

THE ECONOMY

NATIONAL CONFERENCE—SENATE OPPOSITION REPRESENTATION

Hon. L. Norbert Thériault: Honourable senators, I have been pondering the answer the Leader of the Government gave to the Leader of the Opposition with regard to the statement made on the conference that is being held on this weekend. For the life of me, I cannot understand the answer. Perhaps I should ask him to whom he referred his demand for at least one seat at the conference for the Liberal Party in the Senate.

• (1440)

Hon. Philippe Deane Gigantès: Perhaps it was the same person who excluded the Governor General from the recent meeting in Quebec.

Hon. Duff Roblin (Leader of the Government): If my honourable friend wishes to make a statement, I invite him to rise.

The point that I wish to make with my honourable friend is that it is very difficult to get into that summit. There is an opening banquet being held tonight, at which the Prime Minister is speaking. I have been refused a seat at the banquet table tonight, simply because there are other people from the private sector who ought to be there instead of me and that is why it is being done in that fashion. I cannot undertake at all to tell my honourable friend with whom I conduct my conversations.

Senator Thériault: I am sure that some of the people that I have in mind could represent the business community in this country at that summit. I am sure they would not mind not being invited to the dinner, since they can afford to pay for their own dinner. Also, hearing the Prime Minister speak, I am sure, is not foremost in the minds of my colleagues, either. We hear a lot from the Prime Minister nowadays and we can surely do without hearing from him tonight.

However, being able to sit at that summit and hear what is going on in the business community and in other communities in the country is a very desirable thing. If the organization of this conference is not in the hands of the government, then I, for the life of me, cannot understand why the business community, or whoever is responsible for the organization of that conference, would have said no to having a representative from the Liberal side of the Senate.

Senator Roblin: I can only repeat what I have already said, namely that the organization of this function, together with the invitation list and coupled with the limitation on numbers, has been decided by the organizing committee.

Senator Thériault: Honourable senators, would the Leader of the Government in the Senate be forthright and tell us to whom he referred his demand or request for a place for a representative of the opposition in the Senate at the summit?

Senator Roblin: I have no intention of answering that question, honourable senators.

AGRICULTURE

FERTILIZER SUPPLEMENT—POSSIBLE LEGAL ACTION

Hon. H. A. Olson: Honourable senators, I want to ask the Leader of the Government in the Senate if he would consult with the Minister of Agriculture and the Minister of Consumer and Corporate Affairs respecting a matter that has apparently cost western Canadian farmers several millions of dollars. To give some background to my question, apparently in the last day or two, the Department of Agriculture has come forward with a report that a fertilizer supplement that was sold under three different names—Agrispon, Nitromax and Reward—has no value at all. Since the Department of Agriculture has been involved in testing this fertilizer supplement, perhaps we could ask that department what they intend to do about advising farmers in the west that this product has no value, and therefore that the millions of dollars they have spent, and potentially could spend in the future, have been wasted.

I believe, however, that some of the laws administered by the Department of Consumer and Corporate Affairs have a little more teeth in that if this fertilizer supplement has been promoted by means of false advertising, either written or by way of the media, those responsible have committed an offence. I would ask the Leader of the Government in the Senate if he could make inquiries to see if that department is

taking appropriate action for the cheating or bilking that has been done in this respect.

Hon. Duff Roblin (Leader of the Government): I certainly will do that, honourable senators.

GOVERNMENT OF CANADA

APPOINTMENTS

Hon. Ian Sinclair: Honourable senators, my question is to the Leader of the Government in the Senate. Members of this chamber, in common with Canadians generally, enjoyed last year the third wave. However, based on what is reflected in the media, the public is not enjoying the blue wave that is sweeping this country through Petro-Canada, VIA Rail, Air Canada and now the law profession of Ontario.

Yesterday, the honourable leader made reference to the fact that he thought it was wonderful and enjoyed the fact that there was a tango going on. In today's *Globe and Mail*, there is a reference to the tango. It is called "The patronage tango." My question is this: Would the Leader of the Government in the Senate agree that men of good conscience, learned in the law, are not easily tethered by political bias?

Hon. Duff Roblin (Leader of the Government): I am not exactly sure of the thrust of my honourable friend's question.

Hon. C. William Doody (Deputy Leader of the Government): I think it was a witticism.

Senator Sinclair: I will repeat it: Would the Leader of the Government in the Senate agree that men of good conscience, learned in the law, are not easily tethered by political bias? That is my question.

Senator Roblin: I have to say that, in my opinion, members of the legal profession are just as susceptible to having political opinions and party affiliations as any other group in the country.

Senator Doody: Present company excepted.

Senator Sinclair: I will repeat the question again. It is not a question of having views; the question turns on the word "tethered". If he does not know where the quotation comes from, I will help him. It comes from Justice Douglas.

Senator Roblin: It is an interesting proposition that my honourable friend advances. I have no comment on it.

Senator Doody: I will remember it for "Trivial Pursuit."

THE ECONOMY

NATIONAL CONFERENCE—SUGGESTED FOLLOW-UP

Hon. Edward M. Lawson: Honourable senators, my question is directed to the government leader in the Senate and it is in regards to the National Economic Conference. I am one of those who have been invited to attend in my other capacity as a leader of a major labour organization in Canada. Some of the skeptics are saying that this will be just a public relations exercise; that the government has already made its decision as to what its policies are going to be and that it is really all just a waste of time.

I do not believe that, and I think that the majority of the people attending that conference do not believe that. I am convinced that many of the people who have been invited from every walk of life; from labour, from management, from the corporations, from small business, from women's groups, from native groups, from youth groups—every possible group has been represented by invitation at this conference.

One of the key parts of the format is that we do not have to listen to Michael Walker, the economist, a concern expressed by the honourable senator sitting across the way, because the submissions are presented in writing and one can choose to read them or not to read them. The time of the conference will not be monopolized by speakers at this conference, and if Michael Walker is going to make those kinds of foolish statements about the unemployed, we would have to look and see whether Bill Bennett's lips were moving when he was making the speech in any case.

The way the format has been established allows the individuals who are attending the conference to express themselves openly and forthrightly, and it is to be hoped that this will assist the government. This indicates to me that someone has done a lot of good, sound planning and I am very optimistic that this conference can achieve a great deal of good for the country and for the people of Canada. I congratulate whoever on the committee is responsible for that format.

I am convinced that many of us who will be in attendance at this conference will be offering new ideas and solutions, and that from these discussions there may possibly be solutions to serious problems. My question to the Leader of the Government is: Has the government taken into consideration the possibility of the respective ministers meeting with those groups or individuals on a follow-up basis where a consensus has been achieved or where solutions have been offered, in an effort to build a better way of life for all Canadians? There is a tremendous amount of good will, certainly from the labour side, and I think from all the people I have spoken to who are attending, to give this government an opportunity to find new solutions to some serious problems. I think it is a wonderful opportunity that should be taken advantage of by the government.

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for a very constructive suggestion. I think it has been given consideration, but I intend to see that the particular suggestion we have had presented to us just now is brought to the attention of the ministers concerned, because I think it could be very helpful.

[*Translation*]

FOREIGN INVESTMENT

ALLEGED STATEMENT BY THE PRESIDENT OF THE TREASURY BOARD

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate, following his delayed answer to a question addressed to the Honourable

Robert de Cotret. I wanted to know the number of persons or corporations that did not dare apply for investment in Canada because of FIRA.

The Leader of the Government in the Senate told me I had somewhat imagined the statement made by the Honourable Robert de Cotret that 97 per cent of all applications had been accepted. But he went on to say that no account was kept of those who did not dare apply.

Now the Honourable Robert de Cotret's answer is that he does not have specific figures in mind.

I therefore want the Honourable Leader of the Government in the Senate to know that I never made up anything with respect to Mr. de Cotret's answer, and as far as I am concerned the fact that 97 per cent of applications had been granted points to a rather favourable average. There is no need to have legislation under another title to arrive at approximately the same result.

This is why I am asking the Leader of the Government in the Senate whether the Government can tell us if those 97 per cent of applications that were accepted reflect the facts, or what is the percentage of applications that were turned down because people were afraid to ask the Government?

[*English*]

• (1450)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think my honourable friend is asking me for a little historical research on this subject. I think I recall clearly that he asked me a question having to do with the statement of my colleague, the Honourable Robert de Cotret.

Senator Denis: Yes.

Senator Roblin: I have procured an answer from my colleague, and it evidently does not satisfy my honourable friend.

I think there are a couple of factors here that I can mention. We can ascertain the number of organizations which applied to FIRA for permission to invest and which were refused. That is a matter of record so I can obtain that information, if that is what my honourable friend wants. What is difficult to ascertain, however, is the number of people who did not apply because they felt they would not get through FIRA's screen.

There is some reason to think, on the basis of information which is statistically unverifiable, that that is not insignificant; that there is quite a number. But I do not know how anyone can positively say what percentage that would amount to.

Senator Denis: I agree with the Leader of the Government in the Senate, but I was right when I asked for the number of those who did not dare make an application. I know I was right when I said that 97 per cent or so of the applications were agreed to. That proves that I was not imagining things.

Senator Roblin: I would not accuse my honourable friend of being too imaginative in that respect. But I can tell my honourable friend that the bill covering this matter is before the Standing Senate Committee on Banking, Trade and Commerce for pre-study. Perhaps he could explore the matter further with the officials from the department who have appeared and will appear before that committee.

Hon. H. A. Olson: You could give him the Tory propaganda of a few months ago.

Hon. Jacques Flynn: If he had attended the committee meeting yesterday he would have received that information.

Hon. John M. Godfrey: Honourable senators, I can save the Leader of the Government in the Senate some work by telling him that when the minister gave evidence before the committee yesterday he said that not one single application had been refused since September 4.

Senator Roblin: That is true, and if that had been the question, I could have given that answer, but I evidently did not understand it properly.

AGRICULTURE

INSPECTION FEES—GOVERNMENT POLICY

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government in the Senate. Last night the nation, or that part of it that watched the CBC National news, was treated to the near-panic concern of Prince Edward Island potato producers in the face of a cost recovery program with regard to government inspection fees. I suspect that it was more than the token once-a-month coverage that the CBC usually accords the eastern provinces, but, in any event, that concern is genuine.

That near-panic concern is not limited to the potato producers of Prince Edward Island, but is very much a matter of serious concern to those other excellent potato producers from down east, the New Brunswick potato growers.

This matter has been raised in the other place and has been the object of written concern to the government by industry spokesmen over the past number of months. I, myself, have been raising a red flag of concern with regard to the calamities afflicting the potato industry in eastern Canada for some time.

In view of all these facts, and others to which the government does not seem to accord much sensitivity, will the federal government and the federal Department of Agriculture now retreat from their announced intentions with regard to agricultural produce inspection fees? Those fees involve more than the potato growers alone.

Hon. Duff Roblin (Leader of the Government): My colleague, the Minister of Agriculture, dealt with this question in the other place yesterday and told the house that he will hold direct negotiations with the producers concerned and expects to reach a satisfactory settlement of the issue.

THE SENATE

RECEPTION FOR NEW SENATOR

The Hon. the Speaker: Honourable senators, good traditions should be kept alive, so it is my pleasure to invite all honour-

able senators and their spouses to my chambers after the Senate rises today to toast our new member of the Senate, Senator Doyle.

[*Translation*]

THE ESTIMATES, 1984-1985

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)

On the Order:

Consideration of the Fourth Report of the Standing Senate Committee on National Finance, presented in the Senate on 20th March, 1985.—(*Honourable Senator Leblanc (Saurel)*).

Hon. Fernand-E. Leblanc: Honourable senators, further to the Speaker's kind invitation, I will be brief because I certainly have no wish to detain honourable senators.

[*English*]

The Hon. the Speaker: That was my purpose!

[*Translation*]

Hon. Jacques Flynn: Surely the Speaker knew you were to rise.

Senator Leblanc (Saurel): I would like to outline the three major items examined by the Standing Senate Committee on National Finance concerning the Supplementary Estimates (C).

First, there is a $1 item granting Petro-Canada standing authority to borrow monies from the private sector.

Of course this has held our attention. As an explanation, we find in Schedule II, under the title Department of Energy, Mines and Resources, item 66c, where it is stated that pursuant to Section 110(b) of the Financial Administration Act, it is proposed that Petro-Canada be explicitly authorized to borrow monies from sources other than Her Majesty.

Apparently, the way to do that is to add in the Estimates a $1 item providing a standing authority that would not have to be renewed each time Petro-Canada wanted to borrow from the private sector.

The second item that was of concern to us is the one about which we have asked to know what was the cost of aircraft 600 and 601 which the Department of National Defence intended to buy from Canadair.

The witnesses could not specify the unit cost of those aircraft. At one point, the honourable senators were told that those $147.6 million appearing under National Defence in Supplementary Estimates (C) would cover the cost of those aircraft.

But at some other point, we were told that of the $147.6 million, $140 million only would be used for buying those planes. To compound the confusion, it was also stated that $140 million covered the cost of from eight to twelve planes. The committee is of the opinion that Parliament is entitled to know the cost of those planes before the government decides to purchase them.

[The Hon. the Speaker.]

We also discussed the extra $150 million granted to the de Havilland Corporation in the form of equity financing, or in other words, as "investment and equity".

The explanations we obtained are as follows. The committee has learned that the government intends to cancel the de Havilland's debt and prevent the corporation from incurring further debt. A parallel was drawn with Canadair, whose debt has been transferred to the new Canadair Financial Corporation Inc., so discharging Canadair Ltd. of all its debts as of April 1, 1984.

The difference between Canadair and de Havilland is that the former may no longer make borrowings without the approval of the Minister of Finance, while de Havilland, under an already granted authority, can go on borrowing up to $100 million with full government financial guarantee.

I could elaborate further, but I would not like unduly to detain honourable senators, so I thank them for their kind attention.

[*English*]

● (1500)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I appreciate very much Senator Leblanc's report of the Standing Senate Committee on National Finance. I note with interest that many of the concerns raised by the committee are much the same as those we have been raising for many years, to be conservative about it. The $1 votes which we have been decrying, and that were decried before I was appointed to this chamber, are still appearing with increasing regularity. In this set of supplementaries I noted that there were 39 $1 votes. It is a very convenient mechanism for the bureaucrats to move money around within departments, and I sometimes think they are walking a very fine line in terms of what Parliament has approved and what they would like to think Parliament has approved. But I have never been able to get that message across. Perhaps when studying estimates in the future we could pursue that further with the witnesses.

We have been told regarding Petro-Canada's authority to borrow on the outside that this is a situation which has existed for some time. They have obtained financing from sources other than government for some time. The question has been raised as to the legality of that practice. Apparently a $1 vote has been put in the estimates to cover that and, henceforth, it shall be considered as legal. I have been told that that point was checked with the legal advisers of the department and everything appears to be in order.

The other major point that really concerns honourable senators is another ongoing problem, namely, the perennial question of Canadair and de Havilland, particularly Canadair. The amounts of money that have been channelled into that company are awe-inspiring. It seems to be endless. There is a further figure of approximately $300 million in these estimates to reduce the debt and to start the company off again. The same is being done with de Havilland.

As Senator Leblanc mentioned, the purchase of the eight or twelve airplanes gave rise to some questioning. My understanding is that there are to be eight which are presently in stock in mothballs and have been built for some time which this government is buying from the company and there are four new ones to be built. That certainly does not help in trying to ascertain the price of the aircraft. They tell us that the inability to give the price arises from the possible configurations and the amount of equipment and the purpose for which each individual aircraft will be used. Nevertheless, there is approximately $147 million in the estimates for that purpose. We can have a more in-depth debate when the appropriation bill comes before us, which we hope will be next week, and at that time we can deal with the ongoing problems with which the previous government was and this government is now struggling.

Once again I want to thank Senator Leblanc and his committee for the report.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this order is considered as having been debated.

THE SENATE

MOTION TO AUTHORIZE COMMITTEES TO INVITE PROVINCIAL REPRESENTATIONS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Hicks:
>
> That whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the committee as to whether or not they wish to make written and/or verbal representations to the committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.—(*Honourable Senator Doody.*)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to thank honourable senators for finding a way to have this motion brought back before us. I was perhaps derelict in not paying more attention to the proceedings at the time. I did shout but apparently not loudly enough. To be perfectly frank and candid about it, the thought of Senator Godfrey not standing up to give an explanation on anything at any time that it was open to him to do so completely escaped me. It was beyond my comprehension.

Hon. Royce Frith (Deputy Leader of the Opposition): It hypnotized you.

Senator Doody: I am delighted to see Senator Godfrey apply himself to matters that might concern the provinces. I had always envisioned him, and obviously incorrectly, as a great centralist and federalist who really was not that concerned about the lesser colonies beyond the pale. I am pleased, indeed, to hear his concern, because I think that motion is an excellent one. Inviting the provinces to comment on federal legislation as it goes through the various stages is a good one. I emphasize the word "comment" because I do not think it should go beyond that. The provinces should be invited to give their opinions, and that fits pretty squarely with the original concept of the Senate as a chamber wherein the regions, and for "regions" I interpret the word to mean "provinces," should be favoured to express their views on various matters that come before us.

As I read the motion and while I agree with the principle of it, I am concerned about the operation of it. I gather that the individual committees are to be asked to decide which of the bills that they are examining should concern provinces. They will have to make the decision as to whether province a, b or c should be invited, and then some difficulties might arise. I know that some provinces are very sensitive about which matters do or do not concern them, and matters which might seem to be far removed from the interest of an Atlantic province, for example something that is happening in central Canada might, nevertheless, have a bearing on such a province. Some thought should be given to making sure that the Senate does not run up against a series of problems and, perhaps, hurting the tender feelings of some of our premiers.

• (1510)

I also have concerns about some of the terminology in this motion. I would refer specifically to the words "practicable" and "reasonable" which cover a good deal of ground and are open to interpretation. Once again, the individual committee will have to decide what is practicable and what is reasonable, which may cause some problems with the provinces or with the other place.

I also notice the word "shall" in this motion. Obviously, we "can" or "may", but the word "shall" seems to be too definitive.

I am not quite clear whether this is to be a guideline. If so, do we require a motion? Perhaps this is to be a standing rule or order and, if that is the case, that, in turn, may cause some difficulties.

I feel there are certain areas in this motion which should be explored. With great respect to Senator Godfrey, who is a master of composing motions, the thought has occurred to me that perhaps a group of people or a committee should examine this and, perhaps, they could polish it up a little. They may be able to remove some problem areas and place it squarely in the program of the Senate for use later on. I believe there may be merit in referring the motion to a committee. Since the Standing Senate Committee on Legal and Constitutional Affairs has a heavy agenda, perhaps it could be referred to the Standing Committee on Standing Rules and Orders.

This is not a matter that must be decided this afternoon. If some other senator wishes to adjourn the debate, perhaps we can reflect on this matter. However, if Senator Godfrey so wishes, perhaps it could be referred it to a committee today. I am certainly open to any suggestion that may be made. I

would prefer that this matter be given sober second thought before it is carried.

I would point out, however, that I have no problem with the principle of the motion. I commend it to my colleagues with the stipulation that it may be worthwhile having another look at the matter before we endorse it.

Hon. John B. Stewart: Honourable senators, I should like to say a word or two on this motion, but I do not wish to detain honourable senators on this auspicious day. Perhaps it would be convenient if I were to adjourn the debate.

On motion of Senator Stewart, debate adjourned.

UNEMPLOYMENT

METHOD OF COMBATTING

Hon. Philippe Deane Gigantès rose pursuant to notice of Tuesday, March 19, 1985:

> That he will call the attention of the Senate to one way of fighting unemployment.

He said: Honourable senators, by now you must have before you—or you should have before you in a moment—the text of what I am about to say. I am providing you with a text because it is chock-full of figures, and it is difficult to follow without one. I would request the permission of the Senate to have this published as an appendix because the printers have told me it is easier to do it in that fashion than to accommodate the numbers.

For my anglophone colleagues, I would be pleased if they would put on their earphones, should they want to listen, of course, because I intend to do a simultaneous translation in French since I do not have a French text.

Before proceeding, however, I should like to say a few words about being chased into this chamber by my old boss, Richard Doyle. I thought I had escaped his clutches many years ago, but, lo and behold, here he is. He used to edit me in the *Globe and Mail* and, undoubtedly, he will be editing me here too.

He has come here to cries of dismay from Ontario Tories and federal Liberals, but I only have the best memories of him, personally. I enjoyed working for him. He never put any restraints on my freedom of expression. Some of you may feel that this was wrong training to give a young reporter.

Hon. Senators: Hear, hear.

Senator Gigantès: I would point out, honourable senators, that I appreciated that. I am sure that I will enjoy working with him more than some of his colleagues on the same side of the house as he is when they realize how very independent and cantankerous he can be. But I like him.

● (1520)

[*Translation*]

I would now like to talk to you about a rapid cure for unemployment. I suggest you refer to the introduction on page one. When looking at the Canadian economy, we see there are one and a half million unemployed. Our production facilities are being utilized at only 74 per cent of capacity. We have a federal cash shortfall of $32 billion, and I am not talking about the deficit but about revenue that would otherwise be forthcoming. We have some $40 billion in tax loopholes. Interest rates are around 12 per cent, perhaps even higher, which means 8 or 9 per cent after inflation, a level unprecedented in our history.

It would be nice if we could increase the country's wealth and reduce unemployment, increase production and cut the deficit, all at the same time. It is quite possible.

All we have to do is look at the facts in the simplest possible way, our minds free of economic mythologies. But we must first understand the multiplier. It is the leverage in the economy. If you give me $1 for helping you unload your car, you have contributed $1 to my income, and thus to the gross national product. I might save some of this dollar. I shall pay part of it in taxes. Some will go for imports. The rest I shall spend to contribute towards the wages and profits of other Canadians.

They will go through the same process as I did in paragraph (a) which I just read to you. In so doing, they will also contribute towards the wages and profits of other Canadians.

It turns out that each dollar spent generates, in effect, within a year or so, two dollars in national income. But the opposite is true as well. Each dollar of cuts in spending reduces national income by two dollars.

Government revenues are a proportion of the Gross National Income or Gross National Product. When the GNP falls, Government revenues fall. When it rises, they rise.

Now for some figures. According to Statistics Canada, the average Canadian is married, the sole breadwinner and has two dependent children under 18. His average salary is $23,000. If we apply the multiplier, this gives us an increase that corresponds to a GNP of $46,000. According to the Department of National Revenue and Statistics Canada, federal revenue on this amount of $46,000 is 16 per cent or $7,360. Provincial revenue, and I am talking about the Province of Ontario, is $8,740. This gives governments a total revenue of $16,100 when a Canadian worker earns $23,000.

Let us suppose our average Canadian becomes unemployed. We pay him $13,269 in unemployment insurance benefits. The GNP generated by these payments is $26,538, which is the product of $13,269 multiplied by two. Federal revenue on GNP is $4,246, while provincial revenue is $5,042, giving total revenues for all levels of government—federal, provincial and municipal—of $9,288. Of course we have to substract from this amount the $13,269 paid by the Government.

On the next page, under No. 11, you will see that this leads to a shortfall of $3,981 for all governments. The Government must borrow money to finance this lack of revenue. Since all governments are running deficits, we must therefore add 11.25 per cent per year, or $448 in interest.

Therefore, when a Canadian becomes unemployed, the loss to all governments is $4,429. However, before, they had a positive inflow of $16,000, and now they have an outflow of $4,429, so there has been a change of $20,529. The resulting

increase in deficit for the three levels of government is $20,529, and the GNP, as you can see under (11), has fallen to $19,462.

And now for the figures under No. 16. These figures put the cutting of government spending into perspective. Cutting spending means cutting jobs. Each person who loses a $23,000 job and goes on unemployment costs all levels of government $20,529. If the one who loses his job is a $23,000 a year public servant who goes on unemployment insurance, the Government pays him $9,731 less, but government revenues go down by $6,812. I will explain how these figures are calculated in the text.

By firing a $23,000 a year public servant, the Government only saves $2,919. But the revenues of other Canadians go down by $19,462, because it means a shortfall for the GNP. This means that for each two people who lose their jobs, one more Canadian loses a job. It is a vicious downward spiral. This is explained in paragraph (c) in the introduction and paragraph (24) later on.

Thus, instead of cutting spending and therefore jobs, governments should use what we pay in U.I.C. benefits to subsidize the growth of employment. This has been tried successfully on a small scale. It will work on a large scale, and here are some examples.

An employer has been told to "hire this person and pay him $23,000 and we will pay $13,269 of that amount". As we saw earlier, in paragraphs (2) to (5), government revenue will be $16,100. From that amount we must, of course, subtract the $13,269 paid in U.I.C. benefits, which results in a total gain for the Government of $2,831. Compare this with the loss of $4,429 for the Government on the previous page in paragraph (13).

So we go from minus $4,429 to plus $2,831, so that if we use this method, government deficits are reduced by $7,259 for each person getting a new job, and the GNP or national income goes back up to $46,000. Let us therefore look at the projection of 400,000 jobs in this way. The combined deficits of governments will be reduced by $2.9 billion, or $400,000 multiplied by $7,259. As described in paragraph 24, a gross national product of $440 billion gives us 11 million jobs. This is a fact and not just a theory. It means that, for one job, we are using $46,000 out of the gross national product, and each of the 400,000 re-employed by this method would generate an additional $19,462 of gross national product.

As shown in paragraph 26, $9,731 of these $19,462 have accrued to these 400,000 people as additional income. This is why I distributed the text. Such a speech is quite boring, but it is sometimes necessary to look at the figures. The amount of $9,731 must not be added twice, but the second amount of $9,731 remains to create other jobs. By multiplying $9,731 by 400,000 and dividing the result by 40,000, we get a figure of 97,310 jobs created through this system. Moreover, these jobs have not been subsidized by the government through the Unemployment Insurance Program.

Those among the 97,310 people who were receiving unemployment insurance benefits represent deficit reductions since they are no longer collecting unemployment insurance or welfare benefits. For someone in Montreal who is married and has two children, this corresponds to $9,936. The figures vary according to the provinces, but not by very much.

These additional savings would reduce the deficit by at least $600 million and a maximum of $1.3 billion according to whether those reemployed are on UIC, which would be a maximum saving, or on welfare, which represents the minimum saving. The total minimum reduction in the deficit would therefore be $3.5 billion, as pointed out in paragraph 29. I am not proposing here a scheme which need be run by the Government. It could be run by the private sector. A similar scheme, called the employment tax credit, produced 50,906 jobs in 1979-80. There was very clever accounting on the part of businessmen when the scheme was tried out in 1979-80. For every 100 subsidies these fine people collected, they only produced 60 additional jobs. If the Government takes my advice and applies my system, it might cost more. However, with only 60 per cent effectiveness, and I can assure you that my figures were checked by many accountants and economists, we would reduce the deficit by at least $500 million.

• (1530)

We have learned a lot since 1979-80. Paragraph 32 explains how to prevent our fine businessmen from cheating such systems. The computerized tax system records what salaries are paid to which social security number. We therefore know who receives what and we can tell the employer that, if he has ten employees and one foreman and fires that foreman to replace him by another one, he will not receive the subsidy. However, if he hires a second foreman, he will get the subsidy.

Paragraph 33 points out that if we want maximum benefits for Canada, we should be selective in the application of the system I am proposing, and use it in the sectors of the economy which have a smaller need for imports; these are losses in the multiplier. Construction, provincial low cost housing, services, homes and attendants for chronic patients, day care, tourism and the artistic community, of which we met some members yesterday, are a few examples of sectors where the UIC funds could be invested to produce a maximum benefit for the Canadian economy.

Our exporters and high technology firms could also benefit from these innovations, as pointed out in paragraph 34; participating firms would only have to pay 42.3 per cent of any new employee's $23,000 salary. When he uses only 74 per cent of his equipment, what sane businessman would invest in even more equipment? He will invest only when there is demand, and there will be demand when the unemployed are re-employed.

Some might object that, technically, UIC benefits are not there to be used for subsidizing wages. That is a quibble. UIC contributions are, in effect, a form of tax revenue, and governments should use it constructively.

The scheme presented here demands some legislation and a high degree of co-operation among the federal government, the provinces, labour and management. What better field for such co-operation is there than action to increase wealth, decrease unemployment and decrease the deficit?

We already have a tax incentive system. I mention the amount of $40 billion, on the first page, paragraph IV. What is proposed here does not take resources away from the acquisition of modern equipment, as described in paragraph 38, and it does not involve more government spending—on the contrary, the deficit will be reduced.

It may be argued that this subsidization of additional employees will favour new firms over existing firms, but we have always had lots of schemes in our system to help new firms. It has always been done because launching a new business is very chancy. In this country, four out of five small businesses fold up in the first twelve months of operation. Besides, by expanding, existing firms can benefit from this system.

In paragraph 41, it is proposed that the scheme apply to any one firm for one year at the full rate of subsidy and for a second year at half the rate.

By beginning immediately, in three years there may be people who will get the subsidy at half the proposed rate.

Whatever the evolution of the economy during the next three years, a considerable number of permanent jobs will have been created. Even if some jobs are lost after the subsidies cease, people will have had work for two years.

We cannot turn our back on some such scheme when the number of families under the poverty line grew from 768,000 in 1981 to 968,000 in 1983, according to Statistics Canada; when the proportion of families headed by people 25 or under and below the poverty line, grew from 23 per cent in 1981 to 36 per cent in 1983; when the proportion of single young people below the poverty line grew from 38 per cent in 1981 to 50 per cent in 1983.

What is proposed here would not divert resources from making the economy more modern. What is proposed here would divert resources from paying people to suffer the debilitating effects of unemployment, while hampering their capacity to be full-fledged consumers. We would use these wasted human and monetary resources to create more wealth and more jobs in this country.

● (1540)

[*English*]

Hon. John M. Godfrey: Honourable senators, I should like to ask the honourable senator a question. When he commenced his speech, he asked for permission to append to the proceedings of the Senate statistical information which is enclosed in this document. From looking at it, there is a good deal of what I might call non-statistical information. It is really an abbreviation of some of the papers. Is it the honourable senator's intention that this whole document be printed as an appendix? I know that in the United States they do not even bother attending the Senate sittings because they just file speeches and they are printed. This seems to be going halfway in that direction. What was the honourable senator's intention?

Senator Gigantès: Honourable senators, I was informed by the technicians—perhaps I misunderstood them; I am not trying to blame them—that it would be easier for them to print such a text if they printed it as an appendix, when they are not constrained by the need to divide it into two columns. If there is another way of doing it, I have no objection to how it is printed.

Senator Godfrey: The honourable senator may have misunderstood me. I have no objection. It is useful to have these statistics in the appendix. That is a well-established practice. I am suggesting that a lot of what was included by the honourable senator in his speech is included in this document. Bearing in mind the previous practice, where we put in schedules, and so on, perhaps the honourable senator would edit this document, because there is no point in having it quoted in his speech and also as an appendix. Surely the statistics should appear as an appendix.

Senator Gigantès: I thank the honourable senator. I would like the non-numerical parts and the numerical parts to appear together for ease of reading.

Senator Godfrey: Does the honourable senator mean the first page, for instance?

Senator Gigantès: Yes. I would like the first page, the second page and all of the other pages to be together as a group, because if honourable senators read the text, they will see that I keep referring to preceding paragraphs. It will be easier to read if they are printed together. If the printers can print it all together in one part rather than in another part in the *Debates of the Senate,* it is immaterial to me. I suggest that they should do whatever is easier for them. They told me to ask permission to have it printed as an appendix.

There is another point. While I was translating, I was not translating with as much faithfulness as perhaps I should have done. With the permission of honourable senators, I would like the text in English, which is in front of them and which is pretty close to the translation I gave, to be the one that appears on the English side.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this is a rather new departure. Honourable senators can correct me if I am wrong. I followed the translation carefully through my earpiece, and it seems to me that what the honourable senator is asking is that after having had his speech recorded and made available for printing in *Debates of the Senate,* we should now append that speech, plus some figures that he had not read. I do not believe we are in a position to get into that. I can appreciate the importance of the subject matter and I congratulate the honourable gentleman on the amount of work and effort he has put into it. But our rules are clear on this, and I certainly would not want to start a precedent of attaching as an appendix to our *Debates* the text of a speech, no matter how much other information is available. If there are statistics that

may help in the explanation of his speech, then I would suggest that the honourable senator might separate those figures and have them appended to the *Debates of the Senate;* but I would be very reluctant to agree to establishing this precedent.

Senator Gigantès: Honourable senators, I am quite willing to abide by whatever the Senate wishes on this issue. I will make sure that each honourable senator receives a copy, unless they would care to take this one along with them.

Hon. Eymard G. Corbin: Honourable senators, it seems to me that we have been fortunate to listen to the comments voiced by Senator Gigantès and be able to follow at the same time and in logical sequence the points he was making, illustrated in numbers and columns in the written information he had circulated to us. My concern would be that, fortunate as we may be in the full appreciation of his comments, readers of Senate *Hansard* would not be so fortunate. I am guided by precedents in this matter, and I will not add or subtract from what has been said; but I am sure there are interested readers of *Hansard* who would very much want an opportunity to look at the documentation provided to us by the honourable senator, and perhaps they could be invited—and this is my advertisement to them, if they read *Hansard*—to call Senator Gigantès at his office and obtain from him a copy of the text we were able to follow in the course of his speech.

The Hon. the Speaker: Honourable senators, rule 5(h) says:

> "leave of the Senate" means leave granted without a dissenting voice;

Unless we have unanimous consent, I will have to deny the honourable senator's request.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, that leaves us with the fact that although leave was not granted, for reasons explained, everyone who spoke to the subject thought it would be a useful thing for Senator Gigantès to put the numerical part of his document in so that it could be read with his speech. So can we assume that the honourable senator would like that part to go in; and then, I imagine, he would have his leave.

Senator Gigantès: I am not sure that I quite follow you, senator.

Senator Frith: There is this document, which the honourable senator wants attached to *Debates of the Senate* as an appendix. Senator Godfrey has pointed out that it is not usual to have speaking notes, or what amounts to a speech, appear as an appendix. But if the honourable senator is referring to, and relying on, some other material, such as figures, then it is appropriate and, in fact, desirable to have that attached as an appendix. The Senate is prepared to give leave to have printed as an appendix the numerical part, the figures, which would be pages 2, 3 and 4. So, if the honourable senator is prepared to ask for that, it seems to me, having listened to the interventions made, that he will receive leave.

Senator Gigantès: Unless, of course, the printers find a way of printing the document, which is my speech, as reported by *Hansard,* in the main part of the record.

Senator Frith: The honourable senator misunderstands me. The problem that has been flagged by honourable senators is not a technical matter of printing; it is a matter of custom, of having the text of his speech, as such, appear in *Debates of the Senate* as an appendix. It is usual to have as an appendix any separate document, such as reports, exhibits, letters, and so on, that one wants to refer to but does not read into a speech verbatim. To apply the principle to the case of Senator Gigantès today, the numerical portions would appear as an appendix. That is what honourable senators thought Senator Gigantès was asking leave to do. It was not a matter of printing.

Senator Gigantès: I read all of the figures. They are part of my speech. Everything that you see in this document I read. So all we are talking about is a question of printing technique. If the Senate has certain rules, I am sure that the people who print *Hansard* know them and will follow them, and I shall go along with them. I do not want to waste the time of the Senate on this matter. Let us leave it to the technicians to do the right thing.

● (1550)

Senator Frith: That is not good enough. The technicians, to use the honourable senator's term, will do what the Senate asks them to do. In effect, the honourable senator must ask the Senate to tell the technicians what to append. He must ask for leave for this to be done. Had the honourable senator received leave, it would have been done.

Senator Gigantès: With leave of the Senate, I withdraw this request and ask that my speech be printed as I delivered it.

Senator Frith: But that is what you do not have leave for.

Senator Gigantès: I don't have leave?

Senator Godfrey: I have one other suggestion for Senator Gigantès. In view of the fact that he expected to have these tables included in the appendix, I suggest that he be given considerable leeway when he edits his blues to make sure they make sense.

Senator Doody: I do not think there is any question about that. There is no desire on anybody's part to do other than make sure that every last scintillating iota of information the honourable senator presented to us today will be included in *Hansard.* It will be printed as a matter of course. The technicians, as they have been referred to, will see to it that every gem will be preserved for posterity and I am sure that that will happen. Let us not go any further. The honourable senator simply wants all his words, all his wisdom, all his figures and all his wit incorporated for future generations of Canadians to

read and I think we can safely assure him that that will be done.

Senator Frith: Be careful, or we will have you as an appendix.

The Hon. the Speaker: If no other honourable senator wishes to speak, this order is considered as having been debated.

The Senate adjourned until Tuesday, March 26, 1985 at 2 p.m.

THE SENATE

Tuesday, March 26, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the calendar year 1984, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.—Sessional Paper No. 331-299.

APPROPRIATION BILL NO. 4, 1984-1985

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-34, for granting to her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f) bill placed on the Orders of the Day for second reading later this day.

[*English*]

APPROPRIATION BILL NO. 1, 1985-86

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-35, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-23, to amend the Small Businesses Loans Act.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

QUESTION PERIOD

[*English*]

THE ECONOMY

NATIONAL CONFERENCE

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government. Like many Canadians, I am sure that honourable senators watched with interest the conference held in Ottawa last weekend attended by some of the heavy hitters in both the corporate and union world. Can the Leader of the Government inform this chamber what proportion of those invited responded to the invitation to attend the conference? I would like to know the response, whether it was 100 per cent or 90 per cent. How many turned up?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not know the answer to that question. I will have to ask Mr. Stanley Hartt, the chairman of the organizing committee, to give me that information.

Senator Sinclair: Honourable senators, as a supplementary, was it necessary, in the light of restraint, to have the government pay the hotel bills of such outstanding Canadians as Mr. Rowland Frazee, Mr. Dennis McDermott, Mr. Jean de Grandpré and the like, to have them attend? If they did not pay the full bill, did they pay part?

Senator Roblin: Again, that information is not available to me. I can speculate, however, that the same terms and conditions necessarily had to be offered to all participants; but what they did with the offer is, of course, their own business.

Senator Sinclair: As a supplementary, in view of the answer of the Leader of the Government, is this a mark of the approach of the government to universality?

Senator Frith: Baby bonuses to bank presidents!

Senator Roblin: That is an interesting proposition. I can tell my honourable friend that there was a wide range of participants at the conference—that is, with respect to their economic circumstances. It is true that the gentlemen mentioned were there, but there were also representatives of the Union of Unemployed and the National Anti-Poverty Organization. I am referring to Mr. Patrick Johnston's organization. There were many others present of a like character. In attendance was a diverse group of approximately 135 people representing all aspects of Canadian life. So it is only to be expected that reasonable financial arrangements had to be made to permit some of them to attend. I am perfectly willing to admit that there were other people present for whom that benefit was not required.

GOVERNMENT OF CANADA

REMUNERATION OF SENIOR OFFICIALS AND OTHERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, while we are on the subject of the enrichment of the higher income classes by the government, may I draw to the attention of the Leader of the Government the rather handsome increase in salary that is now to be paid to the new High Commissioner in London? The salary range has been increased substantially. The new High Commissioner, Mr. McMurtry, will certainly be rewarded more handsomely than his predecessor, Mr. Jamieson. I am wondering whether, like the National Economic Conference, this additional amount was necessary in order to induce Mr. McMurtry to serve in London.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not believe that is a matter on which I can produce any definite information. I have to observe, however, that every member of this house received an increase of 3 per cent on January 1. So it is not surprising that there should be changes in the remuneration paid to other public servants.

Senator MacEachen: Honourable senators, I would not like to leave the impression that the increase was 3 per cent. The salary range was increased from an existing salary range of from $75,000 to $88,000, as the maximum, to a scale of from $89,000 to $105,000, as the maximum.

● (1410)

Senator Frith: Some chicken, some 3 per cent!

Senator MacEachen: I ask again: What is the justification for this increase and why the particular timing? It suggests that this additional pay may have been necessary in order to secure the services of Mr. McMurtry. I continue to ask whether the same consideration will be applied to the Canadian representative at the United Nations in New York, Mr. Stephen Lewis. Has his salary range been increased also?

Senator Roblin: Honourable senators, unfortunately, I do not know what Mr. Jamieson was receiving. I know what his salary range was. I do not know what salary Mr. McMurtry is receiving, although I know his salary range. If one is at the top of his range and the other at the bottom, which is a possible assumption, then the gap does not appear to be as large as might otherwise be indicated.

Senator Thériault: They will probably both be at the top.

Senator Roblin: That may be the voice of experience speaking. I cannot really offer a comment on it because I myself do not know. As for Mr. Stephen Lewis' remuneration, we can give the same information with respect to the range that he is paid at.

Senator MacEachen: Let me just conclude by asking the Leader of the Government whether he will tell us if a general upgrading of salary ranges has been made in the diplomatic service applicable to all posts, including London, Paris, Washington and New York. Can he tell us that when he is able to get the information?

Senator Roblin: Yes, I will ask my colleague what the information is.

Hon. Hazen Argue: I should like to ask a supplementary question of the Leader of the Government in the Senate. I might say that I have worked out the increases for both Mr. McMurtry and a gentleman by the name of Lawrence Hanigan, a defeated Conservative candidate—who did even better than Mr. McMurtry and who has gone to his reward as Chairman of VIA Rail. He has gone from an original range of $97,000 to $114,000 to a range of $114,000 up to $135,000. My question is this: How does the minister square this increase, for those who already receive so much, in the salary range by an amount of over 18 per cent, when labour in this country is often taking settlements of 3 per cent or less, much below the inflation rate? How does the minister square this increase of 18 per cent with the government's alleged policy of restraint and cutbacks?

Senator Roblin: It is not exactly unknown for defeated candidates to receive appointments. I can think of one at present, the chairman of Air Canada, who did rather well out of that system. With respect to the specific question on the 18 per cent, first of all I will find out if it is 18 per cent, and if that happens to be the spread between the remuneration of the two gentlemen I will see what I can find out by way of an answer.

Senator Argue: My calculation is that the change provides for an increase in the range of over 18 per cent.

I have a further supplementary question. Does this mean that the government is prepared, in its negotiations with the Canadian Union of Public Employees and other unions, in the future, to consider for them a range of increases that might go as high as 18 per cent, or is it one rule for the wealthy friends of the government and another rule for those who work for the people of Canada?

Senator Roblin: I think that any arrangements that are made with respect to the remuneration of public servants will be reached through the regular process of collective bargaining. That is the way it is done, and that is the way it will be

reached. I think it was unfortunate for my honourable friend to try to indicate that some one person received special treatment when there may be good and sufficient reasons for the pay he gets. After all, it is important to be able to attract good people to the Public Service; we are able to do that. I think the salaries in the Canadian Public Service at the higher levels are very good. I would be rather surprised if Mr. Hanigan's pay were out of line with what is otherwise being offered.

Senator Argue: The minister really did not answer my question. My question was: Is the government prepared to consider a range that goes up to 18 per cent for the Public Service generally, even just to consider it in the negotiations, or is it, in fact, a case of to him that hath shall be given, and to him that hath not even that which he hath will be taken away? In other words, I am concerned that the government will offer the public servants of this country a wage settlement in the upcoming negotiations that is less than the inflation rate.

Senator Roblin: I think it only fair to say that I very much doubt that the government will contemplate an 18 per cent increase for the Public Service generally, and I do not think that my honourable friend would approve of it if it did.

Hon. Ian Sinclair: Honourable senators, I have a supplementary question with respect to the remuneration of the High Commissioner in London. My question to the Leader of the Government in the Senate is: When this scale was taken into consideration and in fixing the point in the scale at which he will be placed, was some weight given to the relative values of the British pound and the Canadian dollar in light of the marked change that has taken place in those values in the past six months to a year?

Senator Roblin: I must confess that I do not know whether the foreign exchange problem is taken into account in these matters, but my friend has asked a serious question and I will endeavour to get an answer for him.

Senator Sinclair: As a further supplementary question, it also applies the other way in regard to Mr. Gotlieb's salary in Washington, so perhaps he could get both answers at the same time.

Senator Roblin: I would be surprised if I found that there was a connection between the rate of exchange and these salaries.

Hon. Lorna Marsden: Honourable senators, I should like to follow up on this question of increments in salaries and other financial arrangements and ask whether the government has considered the per diem rate offered to the members of the Canadian Advisory Council on the Status of Women which, I believe, stands among the lowest offered. I believe the remuneration is reported at $150 a day and I notice that the government has made some new appointments to the advisory council. I wonder if the Leader of the Government would consider bringing the per diem offered to people who serve on that important council into line with that offered to members of other boards of directors and advisory councils?

Senator Roblin: Honourable senators, I am not in a position to say that my honourable friend is right when she asserts that this is the lowest remuneration that is offered, or among the lowest. I shall ask the minister concerned whether there is any move at the present time to alter these per diem rates. I really do not think that there is.

BANKING

CANADIAN COMMERCIAL BANK—GOVERNMENT ASSISTANCE

Hon. L. Norbert Thériault: Honourable senators, I note that just prior to and during the weekend the Government of Canada became very generous, and I have a question for the Leader of the Government regarding the bail-out of the CCB. My question arises from some answers given by the Minister of State for Finance in the other place yesterday during Question Period when she said that one of the reasons that the bank was in trouble was because of bad loans made on the other side of the border, especially in the energy sector. One thinks back to a couple of years ago when the opposition in this chamber and in the other place were saying how the NEP was driving investment to the other side of the border because there they could make some money.

What percentage of the losses which caused the bank to be in such difficulty that the Canadian taxpayers had to bail them out to the tune of $60 million plus occurred on the other side of the border?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I suspect that before long a bill will come to this place to deal with the subject of the support being offered to the Canadian Commercial Bank, and I fully expect that at that time the bill will be referred to committee and then honourable senators will have an opportunity to investigate any aspect of this transaction that they think requires their attention. No doubt the Inspector General of Banks will be available to answer any questions of a like nature.

Senator Thériault: Is the Leader of the Government saying that there is going to be special legislation introduced? Was the bill introduced in the other place?

Senator Roblin: I think there will be special legislation within a few days.

UNEMPLOYMENT

CANADIAN PARTICIPATION IN STRATEGIC DEFENCE RESEARCH—GOVERNMENT POLICY

Hon. John B. Stewart: Honourable senators, on January 23, I asked the Leader of the Government in the Senate about the relationship between the problem of unemployment on the one hand, and defence policy on the other hand. At that time he said:

> We do not spend defence dollars because doing so has satisfactory economic consequences; we spend defence dollars for the defence of the nation.

Later on, he said:

I would assure my honourable friend that, if he is concerned that economic considerations will decide what defence policy is going to be, I think he is right in saying that that should not be the way it goes, and it is not the way it goes. Defence policy is established and then whatever economic advantages can be gained from that follow; not the other way around.

● (1420)

Honourable senators, I have been reading what transpired in the other place yesterday. I have also been reading a piece in the *Globe and Mail*. I hope honourable senators will not find it offensive for me to mention that paper in view of the article published on Saturday. However, in this piece in the *Globe and Mail,* a very responsible reporter reports that Brian Mulroney said, on Saturday, that the Canadian government would consider participation in the $26 billion space-based Strategic Defence Initiative research project if it might create jobs in Canada.

Could the Leader of the Government in the Senate tell us if there has been a change in government policy?

Hon. Duff Roblin (Leader of the Government): No, honourable senators, I think there has not. I stand by the statement I gave my honourable friend in January.

The Prime Minister's statement had naught to do with the subject we had under discussion, namely, the policy we are following with respect to the defence of the country and in connection with the reinforcement of our troops in Europe. I was talking at that time about defence policy being followed by the Government of Canada for the defence of the nation.

Whether or not to expect economic spin-offs from another program is something quite different.

Senator Stewart: Am I to understand, honourable senators, that the implication of the story carried in the *Globe and Mail* is erroneous and deceptive?

Senator Roblin: I do not usually comment on stories in newspapers; it is not part of my function to do so.

Senator Stewart: Honourable senators, either the Prime Minister said what he is reported to have said or he did not. On the face of the matter, he is in clear contradiction of the government policy as stated by the Leader of the Government in the Senate on January 23.

If one or the other is going to resign, I assume it will not be the Prime Minister.

Senator Roblin: My honourable friend may have the opinion that we are not on the same wavelength in respect to this matter, but I do not think he is correct.

THE SENATE

APPOINTMENT OF SENATOR DOYLE—PARTY AFFILIATION

Hon. Keith Davey: Honourable senators, I have a question for the Leader of the Government in the Senate. I would preface my question by saying how absolutely delighted I am with the arrival here of Senator Richard Doyle. The senator has been a great Canadian journalist whose presence here will enhance this chamber. It is an excellent appointment.

Hon. Senators: Hear, hear.

Senator Davey: However, if I am to believe the *Globe and Mail*—that gives one pause for thought—the senator only chose to sit as a Conservative because of the Liberal majority in the Senate.

I would like to know if Senator Doyle would, in fact, have sat as a Liberal had there been a majority of Tory senators. I should also like to know if the Leader of the Government consulted with his caucus before allowing Senator Doyle to become a member of that caucus.

Hon. Duff Roblin (Leader of the Government): My honourable friend is safe in asking those questions because he knows they are quite unparliamentary. Certainly, I cannot answer for Senator Doyle, and Senator Doyle is not subject to questioning of the sort my honourable friend would like to impose. If my honourable friend is willing to tell me what takes place in his caucus, I might consider telling him what takes place in mine.

Senator Davey: As a supplementary question, would the Leader of the Government agree with me that, in announcing he is a Tory, Senator Doyle is a little like Senator MacEachen announcing he is a Liberal, Senator Roblin announcing he is from Winnipeg, and the Pope announcing he is a Catholic?

Senator Roblin: My honourable friend must know Senator Doyle a good deal better than I do. I have always considered him to be a man of independent mind and sound judgment.

Some Hon. Senators: Hear, hear.

[*Translation*]

TRANSPORT

MIRABEL AIRPORT—GOVERNMENT POLICY

Hon. Pietro Rizzuto: Honourable senators, I have a question for the Leader of the Government in the Senate. The newspaper *La Presse* reported this morning a statement by the President of Air Canada in which he recommended that commercial flights be transferred from Mirabel to Dorval Airport. Would the Leader of the Government tell us whether that is government policy?

[*English*]

Hon. Duff Roblin (Leader of the Government): I am not aware that the President of Air Canada made the statement. He certainly was not expressing government policy at the present time. What may transpire in the future remains to be seen.

HEALTH AND WELFARE

SUGGESTED REVIEW OF SOCIAL ASSISTANCE PROGRAMS

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government in the Senate. I put my question to him in the context of a background item, as I will call it, in the *Globe and Mail* setting out that the Government

of Canada and the Government of Alberta are proposing a $225 million bailout for the Canadian Commercial Bank—a very large institution, an important institution, and one that is getting, I think, quick and favourable treatment from the government.

My question is in relation to an article in *Le Devoir* this morning which relates to a study of welfare payments in the province of Quebec, a study carried out by professional organizations. According to that study, young people between ages 18 and 30 in the province of Quebec are provided with welfare payments of only $156 a month. Adults above 30 years receive welfare payments totalling $432 a month.

Is the Leader of the Government aware that this story states that young people are in fact going hungry; that one particular person who was interviewed lived on ten pounds of potatoes for a seven-day period; that because of the dire circumstances brought about by such a low income, many young people have been turning to thievery and prostitution and the taking of drugs?

My question is this: Will the Government of Canada embark on an immediate and thorough review of welfare programs in Canada? I have referred to the situation in the province of Quebec only because the study in question is the subject of an article in this morning's press. The story in Saskatchewan is not much better.

Senator Barootes: A lot better.

Senator Argue: A single person in the province of Saskatchewan receives $125 a month, and that is to cover everything but lodging. That is not a very good system. Will there be a general and complete review of social welfare payments across this country, with a view to bringing the standard of living for recipients of such payments into line with what we consider acceptable Canadian living standards? I ask this question because the federal government accepts responsibility for paying 50 per cent of the cost of such programs.

Hon. Duff Roblin (Leader of the Government): No one can help but be sympathetic to the plight of the unemployed in this country. That is why the subject of job creation is one of the foremost items on the agenda of the government. I should like to point out to my friend, however, that the matter of welfare payments is something that comes under the provincial sphere of responsibility under our Constitution. The Canada Assistance Act is the means by which the federal government contributes. The federal government does not set the standards. The provinces set the standards and the federal government agrees to pay 50 per cent of whatever those standards are. So it seems to me that this is a question which does not come within the jurisdiction of this level of government.

● (1430)

Senator Guay: That's right.

Senator Argue: I am very disappointed in this answer. The federal government pays large sums of money and, obviously, it accepts a responsibility in this field. When it comes to bailing out a bank to the tune of $240 million, the sections of the Constitution which put the responsibility on one level of government do not preclude swift, yes, lightning action by both levels of government, federal and provincial, to bail it out. Why can the federal government not call a conference forthwith—

Senator Stewart: Not another one.

Senator Argue: —to advocate, propose and set out levels of welfare payments which, in the opinion of the government, would be of an acceptable standard? Let us raise our sights and let us give these young Canadians a chance.

Senator Roblin: I would be more impressed if I had heard my honourable friend pose the same argument one year ago.

Senator Argue: I have made it often.

Senator Roblin: Not in my hearing, and I hope the honourable member made it in cabinet while he was a member of the government.

Senator Argue: I did.

Senator Roblin: Good for the honourable senator. I am glad he did.

I would like to address this question of the bail-out of the bank. If it was only to bail out the bank, I think the policy of the government might be open to some question. However, it is more than that. It was done in consideration of the fact that this bank, a commercial bank operating in the wholesale sector, does almost all its business with the small business infrastructure in western Canada. If the bank were to be judged bankrupt or out of business, someone would come in, take it over and start to call those loans. So the bail-out was necessary in order to underwrite the financial position of many small businesses in western Canada, to make sure that that eventuality did not occur. That is the basic reason why the government is moving on this.

I would be wrong if I did not say that it is also necessary to maintain confidence in the Canadian banking system. That is why, not only the federal government but two provinces—Alberta and British Columbia—the Canada Deposit Insurance Corporation and six banks have agreed to share this responsibility to keep this bank afloat in the way they have. If my honourable friend wants to go into the matter further, there will be ample opportunity when the matter comes before committee.

Senator Argue: I want to correct the suggestion of the Leader of the Government that when there was a Liberal government and I was a Liberal senator I did not put forward exactly the same kind of considerations in this chamber as I just did. I once had a friend in a home for the blind in Saskatchewan who received a so-called comfort allowance of $22 per month for clothes, drugs and spending money. Every time the Government of Canada increased the pension or increased the payments that would go to people in those circumstances, the provincial government of the day, an NDP government, moved in and took up the difference. I fought that, and I can say that my record is clear. I make the same kind of proposals in the Senate and I make the same kind of

speeches no matter which party is in government, because I think these people need spokesmen and help.

I think the Senate, as exemplified by the leadership of Senator Croll over the years, is a friend of the low-income people of this country. I want to make it perfectly clear that I was not saying that the Government of Canada should not have been a part of the bail-out proceedings for the Canadian Commercial Bank. What bothers me is that the government can say that the depositors need this protection—and they do and it would be difficult for them if they were to lose their money—considering how few welfare people have deposits with banks and considering that there seems to be one law for those who are better off and another law for those who are not so well off.

My question is: Will the minister do in cabinet as I have done in the past and put forward the proposition that action should be taken to increase the welfare payments in this country from the inadequate levels they are now at?

Senator Roblin: Honourable senators, I want to correct the impression that my honourable friend seems to have, that my reference was to the depositors of this bank. My reference was to the people who received loans from this bank and were liable to pay them back on demand. The shareholders will lose, according to present calculations, about three quarters of the value of their shares, because part of this arrangement is a dilution of the share-holdings in the company, for which they will all have to pay. Unfortunately, a number of those shareholders are pension plans and arrangements of that sort. Undoubtedly, it will hurt as far as they are concerned.

UNEMPLOYMENT INSURANCE

PETITION AGAINST CALCULATION OF SEVERANCE PAY AS INCOME

Hon. Joyce Fairbairn: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. In some ways it is related to the questions asked by Senators Argue, MacEachen and Sinclair. At the Economic Conference on the weekend a consensus was reached, as I understood it, by approximately 87 of the 136 participants, who presented the Prime Minister with a petition asking that he rescind the April 1 deadline, that is the date on which severance pay will be considered as income when determining the eligibility of the unemployed for unemployment insurance. My question is: Has the Prime Minister responded to this petition and, if so, has he agreed to rescind that deadline?

Hon. Duff Roblin (Leader of the Government): Honourable senators, this same topic was raised in the other place yesterday, and the answer given by the minister was that government policy would not be changed.

Senator Fairbairn: I understand that Miss MacDonald answered that question in the other place yesterday. Perhaps I was seeking to go to a higher authority often quoted by the Leader of the Government in the Senate, the Prime Minister, who has spoken a great deal about the combination of sacrifice and fairness which he is offering Canadians. My question is: Will the people who are represented by Victor Schwartzman of the Winnipeg Centre for the Unemployed and the others who signed the petition receive the fair consideration that those in the diplomatic corps received when they had their salary levels increased?

Senator Roblin: The question of fairness in the conduct of government administration is always a very difficult one. I am frank when I acknowledge that we will never achieve fairness in the eyes of all the beholders. We can only do the best we can, and it may be perfectly true that from time to time anomalies will be noticed that do not meet with universal approval. All I can say is that the main thrust of our endeavours at this time is to try to get the economy moving to the extent that some of these people whose interests concern my honourable friend have an opportunity to work. In the course of doing so, there will be strains; there will be hauling and pulling on the economy and various sectors of the economy. We in Canada shall have to do our best to adjust to them.

Senator Frith: So the answer is, "No, they won't."

THE SENATE

OFFICIAL REPORT—PRINTING OF APPENDICES

Hon. Philippe Deane Gigantès: Honourable senators, to go from the sublime to the ridiculous, I would like to ask a question of the Chairman of the Standing Committee on Standing Rules and Orders, and I am sure that senators who chipped in last week will chip in again. They were very helpful. I had produced an economic text which I had typed in a way which would make it intelligible to senators who had it before them. Honourable senators may disagree with everything I say in that text, but it was so presented that it was intelligible and they could find out what it was that they disagreed with. It was then printed in *Hansard* according to the rules, and, I submit, it is now unintelligible. I am not talking of the substance of the speech but of its presentation. I assume that the Senate has adopted new techniques of presentation and of writing in the past. I see microphones that, I am sure, were not here earlier and inkwells in which there is no longer any ink.

I am asking the chairman of the committee whether his group would kindly consider some possible changes in the rules so that an economic text can be set out in *Hansard* in a way that is intelligible. As an editorial writer I am used to being read by only two people, my boss and my wife, and I have always assumed that that is what happens to *Hansard*. However, there may be someone who might want to read it later, and from the way it is presented in the record, such a person would not know what was said, never mind whether it was wise or silly.

• (1440)

Hon. Gildas L. Molgat: Honourable senators, this question is asked of me in my capacity as chairman of the Rules Committee. I wish to thank the honourable senator for having advised me of the question beforehand. It gave me an opportu-

nity to reread the proceedings of last Thursday. I was present in the chamber at that time and followed the discussion. The difficulty, of course, is that if the Senate were to accept for printing holus-bolus the printed speeches, as they are prepared by honourable senators, then we might be establishing a dangerous precedent. In the past we have always made it a practice to accept for printing as an appendix tables and statistics. However, we can certainly take another look at this question in committee, if my colleagues on the committee are prepared to undertake that study. It may well be worth doing and we can bring back to the Senate a recommendation.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, perhaps I could add a brief footnote on a point of order. We should remember that questions to chairmen of committees in Question Period should be confined to matters dealing with the work of their committees.

Hon. John M. Godfrey: Honourable senators, may I point out that the Rules Committee is the only committee that has the right to initiate its own inquiries. Therefore I would say that the question was a perfectly proper one.

Senator Frith: One can certainly ask a question as to whether the committee had recently used its power to initiate an inquiry on that subject.

Senator Argue: We are flexible.

THE ECONOMY

NATIONAL CONFERENCE

Hon. Ian Sinclair: Honourable senators, Senator Argue suggested calling another conference. After what we went through last weekend, I would implore the Leader of the Government to impress upon his colleagues the fact that to arrive at any consensus, it has to be done in private and the jury has to be fewer than 136 people.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I cannot let that observation go unnoticed. I cannot undertake to make any such recommendation, because I believe it is important that discussions of this sort have an element of public interest. That is part of what we are trying to do. Consultation in private may be no consultation at all, insofar as the public is concerned. I believe the public has a right to know, and it is good for the process in a democracy that they should be informed as to the issues that divide us as well as those that unite us. So I do not find anything wrong with a public meeting of that kind.

Senator Sinclair: As a supplementary, if that is the purpose of a conference, then the objectives should be different from those stated for the last conference, which was to arrive at a consensus, and, secondly, to have an open debate. I suggest that once we put people of established views before a microphone, they will parrot those views. And that is what happened for hour after hour.

Senator Roblin: I must also offer an observation on my honourable friend's statement. He did not ask a question, but he did imply one. It seems to me that what he said about the performance of people before the microphone is correct. That is what happens. People come there representing their constituency and they feel obliged, in order to discharge their representative capacity, to say what their constituency feels about things. But the matter does not end there. What happens in the action and study groups that meet after that, and in the general exchange of ideas that goes on after the statement of original positions, is that people begin to understand something of what the other fellow is talking about. Perhaps they do not come to an agreed view of the matter to start with, but at least they have broken the ice. We have to expect people, when they attend such a conference, to address their own constituency, but I believe we are entitled to expect, and it happens, that they go beyond that and try to mitigate or reconcile some of the differing views that they hold.

Senator Sinclair: Honourable senators, of course, it is well to understand another's point of view. I agree with the Leader of the Government in that respect. But I thought the purpose of the National Economic Conference, as it was stated in its objectives, was to bring about an open debate and a consensus. What was the consensus? I watched the proceedings, as did many Canadians, and I would like to know whether the Leader of the Government can tell us what the consensus was that arose out of the conference. Was it a consensus to disagree?

Senator Roblin: If that were all that we got out of it, that would not be a bad thing, because it is important that people in this country understand what are the differing views. Mr. Rowland Frazee, the honourable senator's friend, who is Chairman of the Royal Bank, expressed his satisfaction at having had an opportunity, the first for some time, to listen to people besides other bank directors and people with whom he normally associated. He found something good in that process. That is not to say that Mr. Frazee, and Mr. Dennis McDermott, the President of the Canadian Labour Congress, will find a consensus in a meeting like that; but the fact that the two of them were there, talking together and ventilating their notions on how the country should be run, is no bad thing and I do not apologize for it.

Senator Sinclair: Honourable senators, as the Leader of the Government indicates, I know Mr. Frazee rather well. I must say that I am absolutely astounded, if he is reported correctly, that the only views he ever receives are different from those that he received at the conference. After all, Mr. Frazee comes from the maritimes. He is a graduate of Dalhousie. He has been around. If we have to have a conference to educate the Chairman of the Royal Bank of Canada, then I say we should not have it.

Senator Roblin: Honourable senators, my honourable friend had better convey his views to Mr. Frazee. I merely report in this chamber what he said. I am not going to get into an argument with Mr. Frazee, because I know him too well. He spent some years as a banker in Winnipeg, and he is a man of good repute in that area of Canada.

The Hon. the Speaker: Honourable senators, this is Question Period, and debates concerning personalities are a little out of order at this stage. May we please proceed with the Question Period?

Hon. Robert Muir: Honourable senators, I have a question for the Leader of the Government. In light of the excellent conference that was held over the weekend, and in view of the questions that have been posed to the Leader of the Government by those who seem to dislike, for instance, that very intelligent sister, a member of an order from Newfoundland, the representatives of the unemployed, of the anti-poverty association, the teachers' union and a number of others who certainly could not afford to attend such a conference, I feel that such persons should be looked after. If someone belongs to an old boys' club and feels that he wants to stick a needle into someone who is probably a member of that old boys' club, then that is up to him if he wants to do that; but, frankly, I do not believe that being president of a bank, or of the CPR or CNR, means that they have all the brains in the world. Many union people and representatives of the workers who attended that conference also have a good deal of brains. The Leader of the Government should give the question concerning payment of expenses the consideration it merits. If an honourable senator who is a member of an old boys' club wants to help Rowland Frazee with his expenses, that's fine, but the Leader of the Government should please give the question of expenses full consideration.

Senator Roblin: I thank my honourable friend for restoring some balance to this discussion.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, on the subject of the National Economic Conference, which I believe is of great importance to Canadians, I have a question for the Leader of the Government. In order to give it some point, I wish to refer to a survey made recently in Ottawa of, I believe, 65 private firms, each having more than 300 employees. The survey demonstrated that there would be little, if any, change in the number of hirings which those firms will have made by the end of 1985. That situation is described as being very bleak; and if a situation is very bleak in Ottawa, one can imagine how bleak it is in Newfoundland, Cape Breton and other parts of the country, which historically have not enjoyed the rather buoyant economy of the Ottawa area.

I would ask the Leader of the Government whether he perceived in the discussions, the development of any economic strategy around which there was some convergence that would change that particular prediction which, it is stated, will continue throughout 1985?

● (1450)

Senator Roblin: I think my honourable friend was referring to a survey made of firms that employ more than 300 people; I think that is the one he is referring to. He nods to indicate that that is the case. I have to tell him that it is not only firms of that size but firms of much larger size that are having some problems in maintaining employment. In fact, the large business sector of this country has been shedding workers for the past little while, not employing more. That is a sweeping statement and it is subject to modification, because some firms operate differently from others, but that whole category of large business has not been the source of jobs. The source of jobs has been the small business. I am referring to businesses which employ maybe 10 or 20 people, very small business. It is that kind of small business structure in our country that has provided all the new jobs in the last four or five years. Perhaps I had better modify my statement. It may not be all, but by far the largest proportion of the new jobs developed in Canada in the last few years have come from the small business sector. That is the sector that was very importantly represented at this conference the other day, and they had some very concrete and precise ideas as to what could be done in order to help them with their task of job creation, and I am sure that will be part of the considerations that the Minister of Finance will have in his mind when he comes to write the budget.

Senator MacEachen: I take it from the reply of the Leader of the Government that there is nothing emerging from the conference that would assist firms with 300 or more employees, that whatever pertinent suggestions were made would apply exclusively to firms with fewer than 300 employees.

I want to follow up my question by asking the Leader of the Government about the twin objectives of deficit reduction and job creation. The Prime Minister expressed the view that he believed equally firmly in each of these objectives, namely, deficit reduction and job creation. We know that the conference split down the middle on that point, that many of the representatives to whom Senator Muir so eloquently referred stated that job creation should take the priority and deficit reduction should take a secondary role. The Minister of Finance opened the conference by saying that deficit reduction should have the priority. I want to know whether, in the opinion of the Leader of the Government who attended the conference faithfully I am sure, there is any strategy emerging from the conference that in the short term could reconcile these twin objectives of deficit reduction and job creation.

Senator Roblin: I think my honourable friend is not entitled to his first assumption, that nothing in this conference will affect the prospects of firms that employ more than 300 people. I think that is quite wrong. I think that some of the suggestions made with respect to taxation and other matters will affect those firms as well, so I think we should not be carrying a contrary impression away with us.

With respect to the two priorities of deficit reduction and employment creation, I share the Prime Minister's view that they are both equally important. The question is, of course, how you balance the two goals in the most effective manner. Some people maintained at the conference that the way to do it was through an increase in government spending, which of course means an increase in the deficit, on the grounds that that would employ more people. I must confess that that has not been our experience in recent years. We have increased the deficit regularly over the last six or seven years and we have

seen the unemployment rolls continue to mount, so there must be other factors in the mix besides that one. Therefore, I do not think one can say that the deficit situation is a priority in the sense that by increasing that deficit we could guarantee that there will be more jobs in the country. That is a questionable proposition in view of our experience. On the other hand, you cannot sit around quietly and watch 1.4 million people look for jobs unsuccessfully in the country. We have to address that problem as well. That is the task of the budget, and when the budget is produced my honourable friend will have an opportunity to judge whether the efforts of the government to deal with those two important priorities in our national economic structure meet with his approval.

Senator MacEachen: The Leader of the Government has talked about the perils of increasing the deficit. I was asking about the policy of deficit reduction combined with a policy of job creation. I am not asking about the budget. I am asking whether at the conference, in his opinion, any strategy emerged that in the short term would reconcile these two objectives. In his opinion, was there a strategy, or does it now remain for the government to develop a strategy? It is a fact that the conference split down the middle on this question.

Senator Roblin: I do not intend to offer my opinion to my honourable friend, because he knows that as a member of the cabinet it is not appropriate for me to do so.

Senator Frith: But you are reporting to us on the conference. That is all he is asking.

Senator Roblin: I am reporting on the conference and I will be glad to deal with that matter in an appropriate way. What I am saying to my honourable friend is that the government has listened to this debate in the conference and now has the responsibility to decide what to do. The way in which that decision is expressed to the people is in the budget. That's when he will hear what the government's opinion is and what my opinion is.

Senator MacEachen: Is the Leader of the Government saying that, having listened, there is some prospect now that the Minister of Finance will depart from the objective which he declared in his opening statement?

Senator Roblin: I think the Minister of Finance knows his own mind, and my honourable friend will find that exemplified in the budget.

Senator MacEachen: Honourable senators, may I ask one more question to see if I can get the Leader of the Government to step out from behind the curtain and say something? Does he believe that in the fragile Canadian economy, in the precarious situation we face at the present time, it is possible to reduce the deficit? Is that the government's view, that it is possible to reduce the deficit and create jobs at the same time?

Senator Roblin: We are going to make our best effort to meet the question of how best to handle the deficit, whether it is to reduce it, whether it is to try to prevent it from growing, or whether it is to keep it in step with the changes in the economy. Whichever of the various solutions that are under consideration will be adopted, that will be made clear to my honourable friend when the budget is brought down. At the same time, the effect of those measures with respect to unemployment will be discussed as well.

Senator MacEachen: Honourable senators, I have just one more question on this today. I did not want to avoid asking questions, I wanted to ask them about the conference. However, in his most recent reply the Leader of the Government seemed to be somewhat soft on whether government policy was to hold the deficit where it is, to reduce it or to increase it. Am I to understand now he has receded a bit from the stern statement he made earlier, that the government was still fastened, as stated by the Minister of Finance, on deficit reduction regardless?

Senator Roblin: My honourable friend knows perfectly well that he is not going to get me to make a budget statement here in this house at this time, and he might as well stop trying.

Senator Frith: He is trying to get an answer to a question, that is all.

Senator Roblin: Not on that question during Question Period.

NATIONAL REVENUE

TAX EVASION AND AVOIDANCE

Hon. John B. Stewart: Honourable senators, now that we are talking about deficit reduction, may I mention that I read that the press secretary to the Minister of National Revenue said yesterday that a study of income tax evasion, by two University of Alberta professors, estimated that Ottawa is losing $8.6 billion a year in unreported income tax. I also read that a report for the federal Solicitor General on white-collar crime showed that an estimated $2.7 billion in unpaid taxes could have been recovered in the 1978 taxation year if everybody had been audited.

My question to the Leader of the Government in the Senate is this. Can we conclude that the Minister of Finance, when he brings in his budget about two months from now, will not make any changes in the income tax structure that will distort the presuppositions on which Canadians carry on their businesses until a serious effort has been made to collect this money which, under the present law, is due to be paid, money which, as the figures cited reveal, would go a long way towards helping to balance the annual budget?

Hon. Duff Roblin (Leader of the Government): If my honourable friend had taken the trouble to read the whole of the statement he would undoubtedly have told the chamber that similar figures were developed by the various people concerned for prior years. In other words, this is no sudden discovery that there is an underground economy in this country in which people avoid paying tax. That is nothing new. It is a question of quantifying it each year. The amounts that have been calculated as being tax-avoided for the previous years are very substantial. They are even more substantial now because of inflation and the fact that the economy is growing. These

are ongoing problems, and I can tell my honourable friend that the government will give the best consideration it can to the question of what measures that can help reduce the amount of tax avoidance can be introduced. Incidentally, if my honourable friend has any suggestions that he would like us to consider with respect to this matter, we would be glad to hear from him.

● (1500)

Senator Stewart: Honourable senators, if the Leader of the Government in the Senate had been listening carefully, he would have noted that the figure I quoted was the 1978 taxation year and I emphasized that so that there would be no suggestion that this was a new phenomenon. I was trying to be as fair as the report that I have before me. I think it is offensive for the Leader of the Government in the Senate to suggest that I was trying to be unfair.

I go back to my question: Will the government try to do better than its predecessor, considering that its predecessor was not very successful in this respect and, consequently, have a beneficial effect upon the deficit? Can we have that assurance? Will the possibility that the government can do better than its predecessor be taken into account when the Minister of Finance is developing his budget policies?

Senator Roblin: I can give my honourable friend an unequivocal assurance that the government will do its utmost to do better than its predecessor, and I can hazard a guess that they will probably be successful.

SPORT

TORONTO—PROPOSED DOMED STADIUM—GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on January 23, 1985 by the Honourable Stanley Haidasz, regarding government assistance for the proposed domed stadium in Toronto.

(*The answer follows:*)

Canadian National owns about 80 acres in downtown Toronto which it has been attempting to develop over the past ten years. When fully developed the value of the properties will be increased many times over and the sooner these lands are commercially utilized, the sooner these returns will accrue to CN.

When the Province of Ontario selected a site within this property for its proposed stadium, CN recognized that such a project would act as a catalyst to accelerate the real estate development of the remaining 75 acres. From this purely business viewpoint, CN had a financial incentive to support the stadium project.

The Stadium will cost $150.0 million of which $130.0 million will be paid by the Stadium Corporation. CN undertook to raise the $20.0 million balance, a normal role for any developer of a project of this size. In return, CN will have a large parcel of serviced land suitable for the construction of three million square feet of buildings in a vital part of downtown Toronto. This $20.0 million investment will show a handsome return to CN.

In addition, CN has purchased $10.0 million equity in the Stadium Corporation (as part of the private sector consortium of 13 major Canadian corporations which in total will invest $70.0 million). Given the various benefits that share ownership provides, this investment represents excellent value; and CN foresees the opportunity of selling some or all of this equity at a premium in the medium term.

The Federal Government has made no commitment of funds to this project. The investment by CN is justified on the commercial returns it will earn for CN and represents no cross-subsidization of any kind.

INDUSTRY

ESTABLISHMENT OF AMERICAN PLANT IN CORNWALL, ONTARIO

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on February 14, 1985 by the Honourable Peter Bosa, regarding the establishment of an American plant in Cornwall, Ontario.

(*The answer follows:*)

Kohler Ltd., a U.S. company recently incorporated in Canada, has accepted an offer of a $4,145,600 contribution to open a plant in Cornwall, Ontario to manufacture bathtubs, spas, and whirlpools. The assistance was granted under the Business and Industrial Development Program of the Canadian Industrial Renewal Board.

The company will invest $11,720,000 to implement the project which is expected to create 183 jobs and is scheduled to begin in the spring of 1985. The new Kohler plant in Cornwall will produce, using new technology, a line of bathtubs, whirlpools, spas and related products for sale in Canada and the U.S. Counter tops as mentioned in the question are not part of the product line as presented to officials. Kohler Co. is a leading manufacturer of plumbing equipment in the United States and the Cornwall project, representing the company's first investment in Canada, will permit the company to supply the Canadian market from a Canadian plant rather than from the U.S.

A careful analysis of the project was undertaken by officials prior to the offer of assistance, and it was determined that the Kohler project would not have an unduly detrimental effect on existing Canadian manufacturers.

UNITED NATIONS

GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have an answer to a question raised in the Senate

on February 26, 1985 by the Honourable Jerahmiel S. Grafstein with respect to government policy at the United Nations.

(*The answer follows:*)

The Secretary of State for External Affairs wrote the Director General of UNESCO, Mr. Amadou M'Bow, on October 1, 1984, and stated that Canada would keep its participation in UNESCO under continuing review. In that letter, a clear statement was made of the intention of the Canadian Government to keep its position open with respect to participation and that our ultimate attitude would be determined by the extent to which the organization is able to bring to a successful conclusion the reform movement currently underway.

Canada will continue to assess the progress of reform to measure the merits of Canada's continued participation.

INDUSTRY

VIA RAIL MAINTENANCE CENTRE LOCATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on February 19, 1985 by the Honourable Joseph-Philippe Guay regarding industry and VIA rail maintenance centre location.

(*The answer follows:*)

It is not proposed that Winnipeg be dropped as a maintenance centre. What has been proposed is that the scheduled new building in Winnipeg for that purpose be delayed in an attempt to conserve capital and to divert funds to the acquisition of much needed new equipment.

Indeed, with restoration of the "Supercontinental", some 35 additional man years of work will be available in Winnipeg.

We anticipate that in rescheduling of the capital projects that a new maintenance centre may be initiated in the future.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—SECOND READING

Leave having been given to proceed to Order No. 3:

Hon. R. James Balfour moved the second reading of Bill C-23, to amend the Small Businesses Loans Act.

He said: Honourable senators, the Small Businesses Loans Act is a federal government loan guarantee program designed to assist new and existing small businesses in obtaining term financing for a variety of capital purposes. Under the program, borrowers obtain loans guaranteed by the government from private sector lending institutions at an interest rate of 1 per cent over the prime lending rates of the chartered banks. In addition to the chartered banks, approximately 500 private lenders, such as credit unions and trust companies, participate in SBLA lending, ensuring widespread delivery of a program which is truly national in its coverage. The efficient private sector delivery of the program is one of its most attractive features, because the degree of government involvement in both financial markets and program administration is minimized. Indeed, the simplicity of delivery and lack of red tape associated with the program have contributed greatly to its popularity with lenders and borrowers alike.

Since its enactment in 1961, over 170,000 loans totalling nearly $4 billion have been authorized under the act. In 1984 alone the existence of the program encouraged lenders to extend about $900 million in SBLA loans to nearly 30,000 small businesses. Many of the loans were made to businesses in the services and retail trade sectors, with businesses also represented from wholesale trade, construction, transportation and communications.

Bill C-23 was introduced in the House of Commons on January 23, 1985 with the hope that the legislation would be passed quickly to avoid any major disruption in this popular and useful program. This urgency remains as the current act expires March 31, 1985. It has now been more than a month since the lending ceiling under the current act was reached and no new loans have been guaranteed during this time. Lenders have continued to make loans under the terms of the program and these applications are now being held for processing. Therefore, it is important that this legislation be approved quickly to ensure borrowing under the act continues and that applications submitted since January 21 can be registered.

Since its introduction in the house, Bill C-23 has passed through the normal stages of house debate at second reading, referral to and in-depth study by the Standing Committee on Regional Development, reporting and approval at third reading and now consideration by the Senate. Most of the changes to the act proposed in the bill have been accepted at all stages in their initial form. They are: Increasing the current lending ceiling by $300 million from $1.5 billion to $1.8 billion to ensure lending continues under current terms to March 31, 1985; providing for a new five-year lending period commencing April 1, 1985, and expiring on March 31, 1990 to create a more stable planning environment for both borrowers and lenders; setting the lending ceiling for the upcoming period at $1 billion with future adjustments to this level to be made annually by an appropriation act; increasing the limit for eligibility under the program to firms with gross annual sales not exceeding $2 million from the current limit of $1.5 million; assuring that in the case where two or more businesses with SBLA loans amalgamate and the combined total of SBLA loans exceed $100,000, in the event of a default the minister will not reject the claim on the basis that the SBLA loan total exceeds the $100,000 limit.

In addition, cost-sharing measures were proposed initially to include a government-lender loss-sharing ratio of 90 to 10 rather than the current situation where the government absorbs 100 per cent of loan losses, and a one-time fee of 1 per cent of the amount of the SBLA loans to be paid by the lender at the time of loan registration.

Opinion differed concerning these cost-sharing measures, in particular the introduction of a 1 per cent up-front fee payable by the lenders on the amount of the loan. Representations by small business and financial organizations before the standing committee, and by small business people during country-wide consultations by the Minister of State for Small Business indicated that if the lenders absorbed the 1 per cent fee, lending under the SBLA program would be reduced significantly.

In response to these views, the minister introduced the following amendments which were subsequently approved by the House of Commons at third reading. These amendments are: First, the 1 per cent up-front fee payable by the lenders remains but the bill has been amended to enable lenders at their discretion to pass this fee on to the borrower; and second, in the event that a substantial portion of the approved loan, that is, more than 50 per cent, is not advanced by the lender to the borrower, a portion of the 1 per cent up-front fee attributable to the unadvanced portion of the loan will be rebated to the lender and, where applicable, will be passed on to the borrower by the lender.

The current proposed loss-sharing arrangement between the government and the lenders of 90 to 10 has been altered to 85 to 15. These amendments have been well received by the small business community. Both the Canadian Federation of Independent Business and the Canadian Organization of Small Business support them. As well, the Canadian Bankers' Association has accepted the increase in the risk-sharing ratio and intends to promote the SBLA program more widely.

In conclusion, the measures contained in Bill C-23 undoubtedly represent the most comprehensive revision of the Small Businesses Loans Act in its nearly 25 year history. By extending the program and implementing the changes proposed in the legislation, this government is demonstrating its concern for the vitality of the small business sector and, of equal importance, is sending out a message that it is determined to achieve its goals in a fiscally responsible manner.

Again I stress the urgency associated with this bill and ask you, honourable senators, to support the speedy passage of Bill C-23 through the Senate, a bill which is so important to existing and future small businesses in Canada.

Hon. Senators: Hear, hear.

● (1510)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, in speaking to Bill C-23, I start by assuring you of two facts of which you are probably all aware. One is that, traditionally, on second reading, we speak on the principle of the bill. The second point is that we, on this side, and I think all honourable senators and parliamentarians support the principle of this bill as we supported the principle of the original bill which it amends. There is no question concerning support for the principle. The only issues raised with reference to debate on second reading are questions as to whether this bill fulfills and expresses that principle; whether it fulfills and expresses it adequately and whether, in some cases, the legislation before us, in fact, is contrary to the principle we all support.

For the reasons advanced by Senator Balfour, I believe that this bill, based on its principle and on the question of its urgency, should receive favourable consideration by the Senate.

However, I think the committee should examine a few points with reference to my reservation about whether or not the principle of this bill and the principle of the original bill are adequately expressed by the legislation before us. For the benefit of honourable senators and for the members of the committee, I would flag three examples of my concern.

My first concern is whether the amount available is adequate. Senator Balfour implicitly referred to some reservations in the small business community as to whether the bill, as originally prepared, did provide adequate funding to achieve the bill's principle. He also pointed out that the original amount of $1.5 billion has been raised to $1.8 billion. The committee may consider whether that is a sufficient increase. In this connection, I understand the committee will hear evidence from the minister as well as any other evidence it may wish to call.

My second concern is as to whether or not the added provisions of this bill, in addition to the 1 per cent up-front premium, make the borrowing process and the objectives of the bill more difficult to achieve. Certainly, the 1 per cent premium falls into that category. As Senator Balfour has pointed out, it has been modified, but has it been sufficiently modified? Have this added condition and other conditions that appear in the bill, to some extent, frustrated the purpose of the bill by making the process more difficult? In other words, to use the metaphor used by Senator Balfour, has the net of the red tape been increased? There is no question that the red tape was increased in the original bill. There have been some modifications to that. I hope the committee will look at the question of whether or not the net red tape has been increased and, if the committee comes to the conclusion that it has, it should seek some undertakings from the minister to correct that situation in the future.

If honourable senators agree with the principle of this bill, and that the act should continue in force after March 31, it is in that context that the committee, if it finds that some changes ought to be made, might obtain some undertakings from the minister to make those changes at the next revision.

My third concern is with a new element in this bill, which is added to the desired power for legislation by order in council. A good deal of attention has been paid in this place and by interested organizations to the desirability of increasing the discretion of cabinet to make decisions that might otherwise be made by Parliament related to the subject matter and the scope of this bill.

Honourable senators, I repeat that we on this side believe that this bill should receive second reading. We support its principle. We hope it will be referred to a committee. We ask that it be referred to the Standing Senate Committee on

Banking, Trade and Commerce since I understand that committee is now organized to receive the bill. We ask that the committee, when it studies the bill, give careful attention to the details that are properly before it, particularly as to whether or not these and any other elements might frustrate or not adequately express the generally supported principle of the bill.

Senator Balfour: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that, if the Honourable Senator Balfour speaks now, his speech will have the effect of closing the debate on the motion for second reading.

Senator Balfour: Honourable senators, Senator Frith has raised some important and legitimate questions concerning this bill which, we agree, could most conveniently and best be investigated by the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

BANKING, TRADE AND COMMERCE

NOTICE OF COMMITTEE MEETING

Hon. Lowell Murray: Honourable senators, in my capacity as chairman of the Standing Senate Committee on Banking, Trade and Commerce, I might intervene to say that the Minister of State for Small Business, Mr. André Bissonnette, is standing by to appear before the committee tomorrow. Since it is appropriate to give a minister a specific time for his appearance, I have suggested that he come at 4 o'clock. It may, therefore, be necessary for me tomorrow to ask the Senate for permission for the committee to sit while the Senate is sitting.

I may also say that, after we have heard from the minister, it will be my intention to adjourn the committee, and to begin a new meeting immediately to continue our pre-study of Bill C-15. Our witnesses on that matter will be from the Canadian Association of Advanced Technology Manufacturers.

● (1520)

APPROPRIATION BILL NO. 4, 1984-85

SECOND READING

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-34, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1985.

He said: Honourable senators, Bill C-34, Appropriation Bill No. 4, 1984-85, provides supply for the supplementary estimates (C) for the fiscal year ending March 31, 1985. The final supplementary estimates for the fiscal year ending March 31, 1985 total approximately $1.8 billion and bring the total tabled estimates for 1984-85 to $104.9 billion.

These are the supplementary estimates that the National Finance Committee dealt with last week and which were reported by Senator Leblanc on behalf of the committee a few days ago.

The supplementary estimates (C) were tabled in the Senate on March 12, 1985, and were referred to the Standing Senate Committee on National Finance the same day. On March 14, 1985, they were discussed with Treasury Board officials.

The total of $1.8 billion represented by supplementary estimates (C) consists of a net increase in statutory requirements of some $ .6 billion, and some $1.2 billion of new spending authority is being recommended to Parliament for approval.

As indicated to the National Finance Committee, the proposed increase for the statutory requirements consists of a number of major elements, including $222 million for statutory advances to the Mortgage Insurance Fund for the purpose of meeting claims under section 8 of the National Housing Act, $205 million in statutory payments to cover insured health services under the Federal-Provincial Fiscal Arrangements and the Federal Post-Secondary Education and Health Contributions Act of 1977, $138 million in statutory post-secondary education payments to the provinces pursuant to Part VI of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act of 1977, $122 million in statutory payments to the provinces for fiscal stabilization under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, $114 million in payments, of which $99 million are statutory and $15 million voted, in respect of Atlantic fisheries restructuring, a $72 million reduction in the estimate of statutory advances under the National Housing Act due to lower than anticipated demand, and an $89 million reduction in the estimate of Guaranteed Income Supplement statutory payments, primarily due to a reduction in the rate of inflation.

The new spending authority being recommended includes the following major items, which were discussed a few days ago: a $300 million payment to Canadair Financial Corporation, to reduce the level of debt existing at the time of its creation a year ago—and I am sure we will be discussing that later in the year as we deal with the estimates for the current fiscal year; a $200 million vote for Petroleum Compensation Program payments, $150 million in payments under the Petroleum Incentives Program, due to increased exploration activity; and a $150 million equity payment to de Havilland Aircraft of Canada, Limited to pay down existing debt and to continue planned operations. There is a $148 million payment to National Defence for the acceleration of equipment projects. This would be in respect of the purchase of the

Challenger aircraft, something which we discussed a few days ago.

There is $112 million under the Public Housing Program to enable CMHC to charge expenditures to the appropriation in the year incurred.

There were 39 $1 votes in the supplementary estimates (C). A listing of these votes was provided to members of the committee, and that list is, of course, available to any honourable senator who might wish it.

The 39 $1 votes, as well as the others, were discussed with Treasury Board officials at the March 14 meeting of the National Finance Committee.

Should honourable senators require additional information on supplementary estimates (C), I will be pleased to try to provide it.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Bill C-34 is a bill of supply, covering supplementary estimates (C), as Senator Doody has just pointed out, and specifically covering the final period of the fiscal year ending March 31, 1985.

As Senator Doody has also pointed out, Bill C-34 reflects a request for the moneys already covered by the estimates referred to the National Finance Committee and since reported by that committee.

It is not the business of the Senate, in my opinion, to refuse supply or to delay supply, especially after it has considered the appropriate estimates. Borrowing authorities are in quite a different category, as we all know, both theoretically and practically.

I know that in closing the debate on the motion for the second reading of this bill, Senator Doody will give us the usual undertakings and assurances. Those honourable senators who have been here for some time, and particularly those who have also served in the other place, will know that there is something a bit arcane about some of the customs that surround supply bills. There are some almost liturgical aspects, requiring that it be said that the bill is in its usual form, and so on.

Senator Grosart was always the one to call—

Senator Flynn: That is in respect of interim supply, not supplementary supply.

Senator Frith: I think it applies also to this bill. I note that this was something that was raised in the other place.

Senator Flynn: Not on this.

Senator Doody: Not on the supplementary surely; on the interim.

Senator Frith: With reference to the undertaking with regard to the one-thirds, and so on, I think you will find it is in respect of interim supply; but the undertaking that the bill is in its usual form is one that has to be stated so that one does not have to worry about the supply bill not reflecting the estimates.

[Senator Doody.]

I assume that we will adhere to that catechism aspect in closing. It should also be understood that in supporting this supply bill, the opposition should not be taken as supporting any of the economic policies that might be corollaries thereto.

Senator Doody: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Doody: I appreciate the comments of Senator Frith. Certainly, I shall be, as always, faithful to the catechism. I can assure honourable senators that the form of this bill is the usual one for a supplementary supply bill, and in no way would it change the amount of the supplementary estimates (C) which were before us.

I want to thank honourable senators for their indulgence in allowing the motion for the second reading of the bill to be put at this sitting. I can assure Senator Frith that the government will in no way misplace the trust that he has so graciously placed in it.

Motion agreed to and bill read second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

APPROPRIATION BILL NO. 1, 1985-86

SECOND READING

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-35, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

He said: Honourable senators, Appropriation Bill No. 1, 1985-86, provides interim supply for the first three months of the 1985-86 fiscal year. The 1985-86 estimates were tabled in the Senate on February 26, as some honourable senators may remember, and were immediately referred to the Standing Senate Committee on National Finance. The committee discussed the estimates with officials of the Treasury Board Secretariat on that same day.

Appropriation Bill No. 1, 1985-86 contains $10,502,000,000 of voted items which are required to meet government expenditure requirements to the end of June, while the main estimates are being reviewed by the various committees. A second appropriation bill will be tabled prior to June 30, 1985, to secure release of the balance of the estimates.

The bill before us contains a general proportion of three-twelfths of all votes, plus additional proportions for some 42 votes. The additional proportions are required to meet payments of a seasonal nature in some programs, to meet payments in accordance with certain agreements, and a need, in other instances, to make major payments before the end of June.

I should point out that, as usual, in no case is Parliament being asked to pass the entire amount of any vote. Parliament will, of course, have ample opportunity to debate the entire main estimates later.

• (1530)

Honourable senators, in anticipation of Senator Frith's request, I will recite part of the catechism, as has been the custom in this and other legislatures mounted on the British system. The proportions requested in this bill are intended to provide for all necessary requirements of the Government of Canada up to June 30, 1985. In no instance is the total amount of an item being released by the bill. The form of this bill is the usual one for interim supply bills, and the passage of this bill will not prejudice the rights of members to criticize any item in the estimates when they come up for consideration in committee, and the usual undertaking is hereby given that such rights will be respected and will not be curtailed or restricted in any way as the result of the passing of this measure.

Honourable senators, I commend the interim supply bill to your approval.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, there is very little to add to what Senator Doody has said. This bill represents a portion, the three-twelfths, of the estimates for the reasons he explained. I can remember, while I was in his position, studying the various agreements and undertakings that required such measures to be more than three-twelfths in anticipation that Senator Phillips would ask me about them, and he usually did. However, I do not propose to ask Senator Doody about them. Of course, it is quite in order for the government to ask for this interim supply and I believe it should be granted.

Motion agreed to and bill read second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

AGRICULTURE, FISHERIES AND FORESTRY

COMMITTEE AUTHORIZED TO STUDY IMPACT OF ITS REPORT ENTITLED: "SOIL AT RISK—CANADA'S ERODING FUTURE"

On the Order:

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Riel, P.C.:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the impact of the recommendations contained in its Report on soil and water conservation in Canada, entitled: "Soil at Risk—Canada's Eroding Future", tabled in the Senate on 6th November, 1984, and to inquire into any matter related thereto; and

That the papers and evidence received on the subject and the work accomplished during the Second Session of the Thirty-second Parliament be referred to the Committee.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat: Honourable senators, one of the greatest Canadian fallacies is that we have an almost inexhaustable supply of good land. Many Canadians, perhaps because we have such a small population, because we are a major food exporter or because we have tremendous open areas, seem to think that this can go on for ever and that our soil is not something that is deserving of our concern. The facts are very different. We have a very limited amount of good land. In fact, the total class one farm land in Canada is a little less than the size of the province of Nova Scotia. Although we are the second largest country in the world, only about 9 per cent—

Senator Frith: What did you say about Nova Scotia?

Senator Molgat: That the total amount of class one farm land in Canada—remembering that there are seven classes of farm land, half of which can be cultivated and two of which are really top notch—can be put into the province of Nova Scotia.

In fact, Senator Sparrow, who spoke in this debate earlier, mentioned that if you went to the top of the CN tower in Toronto you could see 50 per cent of the good quality farm land in Canada. Canadians continue to think that we do not need to worry about our land, that we have lots of it. That is not true. Approximately 9 per cent of all of Canada can be considered as cultivatable land. Of that 9 per cent, half is used for other purposes—housing, cities, highways, recreation and so on. So of the total land available for cropping, we end up with about 4.5 per cent.

During the course of our study, which has culminated in this report, "Soil at Risk—Canada's Eroding Future" we did not attempt to do the basic research ourselves. We accumulated all the information we could find. A great deal of work on this problem had been done in Canada by various bodies at various times, but it had never been co-ordinated. In fact we found that in many government departments there was some disenchantment because, while they recognized the seriousness of the problem, it seemed that Canadians did not and, as a result, these departments and the officials concerned were unable to get a focus on the question. In Ontario during the period 1951 to 1971, 20 years, more than ten acres of good land were lost per hour. That is not per day but per hour. In western terms that means almost a half section of land per day was lost to agriculture.

The other thing our committee found is that the losses are not confined to one part of the country. We in the west seem to think that dust storms are the great problem but in Nova Scotia, for example, it is another problem—water erosion or too much water under the soil—and in Ontario the problems are different again. We learned that in the St. Lawrence valley organic material in the soil has been badly depleted because of monoculture and long cultivation. In parts of western Canada

we found that salinization is becoming a greater problem. So the aim of our committee was really to focus this material, to get it all in one place.

I want to join in the comments made by Senator Sparrow in appreciation of the work of our staff on the committee and all who participated in it. They did an outstanding job. Also, I want to commend Senator Sparrow for taking the initiative to bring this question forward and carrying it through in the work of the committee. I know that since the publication of the report he has been extremely busy speaking across the country because there have been a lot of demands made upon him by various groups, not necessarily agricultural groups, interested in conservation. I know that some of my colleagues on the committee have been doing the same thing.

It is extremely important that we get the message across, that we get governments at all levels—federal, provincial and municipal—concerned about the issue. It is not simply a farmers' problem. It is a national problem. We know how important agriculture is to Canada, yet the voice of agriculture is growing ever weaker. Today only 4 per cent of Canadians make their living from the soil. Agriculture has to depend on a smaller and smaller political force and a smaller group speaking on its behalf, so the nation has to be concerned about the issue.

● (1540)

Senator Frith: May I ask the honourable senator a question?

Senator Molgat: Certainly.

Senator Frith: Concerning the 4 per cent who earn their living from the soil, that is not limited to those who are growing just cereal grains. It means people who grow grain to feed beef, and so on, who actually make a living from a farm.

Senator Molgat: It is 4 per cent of Canadians who are now directly on the farm. There are many more, of course, in agriculture-related industries, be it packing plants, farm machinery companies, and so on. The 4 per cent applies to those who actually make their living from the soil. Yet that 4 per cent has been doing a tremendous job for Canadians in producing very low cost food. If we look at the figures, we find that in 1952 Canadians were spending 21.6 per cent of their income on food. In 1982, 30 years later, they were spending only 14.6 per cent. So the farming industry has been doing a great job for Canadians. From an export standpoint, farm exports have been one of the major elements in Canada's international trade. Therefore it is an extremely important industry for Canada.

Looking at the long term, we have all been impressed by and concerned about the pictures we have seen on television and the stories coming out of Africa. I refer to the Ethiopian disaster, the problems of the Sahel and so on. This may sound an exaggeration, but if in Canada we are not careful, then some years in the future we could experience difficulties in feeding ourselves if we do not take care of our soil resources.

It is estimated that the good soils in western Canada, the organic soils, took some 10,000 years to develop. Following the ice age, and so on, the organic soils developed over a period of approximately 10,000 years. The west has been settled for only 100 years and we have lost 50 per cent of the organic material in our soil. So it is urgent that we reverse the process. That really is the objective of the report, "Soil at Risk" and of the recommendations contained in that report. Its objective is to mobilize public opinion across this country, and to mobilize governments at all levels to focus on this question. Some of that will take money, but a great deal can be done without any great expenditure, by simply reversing the process, by reversing some of our farming techniques.

The committee therefore has been concerned about getting the story across. As I have mentioned, the chairman and other members of the committee have travelled across the country making speeches. At the first printing of the report, which was in June, 1984, 15,000 copies were printed, and those were soon depleted. A second printing of 10,000 copies was authorized by the Senate in December, 1984 and, I am told, we are now down to 700 copies, out of a total of 25,000. Therefore I hope that the Senate will consider a motion to print—

Senator Doody: An arrangement has already been made to print a further 10,000 copies.

Senator Molgat: It is a continuing demand, which comes from many directions. I have received one request from a Canadian group of educators who will be attending a conference in Bangalore, India, in August, 1985, entitled "Science and Technology, Education and Future Human Needs". That group has requested copies so that they can show other nations the concern that Canada has for these questions.

The proposal now is that we refer the report back to committee. I know that the committee at present is involved with many activities such as studying the fishing industry and the submissions by the Minister of Finance. However, it is important to have the report referred back to that committee in order that we can hear from the Minister of Agriculture. I understand that he is prepared to discuss with members of the committee action he has already undertaken and to discuss also where we go from here. Therefore I hope that honourable senators will do whatever they can to ensure distribution of this report in those areas where they think it can be helpful. In this matter we need the help of both provincial and municipal governments. In my view, it represents a greater challenge for Canada than the acid rain question. As a nation, we stand to lose a great deal more, in the long run, if we do not move immediately in this field.

Hon. Hazen Argue: Honourable senators, I am sure, will appreciate the remarks of Senator Molgat and the importance of this report. I join with Senator Molgat and others who have spoken on this matter in saying that we appreciate the fine work undertaken by the Standing Senate Committee on Agriculture, Fisheries and Forestry in connection with this study. Senator Sparrow has shown a great deal of initiative and has been instrumental in producing an excellent report with the help of the committee members and officials. The Senate is sometimes criticized by those who do not understand how it works, but I believe that some of its best efforts are

demonstrated in the work of its committees. The work of the Agriculture, Fisheries and Forestry Committee is on a par with the excellent work undertaken by other Senate committees.

Certainly our land and soil resources are of vital importance to Canadians, and the preservation of the quality and productivity of our soil is essential not only to our industrial life and economic prosperity, but also to the very existence of this country as a nation. When dealing with agriculture, I believe we have to use a criterion somewhat different from that which we use in dealing with other industries. Agriculture is a major and basic industry, and from time to time Canadian farmers have great difficulty in dealing with their problems. One of the great challenges to Canadian agriculture is to be productive and efficient on what is really a very limited quantity of land in the northern hemisphere and far north, where the growing season is often very short and the variety of crops that we can grow is quite restricted. For that reason we need to take special care.

One of the disturbing aspects of this problem over the years is the way that urban growth has often encroached on our best agricultural soil, because our cities are not constructed in mountainous regions or in areas where the topography is difficult. Very often it is easier to build cities where the topography is level, the soil is good and rocks are few. More bucks can be made in a development area having that kind of soil than by going the hard route and trying to construct houses and develop cities on inferior soil.

Senator Molgat pointed out that the number of Canadians engaged in agriculture is really quite small, and the percentage is getting smaller all the time. At a meeting of the committee this morning, officials of the Farm Credit Corporation produced figures showing that the number of economically efficient farms in Canada is down to 220,000. Of that figure, according to their submission, 40,000 are in danger of economic collapse, with the present state of the market, and the heavy debt load that farmers have to carry. A few years ago the experts said that the way for agriculture to go, in order to be efficient, was to increase input, increase the size of the unit, and increase capitlization. But no one forecast the increase in interest rates and the tremendously huge food surpluses in the United States, or that food prices would often go down while costs of production would continue to increase. Yet, these innovative farmers are able to increase their production, very often under more and more difficult economic circumstances.

● (1550)

This is a very important subject. It is easy to get up and say, "Well, you know, the farmers are not looking after their own farms. The farms will blow away, they are eroded." A farmer knows what to do on his farm; he is the person most concerned with protecting that soil; he knows that good soil is necessary for his living this year and next year. However, sometimes, because of the economy, he cannot afford to undertake the kind of conservation measures that he knows he really should be undertaking, but he needs an income that particular year, so he has to use that income simply to survive that year. Sometimes those practices—and I think the farmers themselves will agree—are not the best, but he has to adopt them for economic reasons over which the individual farmer certainly has no control. The need to have a large cash flow dictates his farming practices.

The federal government has a responsibility in the field of agriculture, very obviously. We share that responsibility under our Constitution with provincial governments. They have their ministers of agriculture, we have our Minister of Agriculture, and, I might add, our Minister responsible for the Canadian Wheat Board, who is a type of minister of agriculture, I guess, as well as being a minister of trade and so on. It is a shared responsibility. I am not a lawyer, but I suppose if you looked at it from a legal standpoint perhaps the provinces have a greater amount of muscle and a more direct input into what happens on an individual farm, or farms that are totally within a province. Therefore, it is necessary, in my judgment, for provinces to act in concert with the federal government, and it is to be hoped that everybody concerned will go in the right direction.

I think what is necessary is for individual farmers to be encouraged to undertake the particular practices on their own farms that are the most beneficial from a soil standpoint and from a long-term productivity standpoint. I think that, in a sense, every single farm in this country should be looked at as an experimental farm or as a demonstration farm, which might be a better phrase; that those who have knowledge of what practices are best to follow from a conservation point of view should inform the producers what is best to do in that respect. Sometimes, perhaps, we should use an individual farm to demonstrate what can be done. Sometimes that might take a little incentive, a little seed money. There may be a part of the farm that should be in barley or legumes on a permanent basis, and perhaps some help could be provided by way of purchasing seed, or on a short-term basis perhaps even some money could be provided to help the producer put a particular acreage in a particular crop, which would be money very well invested for all the people of Canada.

There is in Saskatchewan and Alberta a development that I find very, very troublesome. I suppose I can be considered to be criticizing governments from a political standpoint, but nevertheless I think it is something we should question. There are many acres of farmland that are owned by provincial governments and they are leased out, and have been over the years. Most of the leases are pasture leases for livestock, for beef and sheep production, but mainly beef production, of course. The revenue to provincial governments is small. Provincial governments like revenue. Then they can say that their practice of hoping to sell the land can be justified or supported or enforced because they do not think government should be in the business of owning land. You can take that point of view, that the individual farmer should own his land and have title. I am glad to own land and to have title to it, and I can understand the motivation for that.

What is happening is that there seems to be some pressure, certainly some encouragement, by provincial authorities, for

ranchers or farmers with grazing leases to purchase those leases, and they purchase them perhaps for $100 an acre, which is $16,000 for a quarter section, which I guess at current interest rates is $2,000 a year that that quarter section will have to earn in order to support the purchase price or the interest on the purchase price. Grazing leases are not expensive, and I don't want to quote a figure because I do not have a precise figure, but often a quarter section would raise 10 head of beef cattle, perhaps 15 head of beef cattle, and that is all. It might be said that the cows represent $25 a head for the summer. If it is 12 head, that amounts to $300, so the grazing lease might be $300, $400 or $500.

However, when the farmer owns it,—perhaps the neighbours want to buy it too, the kids want to farm in the future so the farmer says, "Yes, I'll buy"—the cost could well be $2,000 a year to service it. How are you going to pay for it? The farmer says, "Well, I've got a big four-wheel tractor, I've got a big cultivator, a deep-tillage machine, I'll go out and break it. I will take it out of grass production and put it into production of grain, because it is only from grain that I can make enough revenue to service the purchase of that land." That is what is happening. Hundreds and hundreds of thousands of acres, if the statistics were looked at, in the last two, three or four years in the prairie provinces, virgin prairie, have been torn up and broken, as the word is, and put into the production of grain, usually wheat. The farmer feels, and really knows, that he can make a greater income from the production of grain.

The question we have to ask ourselves is this. From the standpoint of soil conservation, over the long term is that the best way to use that soil? I hope that the Standing Committee on Agriculture, of which I was an active member in former days, will hear not only the federal Minister of Agriculture, which is important, but will also hear the provincial ministers of agriculture, because they are really going to have to put in whatever the conservation practices they agree are necessary. Perhaps consensus could be reached on this subject, even if a consensus often is not reached on some other subjects. I think that as a country we can make progress in conserving our soil, making the best possible use of our soil, and making certain that these vast resources, important to Canada, are preserved and conserved for future generations.

I would like to add my congratulations to Senator Sparrow and the committee on a good job well done, and I believe that this continuing study is beneficial.

Motion agreed to.

NATIONAL DAY OF GREECE

Hon. Philippe Deane Gigantès rose, pursuant to Notice of Inquiry of Wednesday, March 13, 1985:

> That he will call the attention of the Senate to the National Day of Greece, and to the contribution of Ancient Greece to conservative thought.

He said: Honourable senators, it was from listening to my elders and betters in the Senate that I learned that on national days those of us with more recent ethnic origins than some of you made some reference to the history of their land, and I hope you will indulge me if I speak of Greece, since yesterday was the anniversary of the beginning of the War of Independence in 1821. Napoleon said that Greek history was a succession of village wars described by brilliant writers. This is true. One of these brilliant writers, Thucydides, wrote 25 centuries ago that his book was a possession forever. This contention of his, arrogant though it may sound, has remained unchallenged. That is why we can learn so much from the ancient Greeks. Other ancient nations have histories as glorious as Greek history, but Greek writers told us about theirs brilliantly. It is for this reason that Pitt the Elder said to the headmaster of Eton, "Teach my son Thucydides' history, the manual of statesmen." The son in question, as you all know, of course, was Pitt the Younger, who became Prime Minister at 24 and went on to defeat Napoleon, and he was very fond of quoting the ancient Greek classics.

• (1600)

I will also remind you that when Harold MacMillan, later to become Prime Minister of Great Britain and now sitting in the House of Lords where he is making very fine speeches at last report, was found wounded in the trenches in World War I he was reading an ancient Greek text—a habit I commend to wounded senators.

Last year I spoke to you about some ancient Greek parallels to modern liberalism. I had some delightful commentary on the part of Senator Flynn. I am sorry he is not here so that I would get some more commentary this time, but perhaps he will walk in.

In the spirit of bipartisanship today I shall give you some ancient Greek precedents to modern conservatism. First, I should like to deal with control of the media. There is not anything that the Greeks had not invented before. Ancient Greek conservatives in Homeric times really did control the media. They called them bards in those days. They fed them well, they blinded them and told them what to write.

A conservative legislator in an allied nation says he wants to buy CBS so as to write Dan Rathers' script. I see a strong line of thought descending from Homer to this legislator's thinking. But there is more. In the sixth century B.C. one of the predecessors of those who run "the big blue machine" decided to get an ancient Greek conservative called Pisistratus elected, so he took a chariot to which he appended some wings, he painted it gold, found a very beautiful lady that he put beside the candidate and toured him about Attica and, of course, he was elected.

Then we have the classic case of Thersites who is the first democrat, according to Anthony Andrews, the former regius professor of classics. In the The Iliad second rhapsody, line 188, Homer, one of those blinded bards, who was told what to write, and did, tells us how Ulysses dealt with Thersites. Ulysses, as we read in the text from Homer, was a kind of minister of defence. We are told—and I read my translation: "Stand to your post, he went around telling the various ministers, and bid your people also keep their places. You do

not yet know the full mind of the King; he was consulting us but we were not all at the council today to hear what he had to say. See to it lest he be angry and do us a mischief for the pride of kings is great and the hand of God is with them."

But when Ulysses came against any member of the ordinary people who dared to make a noise, he rebuked him, saying: "Hold your peace and listen to better men than yourself, new boy. You are nobody in council. We cannot all be kings. It is not well that there should be many masters. One man must be supreme—one to whom God has given the sacred trust of sovereignty over all of us."

The rest took their seats and kept to their own several places, Homer tells us, but this fellow Thersites, who was of the common people, still went on wagging his unbridled tongue—a man of many words, and those unseemly; a monger of sedition, a railer against all who were in authority. His head ran up to a point, but there was little hair on the top of it. Remember the pointed heads that were so criticized by conservatives south of the border. Achilles and Ulysses, two of the ministers of the King at the time, he was called Agamemnon, hated Thersites worst of all, for it was with them that he was most wont to wrangle with a shrill squeaky voice. Those of you who occasionally watch the televised proceedings of the House of Commons might have seen how some of the Conservative members object to shrill voices.

Thersites went on railing and Ulysses at once went up to him and rebuked him sternly. "Check your glib tongue, Thersites," said he, "and babble not a word further. Chide not with princes when you are low in the opinion polls or you will be faced with extinction."

Senator Murray is in that tradition in his remarks to the *Gazette*. Ulysses, as I said earlier, was the minister of defence. He was a Conservative, of course, being one of the kings of the time, and he was given to controversial travel that all of you have heard about and he associated with some dubious characters, but he had a very good chief of staff. When they were travelling in the neighbourhood of the Sirens, who were topless ladies, his chief of staff tied Ulysses to a mast and would not release him when Ulysses wanted to consort with these insufficiently clad ladies. So he stayed, so to speak, in his post.

What I wanted to recite to you are excerpts from a speech from an author in the fifth century who was a Conservative whose name we do not know, alas, because it merits to be known and whom classicists have dubbed the "Old Oligarch," and I will give you some of these excerpts and you will see that the ancient Greeks said it all.

One of my colleagues in the Senate said, " you do remember that in ancient Athens only taxpayers voted and women did not," and my colleague approved of this. I wish he would say so publicly and not just to me. I will not reveal his name.

Here are some of the excerpts from the "Old Oligarch":

> Let me tell you that here in Athens the ordinary people have been given more privileges than the rich . . . And the ordinary people have put expensive tax burdens on the rich . . . It is no wonder that the Wicked and the Cunning rule . . . Moreover the ordinary people act as if anything that is proposed to favour the better folk is, by definition, harmful to ordinary people . . . for they are more interested in power than in the sound management of the state . . .
>
> And these lazy layabouts—the ordinary people—will not even keep in their place . . . Indeed, you cannot tell them apart from the better folk . . . Why, they dress as well, they own things of equal quality with the better folk . . . and they think that they have the right to be heard on an equal basis with the rich . . .
>
> Things are better done in Sparta . . .

This was a conservative society south of the border from Athens.

> There the better folk prevail and the others, natives, or immigrants, don't have a thing to say . . .
>
> Would you believe that we spend money to subsidize spectacles so that the ignorant rabble can be entertained . . . And they expect to be paid while they serve the state and sing, or dance or even when they serve in the armed forces so that these lazy layabouts get richer and businessmen get poorer . . .
>
> As for the provinces,—

These were the dependencies of Athens—

> they are despised by the people who rule here at the centre, especially when the provincial governments are in the hands of rich conservative men . . . The ordinary people here at the centre like nothing more than to take the money of the provinces, making them work and keeping them powerless . . .
>
> And the central tribunals in Athens always take decisions that go against the interest of sound conservative provincial governments . . .
>
> And that is how the provinces have become enslaved by the centre . . .
>
> And let us not forget that our populace has now become of mixed blood through marriages with people who have come here from all over the world so that the populace is no longer of pure blood . . .
>
> And we have poured money like water to build public buildings . . . and athletic parks, and public baths with dressing rooms if you please, for ordinary people . . .
>
> And if one dare criticize them they are liable to start a libel action against us . . .
>
> The rich expect to be treated with injustice, to be ripped off . . .
>
> We have more statutory holidays here and lower hours of work than anywhere else . . . And all kinds of decisions are taken by the ordinary people and their representatives, and the rich have to pay . . . And we don't even get respect . . . as we used to.

Hon. Senators: Hear, hear.

Hon. Efstathios William Barootes: Honourable senators—

Hon. Senators: Hear, hear.

● (1610)

Senator Barootes: Honourable senators, I rise to congratulate my countryman for bringing to our attention the conservative theories of ancient Greece. I presume many of you must have heard his treatise on the liberal aspects of ancient Greece.

Prior to his speech today, I did point out to him that it was Greece that introduced democracy to the world, but it was a very limited democracy where only free men were allowed to vote. When I say "free men," in the Greek interpretation this meant a taxpayer. I do not recall that women of that period were allowed to vote.

This democracy, which we have copied in the western world, has been somewhat altered, if not improved upon, in my opinion, in adopting these great Greek ethics.

I also pointed out to him, and I do so again, that there are some differences between ancient Greece and present-day Greece. As a youngster of 16 or 18 years, when I was asked to speak to a Greek organization in western Canada, the subject of my speech was the following: "We know who your forefathers are, but who are you?" This, perhaps, applies a little more subtly and a little more expectantly to what is going on today in modern Greece.

I congratulate my countryman on what I consider, and what Graeme Greene always refers to, as an entertainment because, indeed, no one has entertained us as well in this chamber as has Senator Gigantès. I am delighted with what he had to say today. However, I think he takes his text, if I may say so, from the Oracle of Delphi. The Oracle of Delphi spoke in what we refer to as split tongues. Never did they say anything directly; always they said something that was ambiguous—it had a double meaning and a double interpretation. My learned friend, a journalist, was able to capitalize on that to the extent that he was able to point out to us the interpretation of those things that he believes to have been conservative. In other words, he took a very liberal view of the situation.

I would go so far as to make one other observation. My honourable friend spoke of Ulysses, the great leader of Greece, the great fighter, the great liberator, the man of many tasks, concerning whom, I might add, people like Tennyson have written poems which will go down as long as people read the English language.

Senator Frith: James Joyce, too, but in a different mode.

Senator Barootes: Yes. I was speaking of the perfect poet of England, Lord Alfred Tennyson.

Senator Frith: I know about him too.

Senator Barootes: As Tennyson said in his poem *Ulysses*:

To follow knowledge like a sinking star,

Beyond the utmost bound of human thought.

As Senator Gigantès was speaking of the dictatorship, the autocracy, the oligarchness of British and Canadian and other rulers, I thought that indeed Ulysses and others who were oligarchs did a great deal of good in their day, apparently, although the liberal interpretation of what they did is perhaps infamous. In my reading of history, which is a conservative reading, I admit, we, in our time, have also had a Ulysses to whom most of my friend's subjugations and comments would apply. It was only a little more than a year ago that our oligarch decided to resign. "Ulysses" was present in Canadian history very recently. He may have accomplished a great deal for Canada, no doubt, but also he had the mind, the intellect, and the strength of character to insist that what he wanted to be done should be done. There are some people who have made valuable contributions to history in that way.

Honourable senators, I rise to speak extemporaneously today because it is the day after our national independence declaration in Greece. Kolokotronis was the great leader who threw off the yoke of the Turk; but I did not hear a word about the throwing off of the yoke of the Turk. I must draw to your attention that yesterday was the anniversary of the day that the Greeks, who had been under Turkish rule for several centuries, rose in revolt again to obtain, for that proud nation, independence.

If we do nothing else, honourable senators, we should keep in mind that that nation which gave us democracy, which gave us the arts, which gave us the very alphabet we use, and gave us letters, and which wrote for us the Bible which many of us revere, had been under subjugation for many years. Today we can celebrate the anniversary of the day of its independence and hope that it continues to enjoy that independence through time immemorial.

Hon. Senators: Hear, hear.

The Hon. the Speaker: If no other senator wishes to participate in the debate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 27, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

REPORT OF COMMISSIONER OF OFFICIAL LANGUAGES REFERRED TO STANDING JOINT COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Report of the Commissioner of Official Languages for the calendar year 1984 (Sessional Paper No. 331-299) be referred to the Standing Joint Committee on Official Languages Policy and Programs; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

NORTH ATLANTIC TREATY ORGANIZATION

STRATEGIC DEFENCE INITIATIVE RESEARCH—CANADIAN PARTICIPATION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government whether it is a fact, as reported, that Caspar Weinberger, at the meeting of NATO ministers yesterday, proposed that Canada and other countries share in the research on the strategic defence initiative; and if that is the case, can we be told whether Canada has accepted that invitation?

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that it is correct that at the NATO meeting in Luxembourg yesterday the United States invited all the members of NATO to take part in the activities that are going on with respect to that research project.

I can also say that the Government of Canada has not accepted that invitation, and if it does so at all it will only be after it has been given cabinet consideration. I have no information I can give my honourable friend at the present as to what our reaction will be.

Senator MacEachen: I wonder if the Leader of the Government could throw any light on the confusion which seemed to have prevailed yesterday, when the Secretary of State for External Affairs was unaware that this offer had been made. It certainly did not help the image of the minister, or of Canada, to have this situation develop in the way it did. Is it due to the simple fact that Mr. Weinberger had given no notice and that it was impossible for Mr. Nielsen to communicate with his colleague in the time available, or does it reflect a further downgrading of the importance of the Department of External Affairs within the government power structure; and does it represent that Mr. Nielsen is now the lead minister on foreign policy, and not Mr. Clark?

Senator Roblin: I am glad to give my honourable friend the positive reassurance that it in no way represents any change in the responsibilities, function, character or status of the Department of External Affairs. Nor does it in any way derogate from the responsibility of the Secretary of State for External Affairs to be our spokesman and the minister in charge of diplomatic matters of this sort. What happened—and I might just as well be completely candid about it—

Senator Frith: He lost the phone number.

Senator Roblin: No, it was not even that. He did not even pick up the phone, as far as I can tell.

The problem was, as I saw it, that because of some lapse, which has not been satisfactorily explained to me, at any rate, the people who were in Luxembourg did not apprise the Secretary of State for External Affairs of the invitation when it was issued. He found that the information was conveyed to him in a rather dilatory way, and for that I think one has to acknowledge the truth of the matter.

Senator MacEachen: The leader has told us that a decision will not be made until there has been an opportunity for the Cabinet to consider the matter, and that is understandable.

Is there any intention to secure the views of the House of Commons or the Senate on this question, or to determine whether it might be useful to have some parliamentary input into this decision? I ask that because it has been reported that the question was put to the Danish Parliament, and it turned the invitation down flatly. Is the matter going to be put before any legislative body in Canada?

Senator Roblin: When the Cabinet has decided what attitude it wishes to take on this matter, that subject may very well be important to consider. If the government decides not to take any part in it—and it does not matter whether it does or does not—it may still be a matter in which Parliament is interested. I think it would be useful if my honourable friend were to put an inquiry on the order paper with respect to this

matter. That would provide us with an opportunity to debate it next week.

NATIONAL DEFENCE

INCREASE IN CANADIAN FORCES CONTINGENT IN WESTERN EUROPE—BUDGETARY PROVISION

Hon. Allan J. MacEachen (Leader of the Opposition): On a matter that is somewhat but not directly related, may I ask the Leader of the Government in the Senate if he is now able to tell me whether the additional deployment of Canadian ground forces in Europe, costing $100 million or more, has been provided for in the main estimates for next year, or whether supplementary estimates will be required to cover that amount?

I asked this question last week. I wonder if I could get an answer today or tomorrow before the Senate adjourns for the week.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend what is going on: The department has been asked to do what it can to find the funding for this within its current budgetary limits, without in any way downgrading or failing to discharge its other responsibilities.

With a budget comprising so many billions of dollars, there is always a chance that, with careful scrutiny, funds can be found that are not otherwise required. I have no reason to believe that that process has reached its conclusion yet. If it turns out that there are not sufficient funds, then other steps will have to be taken.

TRANSPORT

VIA RAIL—RESUMPTION OF "ATLANTIC LIMITED" SERVICE

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government in the Senate. There has been an announcement made that the "Atlantic Limited" passenger rail service will resume between Montreal and Halifax, through Saint John. It has been announced that the service will commence this spring or early summer. Will it commence on schedule?

Hon. Duff Roblin (Leader of the Government): I think my honourable friend is referring to the train that takes a shortcut through the State of Maine in order to trace the journey from St. John's, *(sic)* New Brunswick, to Montreal.

We expect that that will be on schedule. There is currently a problem in connection with the number of United States customs officers required to handle the train when it resumes its passage through the State of Maine, but it is anticipated that those difficulties will be appropriately dealt with.

Senator Corbin: I thank the leader for that information.

I have been led to understand that the situation is fraught with a number of complications, not only with regard to budget cuts and person years on the part of the Americans at the two border points but also with regard to other matters.

[Senator Roblin.]

In asking the question I should, at the same time, refer with a great deal of respect to the efforts put forth last year by one of our deceased colleagues, the late Senator Dan Riley in this respect. He should be given full credit for some of the initiatives now under way to reinstate the "Atlantic Limited."

● (1410)

However, in view of the fact that there are these problems with the Americans, I am not quite sure that they will be solved in time to allow the service to proceed on schedule. A number of New Brunswick regions have asked that the train use an all-Canadian route on its way to Halifax or to Montreal. Would it not be a good opportunity to look at a Canadian solution rather than a shortcut route through the State of Maine which has the effect of depriving a number of Canadian citizens of a first-rate passenger train service on Canadian soil?

Senator Roblin: If my honourable friend is inferring that it would be much better if the previous administration had never cancelled the "Atlantic Limited," I would be inclined to agree with him. I think it was a mistake and I am glad that we have an opportunity to remedy that error. As for the route that the train should take, I think you will find that there are a number of Canadians who like it the way it is rather than the other way around. I have to leave that to the discretion of my colleague, the Minister of Transport, who has taken all the pros and cons into consideration and has ascertained local preferences and arrived at what he thinks is the best decision.

Senator Corbin: Honourable senators, I beg to disagree with the Leader of the Government. I do not live in the past. I live very much for the potentialities, for the goodwill and for the options of the present and the future. I reject out of hand that the decision of the past was in error. That begs to be re-examined. It certainly does in the context of the day. However, there has been a proposal put forth, the new decision announced by the new Minister of Transport, and I seriously suggest that if you are to deal with the past, he is falling into the traps of the past. A number of Canadian citizens are asking for a Canadian solution to a serious transportation problem in New Brunswick, especially where the train service is not that good and never has been since Confederation, for that matter.

I would ask the Leader of the Government to use his good offices to attempt to convince the Minister of Transport that the Canadian route is the much better one—the one from Halifax, through Moncton, through Edmundston, to Quebec City. There is a first-rate roadbed, one, indeed, which was the object of very expensive upgrading by the previous government, and it is being referred to by CN and VIA Rail officials as strictly a freight route, and that is a lot of slush as far as I am concerned. It is a first-rate roadbed. It would allow the rapid movement of passenger trains from the Atlantic region to central Canada. I am simply asking the Leader of the Government to use his good offices to bring this to the attention of the Minister of Transport.

JUSTICE

CONVICTION OF ERNST ZUNDEL

Hon. Louis-J. Robichaud: Honourable senators, yesterday I intended to ask a question, but I thought it would be somewhat difficult to frame it. I am going to ask it today, but the circumstances are somewhat different because 24 hours have elapsed between yesterday and today. But it is still going to be difficult to phrase my question because it has to do with the Zundel trial and the guilty verdict which resulted. I heard on the news last night that the government was considering the possibility of his immediate deportation.

• (1420)

Honourable senators, before I ask my question, I should like, with the permission of the Leader of the Government in the Senate and my colleagues, to make some preliminary remarks.

I followed the Zundel trial with keen interest and was, of course, thrilled with the verdict and, more particularly, with the remarks made by the presiding judge.

The fact that here in Canada there are still people who worship Hitler is a matter of serious concern to all. Zundel was found guilty of publishing and distributing hate literature for which he received a sentence of 15 months in jail. As of Monday, he is appealing that verdict.

Honourable senators, I say freely that the jury was correct in its findings and that I am glad he was sentenced to 15 months imprisonment for publishing hate literature. That should not be allowed in our country in the name of free speech.

Honourable senators, free speech is one thing, but to sow the seeds of hatred is another. Zundel has been in this country for 27 years and, yet, has never sought citizenship. He worships Hitler, a tyrant who practically destroyed the world because, in his day, unlike the situation in Canada, there was no Senate to protect the citizens of Germany. There are still, in our midst, worshippers of that man.

I would ask the Leader of the Government if he will support any move made by the government of the day to prosecute the likes of Zundel and to deport the convicted Zundel.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can assure my honourable friend that if other residents of Canada are *prima facie* guilty of the kinds of misdemeanours and crimes of which my honourable friend speaks, they too will receive the attention of the law officers of the Crown and of the courts. That, I think, goes without saying.

With respect to the particular case in question, in view of the fact that it is under appeal, it would be inappropriate for me to say anything more at the present time. We will have to wait until the appeal is decided before any further consideration is given insofar as the government is concerned.

Senator Robichaud: Honourable senators, my question applies not only to the question of appeal, but to the deportation of Zundel, regardless of the outcome of the appeal. In my estimation, that man should be deported regardless of the decision of the court of appeal.

He has been a resident in this country for 27 years, and for that period of time he has led a group that is unCanadian. I plead for his deportation.

Senator Roblin: I sympathize with the emotion that prompts my honourable friend to speak, but I am obliged to say that we do live under the rule of law, and it is necessary for the legal processes to be completed before any further consideration is given to his suggestion.

CAPE BRETON DEVELOPMENT CORPORATION

APPOINTMENT OF PRESIDENT

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate relative to the Cape Breton Development Corporation—a corporation which, to my mind, is a very important corporation. Whatever happens to that corporation has a bearing on the very lives of all men, women and children on Cape Breton Island, and the future of Cape Breton Island itself.

I have learned, either in a dream or from the papers, or maybe a messenger told me, or maybe it was an elevator operator—I have no other way of finding out—that a president has been appointed to the Cape Breton Development Corporation. I think the name was Derek Rance, an individual from West Vancouver.

Is there some way in which the Leader of the Government could notify me and all members of this chamber as to who this individual is, and what his qualifications are?

Let's know something about him. If something came to my office in connection with this appointment, I have not seen it, and I have no other way of finding out. I would very much appreciate knowing who Derek Rance is and what his qualifications are, and what the future of the Cape Breton Development Corporation may be with him in charge.

An Hon. Senator: He is a good Tory!

Hon. Duff Roblin (Leader of the Government): Honourable senators, I cannot vouch for the gentleman's politics, any more than I could vouch for his name. My honourable friend and I are in the same situation. I shall have to find out. It is a reasonable question. I shall find out his name and his qualifications, and the reasons why he was appointed to that post.

I do think it indicates that some special measures are going to be considered with respect to Cape Breton which would help improve the very sad economic plight of that community. I assure my honourable friend that I shall give him as much information as I can.

Hon. B. Alasdair Graham: A supplementary. Would the Leader of the Government, when he is considering the question posed by Senator Muir, attempt to determine what the duties and responsibilities of the new president will be?

Senator Roblin: Is my honourable friend asking for his terms of reference or job description? If those are available, I shall provide them.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, while the Leader of the Government is making these inquiries, will he also—

Senator Flynn: You are all fighting to get attention.

Senator MacEachen: —will he also tell us whether the new president of the Cape Breton Development Corporation is a former associate of the Prime Minister's in the Iron Ore Company of Canada?

Senator Roblin: I trust that his being a former associate of the Prime Minister's will be considered no bar in terms of the recognition of his abilities. If that were the case, I myself might be in some difficulty.

TRANSPORT

VIA RAIL—RESUMPTION OF "ATLANTIC LIMITED" SERVICE

Hon. Charles McElman: Honourable senators, I have a supplementary to the question posed by Senator Corbin and particularly the answer given by the Leader of the Government in the Senate to that question.

I am standing in for the late Honourable Dan Riley today. If he were here, he would ask Honourable Senator Roblin to check his "blues" very carefully today, because in Senator Roblin's answer to the question posed by Senator Corbin, he referred to "St. John's, New Brunswick." This is a very sensitive matter in New Brunswick, particularly for all people—

Senator Doody: I feel very flattered.

Senator McElman: —particularly for all people who live in Saint John.

Not only is there no apostrophe in the name of that city, as there is in the name of that lovable city of St. John's, Newfoundland, but the people of Saint John are very determined that it shall be spelled "S-a-i-n-t" and not "St.".

So, if the honourable senator would check his "blues" carefully, we New Brunswickers would appreciate it.

Hon. Duff Roblin (Leader of the Government): I want to tell my honourable friend that I most certainly will do that. I confess that I have been led astray by my colleague (Senator Doody) who sits beside me in some of these instances.

Senator Doody: Show me your friends and I will tell you what you are.

Hon. Henry D. Hicks: Honourable senators, if I may trespass for a moment on the time of the house, I should like to point out to my friend Senator McElman that while what he says is true today, in earlier times "St. John's" was used. I can show him covers from my stamp collection which record it in that way.

Senator Doody: Time for an inquiry!

Senator McElman: Senator Hicks may have been around in those times; I wasn't.

[Senator Roblin.]

• (1430)

CAPE BRETON DEVELOPMENT CORPORATION

APPOINTMENT OF PRESIDENT

Hon. John B. Stewart: Honourable senators, I wish to refer to the question asked by Senator Muir concerning the appointment of Derek Rance of West Vancouver as the new president of the Cape Breton Development Corporation. I understand that Derek Rance—a good friend of the Prime Minister, which, of course, is a recommendation—is a former president of the Quintette Coal Company in British Columbia, a company which seems to have fallen on hard times. I am wondering whether the possibility that Derek Rance is unemployed had something to do with his appointment as the new President of the Cape Breton Development Corporation.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I have to reject the implication of my honourable friend's question. It is an unfortunate question.

Senator Stewart: Honourable senators, the Leader of the Government has told us, then, that that is not the case, that the Quintette Coal Company is in good business condition. If that is so, why are its principals considering selling it?

Senator Roblin: Honourable senators, I made no statement about the Quintette Coal Company—none at all. I talked about the gentleman whose name my honourable friend is bandying about.

Senator Stewart: Honourable senators, the Leader of the Government seems to think there is no connection between the fate of the company and its former president. That is a curious disconnection.

Senator Roblin: Honourable senators, my honourable friend can make all the allegations he likes, but he had better be prepared to prove them.

Hon. Robert Muir: Honourable senators, I have a supplementary—

Senator Flynn: Who is going to get the last word on that?

Senator Muir: Honourable senators, I did not raise this question for honourable senators to bandy it around playing politics. I am truly and sincerely concerned about what will happen to the Cape Breton Development Corporation. I have no way of knowing. The previous government was laggard in appointing both the president and the board of directors. At one time there was only one member of the board of directors, and he used to have his board meetings each morning in the bathroom when he was shaving. He was the only one on the board of directors for a long period. I wondered who reported to whom and who was responsible for what. So I would like to have this situation put on a straight and narrow track. I do not care what this man's politics are. I want to know who he is, is he qualified, and when does he start? That would be interesting to know, since I am from that area. As all honourable senators know, parliamentarians in this place and in the other place, for 22 years—even from the time the Cape Breton

Development Corporation was first formed—have been interested in the welfare of the people of Cape Breton, and this has a great bearing on it.

Senator Roblin: Honourable senators, I will do my best to oblige my honourable friend.

CANADA-UNITED STATES RELATIONS

CANADIAN POTATOES—UNITED STATES IMPORT DUTY

Hon. Eymard G. Corbin: Honourable senators, I have a question on a different topic for the government leader. I should like to know what the Canadian government is doing, or intends to do, to counter a proposal to reintroduce a 36 per cent U.S. duty on the importation of Canadian potatoes into that country, as is currently being advocated rather forcefully by an American congressman.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am well acquainted with Congresswoman Snow, who is one of the persons who is advocating this punitive tariff on Canadian potatoes. I can tell my honourable friend that thanks to the good rapport which has been established between the Canadian and U.S. governments, in many instances we have been successful in fending off both non-tariff barriers and tariff barriers to trade which have been proposed by a protectionist interest in that country. I sincerely hope we will be successful in this respect.

Senator Corbin: I am rather encouraged by the comments of the Leader of the Government. However, in December 1984, barely four months ago, the U.S. Secretary of Agriculture, Mr. Block, announced a four-point program to deal with what the Americans perceive to be the unfair importation of Canadian potatoes, especially those from the province of Quebec. One of Secretary Block's commitments was to arrange a meeting with our Minister of Agriculture, the Honourable John Wise. I would like to know whether or not such a meeting has taken place, and if so, when and where, and if not, why not. I should also like to know whether Mr. Wise has at least been informed of the willingness of his U.S. counterpart to sit down with him to attempt to resolve this conflict.

Senator Roblin: I think my colleague has been notably successful in dealing with agricultural problems. I am sure that he will be successful in dealing with this one. As to the specific question of whether or not the meeting has been held, I shall endeavour to find out for my honourable friend.

Senator Corbin: I thank the Honourable Leader of the Government, and I appreciate his good relationship with Congresswoman Snow. However, there is another person, by the name of Senator Mitchell, from the State of Maine who does not share the same views. Recently he has been rather aggressive. Furthermore, I would like to draw to the attention of the government leader that the full process of challenging and appealing for the removal of the 36 per cent duty on Canadian potatoes imported into the United States, begun last year, is not yet completed, as the State of Maine potato industry is currently challenging in court the ruling of the International Trade Commission of the United States that the duty shall be removed. In view of this current pressure by the aforenamed U.S. senator in calling on President Reagan to use his powers under the trade laws to impose limits on Canadian potato imports on an "urgent basis", what is the Canadian government and Minister of Agriculture doing or saying to counter such a potential threat, which would cause deep, lasting and serious harm to the potato industry of eastern Canada?

Senator Roblin: My honourable friend is treading a well-worn path because he has been on this subject of potatoes in New Brunswick for some time, and so have other people before him over the past several years. There is no new problem. If Senator Mitchell is nearly as zealous as Congresswoman Snow is in dealing with the interests of the people of Maine, they are well served, because these two congresspersons have been very active and aggressive in trying to secure special treatment for their particular interests. Such action underlines one of the great problems in dealing in matters of trade with the United States. While you may have the ear of the administration in respect of certain matters, the influence of congressmen is very weighty and important and it is necessary to take that into account in dealing with these matters. Very often they become decisive factors, so I do not overlook the risks involved in that situation.

However, I am a little more optimistic than my honourable friend about the future of the Maine potato industry. They have succeeded in setting up in that state a plant that will use potatoes to make frozen potato chips. If I am informed correctly, to make these potato chips requires a kind of potato different from that being grown in Maine at present and which competes so much with the New Brunswick potato. The intention is to convert about 50 per cent of the potato acreage of that state to this special type of potato. I hope that they succeed in their endeavour because it will reduce some of the irritants between the two countries.

Having said that, I can tell my honourable friend that the Minister of Agriculture and his colleague, the Minister for International Trade, will be vigilant to do all that Canadians can do to present the merits of their case, not only to the administration but to the Congress of the United States.

Senator Corbin: Honourable senators, I hate to be a bore but could I get an assurance from the Leader of the Government that he will specifically inquire as to whether or not a meeting has been demanded between the two agricultural counterparts in an attempt to resolve this matter, that he will take my concerns to the Minister of Agriculture and that he will find out at the same time whether approaches have been made on the matter? The proposal was launched four months ago and I am completely in the dark whether or not serious attempts have been made to even arrange a meeting.

● (1440)

Senator Roblin: My honourable friend is simply repeating his first question.

Senator Corbin: Honourable senators, I may have missed the purport of the honourable gentleman's answer. Would he mind repeating it to me again?

Senator Roblin: It will be in *Hansard* tomorrow and the record will show that I have undertaken to find out if the meeting has taken place.

[*Translation*]

THE SENATE

JOURNALIST MEMBERS

Hon. Louis-J. Robichaud: Honourable senators, I should like to make the following comment: I read a few days ago that another journalist had been called to the Senate. The article listed the names of a number of senators who had practised this noble trade. I will not repeat their names for fear of overlooking some of them. However, the author of the article failed to include the name of Senator Eymard Corbin, a former editor of *Le Madawaska*, a weekly published in Edmundston, New Brunswick.

[*English*]

APPROPRIATION BILL NO. 4, 1984-85

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government) moved the third reading of Bill C-34, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 1, 1985-86

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government) moved the third reading of Bill C-35, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

Motion agreed to and bill read third time and passed.

HEALTH

ILL EFFECTS OF SMOKING

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the ill effects of smoking to smokers and non-smokers alike.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have been encouraged to say a few words on this order by the fact that Senator Macquarrie sent me a note the other day saying that he intends to intervene on this subject. I always like to listen to Senator Macquarrie, so I think I will get my remarks out of the way so we can all enjoy an address from Senator Macquarrie.

This inquiry was launched by Senator Bosa, who did a thorough review of the question of the ill effects of smoking for both smokers and non-smokers, and he dealt with it from the point of view of a convert and, to some extent, of a proselytizer. It will be remembered that he was encouraging other honourable senators to enjoy the redemption that he has enjoyed since he stopped smoking. I do not mean to say anything about that, because I was a smoker for some time and I found, as did Mark Twain, that it was very easy to give it up; I did so at least 15 times. I finally decided to give it up completely, but if there are others who want to smoke, that is fine with me, and I do not consider it a moral question in any way.

Senator Flynn: If they do not smoke near you!

Senator Frith: That is right.

I do not want to interfere with their right to smoke, provided they do not interfere with my right not to smoke, and that of course is a problem that we now have with the question of smoking. I really am not interested in going into any potential moral aspects, except to the extent that that aspect deals with the morality of not having concern for others who may be affected as a result of one's own actions.

I should like to add two points, honourable senators. The first is that there has been considerable evolution in this social problem, this social phenomenon, recently, in the sense that it seems that the momentum has shifted to some extent from smokers standing up for their rights to non-smokers standing up for their rights. So there is that clash. There must be a solution.

One of the solutions being found is one that brings me to the first of my two points, namely that the trend is now, as honourable senators will know, moving towards regulation, towards laws and towards not just voluntary restraints but restraints that are given the sanction of law.

There have been two recent cases—this will lead me, I think, quickly into my last point—both of them, I think, before the Public Service Staff Relations Board. One was launched on the claim that smoking in the work place subjected the applicant to imminent danger. That case was heard but was dismissed on the basis of there not being sufficient evidence of imminent danger.

There is now another case, that of Peter Wilson, which was brought before the same board. He has the backing of his union, and he did get the benefit of expert testimony, which was not brought in the previous case which was thrown out on the basis that there was not imminent danger. I am citing the facts in the case of Wilson from *Maclean's* magazine. The case started in January of this year when Wilson, a Health Ministry finance clerk in Toronto, and an ex-smoker, filed a complaint with the PSAC charging that the federal government was exposing him to a dangerous substance. That is a different test, exposing him to a dangerous substance. The other was a question of imminent danger. The dangerous substance was

tobacco smoke. The basis of the complaint was the federal employees' 1983 collective agreement, which binds the federal government to adhere to Dangerous Substances Safety Standards drafted in 1973 to regulate workplace safety. That article goes on to state:

> The hearing will determine whether the federal government is culpable in allowing other employees to smoke in the workplace. A ruling against the government would affect 200,000 civil servants and could mean redesigning millions of square feet of offices to provide nonsmokers with "separate ventilated rooms." Except for an outright smoking ban, the only alternative would be to replace existing ventilation systems to accommodate smokers. And Dr. James Repace, a physicist with the U.S. Environmental Protection Agency who testified on Wilson's behalf, estimated that it would require "220 air exchanges per hour" to rid a workplace of tobacco tar and nicotine at a capital cost of "about $30,000 per smoker."
>
> Wilson's case is supported by a book—

And we have Senator Bosa's information on this also:

> —soon to be released by the NSRA, which charges that almost all urban nonsmokers have measurable amounts of tobacco nicotine in their body fluids. Said the book: "It is misleading to discuss the health consequences of tobacco addiction in terms of smokers and nonsmokers. In every real sense, all Canadians are smokers."

So, honourable senators, it seems to me that we should give some thought to the fact that this trend is coming and that it could result in regulations.

● (1450)

I see that Senator Kelly has resumed his seat. I am speaking on Order Number 4. Honourable senators, I am going to say something very appreciative with respect to Senator Kelly in just a moment.

Senator Doody: So don't leave your seat.

Senator Frith: What I have to say will not be what Senator Doody sometimes describes as one of my "slow curves".

Senator Doody: One of your long, slow curves.

Senator Frith: Honourable senators, it looks as though in many workplaces we are coming to this question of whether we are going to protect the rights, if we want to call them that, of nonsmokers against the ill effects of tobacco smoke. It looks as though it might come to orders and regulations which, in turn, will lead to very heavy expenses.

We should also be concerned with what happens to the workplaces of those employed in the federal government.

But I should like to talk about the Senate in these terms. Our tradition, as Senator Roblin as often said—and I think we have stuck to that as much as we could during my time here—is to avoid as much as possible rule-making. The rules of the Senate are about one-tenth the size of the rules of the House of Commons. We try to regulate ourselves in accordance with our own wishes. The tradition has been, for example, that the Speaker intervenes only when asked to do so. He is there to see that the rules are obeyed, but encourages senators to obey them themselves and to enforce them themselves.

So, it would be very much in our tradition, both in terms of looking ahead and in terms of regulating these matters ourselves on a non-black letter law basis, if we decided, without making any rule to that effect, voluntarily that we extend the non-smoking rule that applies in the Senate—although it is an unwritten one—to our committee meetings.

If all senators who smoke agree not to smoke during committee meetings of the Senate, or analogous meetings—for example caucus meetings—then we will solve the problem as far as the Senate is concerned, consistent with good Senate practice and good senatorial behaviour.

It is in that connection that I cite the voluntary restraint that my friend Senator Kelly has shown. He is a pipe smoker of long standing and obviously enjoys smoking his pipe. Because he knows of my attitude towards smoking, and the fact that I do have an allergy that has developed from tobacco smoke—

Senator Doody: Since you gave it up.

Senator Frith: I agree with that. I think there is definitely some connection. In fact, I would not be surprised if it is psychosomatic in the sense that when one makes a final decision to not smoke, to some extent one hypnotizes oneself to dislike smoking. I think that it has, in fact, a psychosomatic allergic effect.

In any event, Senator Kelly simply refrains from smoking when I am at a meeting, and I appreciate that very much. It is that sort of civilized, Christian and senatorial behaviour that should present to us what we might call the "Kelly solution" to any of these problems in committee meetings—that is, that smokers in the Senate voluntarily not smoke during meetings of Senate committees.

Hon. Heath Macquarrie: Honourable senators, although Senator Frith's speech was so brief as to be a mere puff rather than a good smoke—

Senator Frith: It was meant to be a treatment rather than a treat.

Senator Macquarrie: It was a treat of course. In any event, I reserve my gasps on this subject until a later date and, therefore, ask to have the privilege of adjourning the debate.

On motion of Senator Macquarrie, debate adjourned.

HUMAN RIGHTS

MEETING OF EXPERTS

Hon. Stanley Haidasz: Honourable senators, I should like to have leave to make a few announcements which I believe to be of interest to all honourable senators.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Haidasz: Honourable senators, I appreciate the opportunity granted me to bring to the attention of honourable senators some important events that I believe will interest all of us.

Earlier this month some honourable senators and members of the other place re-established the Canadian Parliamentary Helsinki Group as it existed in previous Parliaments since 1977. That move was prompted by the forthcoming meeting of Experts on Human Rights to be held in Ottawa beginning on May 7. This parliamentary group is involved in the Conference on Security and Co-operation in Europe process, particularly compliance of the signatory states with the human rights provisions of the Helsinki Final Act. Non-governmental organizations concerned with the fate of human rights and fundamental freedoms, especially in eastern Europe, are in contact with our group. Recently, one of those organizations and its representatives communicated to me its commemoration of the 67th anniversary of the Declaration of the Independent Byelorussian Democratic Republic. The Russian Revolution of 1917 brought about a revival of national consciousness of Byelorussians and a national council proclaimed the independence of that nation on March 25, 1918. However, this independence was short lived being suppressed by force by the U.S.S.R. government only a year later.

● (1500)

Many people of Byelorussian origin, now loyal Canadians, who immigrated to this country before World War I or who came as political refugees or displaced persons after World War II, have commemorated this important event in the history of their fatherland. I believe this commemoration teaches Canadians how precious the possession of independence is, how easily it is lost and how difficult it is to regain it. I believe that we should be grateful to them for that lesson.

It is hoped that the forthcoming meeting on human rights in Ottawa will give serious and full attention to the plight of human rights in Byelorussia and other European countries. It is also hoped that the Canadian Secretary of State for External Affairs, who will be visiting the U.S.S.R. in the next few days, will express to that government the concern of Canadians about the present state of human rights and fundamental freedoms in many of the countries under Soviet domination or influence.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 28, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HON. LOUIS-PHILIPPE BEAUBIEN

TRIBUTES

Hon. Duff Roblin (Leader of the Government): Honourable senators, before we commence the business on our agenda this afternoon, I should like to report to the Senate that news has been received of the death of Senator Louis-Philippe Beaubien. I know that it is expected of me to bring this sad event to the notice of honourable senators.

I am conscious of the fact that some senators—such as Senators Croll, Molson, and Walker, none of whom is here today—were particularly close friends of the late Senator Beaubien. I took steps to ensure that their offices were notified, as well as the offices of other senators who I thought would wish to receive that notification.

I wish to say a few words in tribute to the late Senator Beaubien. He was a man of most attractive personality; he was kindly; he was reserved, in a cultivated sense; and he represented a distinguished and patrician family that had its roots in French-speaking Canada. His father was a member of this chamber.

The late Senator Beaubien was a member of this chamber for almost 25 years, having been appointed in 1960. During most of that time his special interest was the Standing Senate Committee on Banking, Trade and Commerce. He attended the meetings of that committee with great regularity, took part in its discussions, and was extremely well-informed on the economic life of our country. I am sure that all who witnessed his activities in that committee will join me in paying tribute to his work as one of the outstanding members of that important, indeed prestigious, Senate committee.

Before the late Senator Beaubien was summoned to the Senate, he was prominent in business circles, particularly financial circles, where he made a reputation for himself as a man of probity. During the Second World War, he served overseas in England, Sicily and Italy for four years. He was discharged from the service with the rank of major.

He was, I must report, a stalwart supporter of the party to which I belong and was very efficacious in helping to organize the financial resources needed to respond to the necessities which beset any political party. He did so in such a pleasant and unobtrusive manner that I assure you he was a most effective advocate, indeed.

The late Senator Beaubien had a marked political sense; he knew which way was up in the political issues of this country; he understood his own province; he had an incisive mind; he was able to bring sound judgment to the affairs which faced him.

In a profession such as ours—if one can call politics a profession—where substantial egos are easily found, the late Senator Beaubien was a humble man in the best sense of that word, one who would always comport himself with modesty. His record is one which graces this chamber. It could well stand as a testimony to him.

I am privileged to offer this tribute to the life and work of the late Honourable Senator Louis-Philippe Beaubien. I am sure all members of this house join with me in expressing a very sincere word of sympathy to the son and daughter he has left behind.

Hon. Paul C. Lafond: Honourable senators, I learned of Senator Beaubien's death just a few moments ago. I subscribe entirely to everything Senator Roblin has said. As one member of the small group towards which the late Senator Beaubien drifted—and he was welcomed—I must offer a few observations.

As Senator Roblin has stated, the late Senator Beaubien was a great personal friend of Senators Walker and Molson, and I am sure both will miss him considerably. However, this chamber will miss him as well, not for the éclat with which he functioned, but for the sound sense he so often brought to this chamber and, more particularly, to the Standing Senate Committee on Banking, Trade and Commerce in my early years as a senator.

The name Beaubien has been associated with the Senate for many years, not only in Conservative ranks but on the other side as well. I believe an uncle or a cousin of Senator Beaubien's was, for many years, the Liberal Whip in the Senate. For a long time, the Senate roll at the door of this chamber had the name Beaubien proudly fitted on it, but, as of this day, it is no longer there.

The family, not only in Quebec but in the whole of Canada, has deep and solid roots. It is to be hoped that a younger generation of Beaubiens, of whatever branch, will eventually succeed their predecessors.

To Senator Beaubien's children, I convey my deepest sympathy.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I was very sad when I heard the news of the death of our colleague, Senator Beaubien.

I have known him since he came to the Senate in 1960, and since then, we have been great friends.

Louis Beaubien followed the family tradition in business, mainly in finance, and in politics. Senator Roblin mentioned his father, but we can go further back to his grandfather, Louis Beaubien, who was the President of the National Assembly and Minister of Agriculture and had quite a successful career in business and finance. I believe that Louis Beaubien, the grandfather, was the founder of Outremont and he was, in fact, responsible for the development of Outremont.

The father, as I mentioned earlier, was a member of the Senate for nearly thirty years and perhaps even longer. Appointed in 1915, he played a very active role in the Conservative Party and, like his father, in business. He was a lawyer like his grandfather was. However, our Louis Beaubien did not become a lawyer. He was very active in business, especially in the financial sector, before being appointed to the Senate.

His military service during the last war was mentioned, when he served in Sicily and Italy.

In the family tradition, Louis was representative of the old school of Montreal, which pioneered, as it were, in bilingualism owing to the fact that both the grandfather and the father married English-speaking wives. The family tradition continued, as in Louis' family where everyone was always fully bilingual. He was fluent in both French and English. Louis was that rare species: a real gentleman. I would even say that he was one of the last members of the old school of the last "belle époque" of Montreal society I was alluding to earlier. We all have very pleasant memories of our relations with Louis Beaubien in the Senate. He was not what you would call aggressive. Certainly not like me, I would think. He had nothing but kind words for everyone, which is not always the case with me. I am sure his memory will remain unsullied in the hearts of all his colleagues. We want to tell his son Charles and his daughter Margot how sorry we are about Louis' death, how much we sympathize with them and that we will keep our memories of him in our hearts, our memories of him as an excellent senator, a great gentleman and a prince among men.

[*English*]

Hon. John M. Macdonald: Honourable senators, a stranger reading the biography of Senator Louis Beaubien in the *Parliamentary Guide* would get a picture of a man who was interested in the financial and business world. Senator Beaubien served in the Canadian Army from 1940 to 1945 in Canada, the United Kingdom and Italy. From the biography, it is evident that this was a successful man and one who served his country well. However, the *Parliamentary Guide* cannot give any indication of the kind of man Louis Beaubien was. But I can tell you what kind of man he was, for he and I have been good and indeed close friends for almost 25 years.

I was summoned to the Senate in June of 1960 and he in November of that year. Our offices were not far apart. Over all of those years, when the Senate was sitting, it was indeed rare that we did not see each other daily quite apart from meeting in the Senate chamber. Indeed, we had been planning a joint celebration to mark our respective 25th anniversaries.

Yes, honourable senators, I knew Louis Beaubien. I knew him to be a man of high character, a man who was honest, upright and honourable in all of his dealings. He was a man of great integrity and one who never spoke a harsh word against anyone. He liked people and as a result he was liked and well liked by all who knew him or who had anything to do with him. His character and his personality were such that he made friends easily and kept them.

Louis Beaubien had a great love for the Senate. He was very happy here. He was proud of the fact that his father had been a senator before him.

Honourable senators, personally I shall miss my old friend, and I am sure there are many who will miss him. He had a good life. Now may his good soul rest in peace.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, allow me to say a few words on behalf of the opposition.

Honourable senators, you will appreciate that very little time has been left to me to add anything to the sentiments already expressed by the senators who spoke before me.

I must say however that we all fully agree with the remarks made by our colleagues.

I should like to say more about one aspect of Senator Beaubien's life which has been mentioned. I would emphasize the fact that, in a lifetime, one is given the opportunity now and then to get to know and work with somebody who adds a pleasing dimension to one's life, a certain enjoyment which makes it easier to cope with everyday life. Senator Beaubien was such a man, for it was always a pleasure to meet him to exchange views on various issues or simply to greet him. We will no longer have the experience and pleasure of seeing Senator Beaubien at his desk, of enjoying his company and his presence. He had a very appropriate name—he was "beau" and one was always "bien" in the presence of our former colleague.

• (1410)

[*English*]

Hon. Henry D. Hicks: Honourable senators, I should like to add a few words to the tributes paid to the late Senator Louis-Philippe Beaubien. He and I had apartments in the same building and occasionally entertained each other. I do not know what is the French equivalent of a Victorian gentleman, but if there is one, then Louis-Philippe Beaubien certainly deserves that accolade. He was everything that previous speakers have referred to. He was a joy to meet, a very pleasant and impressive person, and the Senate will be the poorer for his passing.

Hon. William J. Petten: Honourable senators, I should like to associate myself with the remarks of those honourable senators who have spoken before me. When I came to the Senate as a «new boy», to quote my honourable friend, Senator

Godfrey, I was fortunate to be placed on the same committee as Senator Beaubien. While at times I believe he had doubts about me because of my political affiliation, that in no way affected our friendship. I wish to say how much I appreciated knowing him. He was a gentleman of the old school, and I extend my deepest sympathy to his son and daughter.

[*Translation*]

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that the following message had been received from the Commons:

House of Commons
Canada

Tuesday, March 26, 1985

Ordered: That a message be sent to the Senate to acquaint Their Honours that the report of the Commissioner of Official Languages for the year 1984 (Sessional Paper No. 331-1/301) is permanently referred to the Standing Joint Committee on Official Languages Policy and Programs.

ATTEST

The Clerk of the House of Commons
Michael B. Kirby

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lowell Murray, Chairman of Standing Committee on Banking, Trade and Commerce, presented the following report:

Thursday, March 28, 1985

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FIFTH REPORT

Your Committee, to which was referred Bill C-23, intituled: "An Act to amend the Small Businesses Loans Act", has, in obedience to the Order of Reference of Tuesday, March 26, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LOWELL MURRAY
Chairman.

[*English*]

THIRD READING

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

Hon. R. James Balfour: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. John M. Godfrey: Honourable senators, before we vote on this motion I should like to say a few words about this bill, especially on one particular aspect of it. In doing so I should like to pay tribute to Senator Stewart. About a month ago, I proposed a motion to the effect that clauses which enabled regulations to be made under a bill be considered by the Joint Committee on Regulations and other Statutory Instruments. I had observed on several occasions that senators were generalists and not specialists, and that clauses of this kind usually went through without anybody noticing them particularly, or paying any attention. I must say that if it had not been for Senator Stewart the section I am going to refer to and speak about now would have had the same treatment. However, he drew to our attention the enabling clause in the bill, to which I should now like to refer and on which I wish to comment.

Before I do that, I should like to refer to other clauses in the bill. On page 2, clause 3(1)(b) provides that, in effect, the government guarantees 85 per cent of the loans made under the bill—

> or such other percentage as is provided by an appropriation Act or other Act of Parliament.

In other words, if the government decided to change that 85 per cent, instead of going through the lengthy process of having to amend the bill in the usual fashion, they could use a much simpler process of using an appropriation act, which would permit at least some debate in Parliament, some observation, some consideration.

The next clause I should like to refer to is on page 4 and is clause 3(4)(b). This deals with the fee which is to be charged; it is a fee of 1 per cent of the loan. It says:

> (b) the bank has, at the time the loan is submitted for registration or at such other time as is prescribed, paid to the Minister a fee of one per cent of the amount of the loan or such other fee as is prescribed or calculated in the manner prescribed.

When we get to the enabling sections, the sections which permit regulations to be passed, they have been amended—

Hon. Royce Frith (Deputy Leader of the Opposition): The clause should be read with the «unless» that goes with the main clause at the bottom of the previous page. Perhaps you should read that so that we know what the «unless» is about.

Senator Godfrey: The clause I have read in effect provides for the one per cent fee, which had not been provided for before. Incidentally, that fee is to be paid to the government. Originally, as the bill was first submitted, it was to be paid by the bank; then there was an amendment before the committee of the other place which allowed the bank to recover the fee to be paid from the borrower.

The relevant clause I want to talk about, and the reason I am on my feet now, is clause 5, which refers to paragraph 7(1)(m), which is the enabling clause, and says that the government may by regulation prescribe

> for the purposes of paragraph 3(4)(b), the fee, or the method of calculating the fee, payable to the Minister and the time at which the fee is payable.

● (1420)

The effect of that is that by regulation the government can raise the fee to more than 1 per cent. I drew to the attention of Mr. Bissonnette when he appeared before the committee yesterday the government directive, with which everybody is now familiar and which was originally issued by the Honourable John Turner in 1971 when he was the Minister of Justice, and confirmed by cabinet directive on April 18, 1981. That directive provided in part:

> In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:
>
> (1) When bestowing the power to make regulations upon a person or rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.
>
> 2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought.

The powers that should not be included are listed. The relevant one here is, «(g) power by regulation to impose a charge on the public revenue or on the public other than fees for services.» Senator Flynn and I had an argument in the committee yesterday as to whether or not this was a fee for services or whether it was something more. In fact, Senator Flynn was so protective of the witness that he did not want him to answer any of my questions. He wanted to answer them himself.

Senator Flynn: Not your questions, never.

Senator Argue: You are asking for trouble, Senator Godfrey.

Senator Godfrey: I would like to read an excerpt from the committee meeting held yesterday. Senator Stewart had asked a question of Mr. Bissonnette, to which he replied in French. In that connection, I wanted to confirm my recollection of what I heard him say, so I asked my secretary to get a short paragraph translated into English.

Senator Flynn: It would make no difference because you would not understand anyway.

Senator Godfrey: I can tell you that I had a little problem which astounded me. She went to Mr. Belzile, the editor of French Debates, and asked if he would mind translating the short paragraph into English so that I could speak intelligently and answer Senator Flynn in the chamber this afternoon. Mr. Belzile said that he was too busy. She then went to Mr. Griffith who is not totally fluent in French but was co-operative and produced a translation which he will not certify as being as good as the translation Mr. Belzile might have come up with. I think there should be a service in the Senate whereby a senator can have a brief passage translated into English or French for the purposes of debate. I phoned Mr. Greene about it, and he said that there was no provision for obtaining such translations. There should be somebody designated to translate short passages when required, and should be instructed to give priority to this kind of request.

In any event, Senator Stewart asked his question in English:

> What is the real purpose of this charge, which becomes a kind of revenue for the government? Is it to pay the clerical costs of registering the loan?

Mr. Bissonnette replied by saying, according to my translation:

> This 1 per cent, Senator Stewart, is meant to offset the losses. Then if you think they are going to lend $900 million next year, the 1 per cent could represent $9 million. In fact, the $9 million that we would have to use to offset the losses that we anticipate could be, as I said earlier, 5 per cent.

The losses in the past have averaged 7 per cent, but by providing that banks are now responsible for 15 per cent of the losses, they felt they might be more cautious and that therefore the losses might be reduced to 5 per cent. Therefore, this provision, in effect, takes care of more than one-fifth of the loan, because of the 15 per cent provision that the bank has to pay. It is quite a substantial item.

I do not think, in view of Mr. Bissonnette's reply as to the purpose of this loan, that anybody can seriously argue that this is a service fee. Therefore, I would suggest that it falls into the category of something that should not be done by regulation.

What are the alternatives besides an ordinary amending act? What Mr. Bissonnette could have done, and provided in the bill, was to follow the same procedure for changing the 85 per cent, that is, by an appropriation bill. The reality of the situation is that having regard to the time the bill came to us yesterday and the fact that the bill has to be passed by the end of March, there is no way that you are going to get an amendment adopted at this time.

However, there is another procedure that could have been followed. There are times when exceptions should be made, and it is perfectly legitimate to make changes by regulation, but when it is done in this manner the government should provide for, at least, some input by Parliament. The kind of input I have in mind is by providing for either an affirmative or negative resolution.

In that respect I would like to refer to the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments which was published in July 1980. I would like to read paragraph 24 on page 9 of that report into the record because I think it is important for future reference. It states:

> Your Committee has taken note of the procedures used for this purpose in the United Kingdom and in the

> Commonwealth of Australia, which are summarized in Appendix III to this Report. It considers that a power in the Houses, soberly used, to disallow subordinate legislation, is essential in Canada and that on far more occasions than at present Parliament should be called upon to affirm a subordinate law before it can have legal life. Your Committee recommends that all subordinate legislation not subject to a statutory affirmative procedure—(5) should be subject to being disallowed on resolution of either House and that the Executive be barred from re-making any statutory instrument so disallowed for a period of six months from its disallowance. Your Committee further recommends that if any resolution for disallowance of a statutory instrument is moved, and is not withdrawn, the statutory instrument should be deemed to have been disallowed if a debate on the resolution does not take place and culminate in a vote within a fixed number of sitting days.

I would like to refer to paragraph 25 on page 10 of the report which states:

> Clearly, many statutory instruments are wholly non-controversial and unobjectionable and affirmation would be granted without demur. But the opportunity would exist for Parliament to exercise its sovereign powers.

Paragraph 26 states:

> It is not possible to specify all those cases in which affirmation would be possible and desirable, although its virtue in cases of subordinate laws made under skeletal statutes is obvious. Affirmation would also be highly desirable in cases where the exercise of enabling powers may . . .
>
> (b) impose or increase taxation, fees or charges;—

That is the exact situation in this case.

> Paragraph 29, subparagraph 6 states in part:
>
> Your Committee favours a minimum number of five signatures for a motion for disallowance in either House.

Later on the committee members had changed their minds and thought that possibly 15 or 20 signatures should be required so that it would be more difficult to move a motion for disallowance and they would not be faced with frivolous motions by a few members. The purpose for my rising today is to point out that if the government is going to do this kind of thing—and there may be legitimate reasons for having this flexibility—it should have at least included, as it did in tax treaty bills which we have dealt with, a negative resolution procedure. Honourable senators may recall that, in certain tax treaty bills, there was a provision that by regulation the government could increase taxation. We found fault with the actual negative resolution procedure provided for, and pointed that out, and those clauses were later amended and in some cases dropped from those bills and from a number of energy bills.

● (1430)

I raised this subject during the committee meeting yesterday and asked whether we should make some comments in the report. I was told that that would take a long time to prepare, so I agreed that we report the bill without amendment, but I said that I would draw to the attention of the Senate these comments in the hope that we could give the government some kind of warning for the future.

I think it is unfortunate that in a case such as this, when the minister did consult with banks and small businesses, the Senate was not consulted. In other words, the bill was referred to the Senate at the last minute. In one respect, we can take part of the blame because we did not pre-study the bill. Had we pre-studied the bill a month ago, and if Senator Stewart, in his diligent fashion, had spotted this objectionable clause, we could have taken that up with the minister and might have had an opportunity of persuading him to include some kind of negative resolution procedure in the bill.

I hope we will see those types of clauses in future bills when the government wants this kind of power.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I have always had much admiration for Senate Godfrey and his outstanding performance as Joint Chairman of the Joint Committee on Regulations and other Statutory Instruments.

He is still doing a good job, even though he no longer is joint chairman of the committee. I am concerned however when I see him draw conclusions from the principles he is attempting to apply and which he put forward today concerning the right granted to the minister to set the fee payable when a loan is registered.

In my opinion, he is making a mountain out of a molehill. And his mountain brought forth a mouse.

Like any other, this fee must be paid for services rendered. It amounts to a premium in exchange for the government guarantee given to banks on loans they make under this act. It is an insurance premium, a fee which is payable. It is not a tax. If it is a tax, I do not understand anything anymore.

Senator Godfrey maintains that the public cannot be expected to pay. Such is not the case. The public wants to borrow, so we say pay a 1 per cent fee. The minister may change the percentage according to the circumstances.

The same principle applies when a company is incorporated. We tell management that the cost is $200. It has always been possible to change the fee schedule through regulations. I am not trying to make it tough for Parliament—nor even for such a prestigious man as Senator Godfrey—with respect to a change in the fee schedule applicable to such loans.

I am very much in favour of principles, but if they are to be interpreted so as to apply to a minor consideration like this one, we will never see the end of it. We are talking about a premium, a fee, not a tax. However much I admire the zeal of Senator Godfrey, I would suggest that, in these circumstances, it is untimely.

[*English*]

Senator Godfrey: My response is that that is the usual reaction of over-reacting.

Senator Flynn: Are you speaking for the second time?

Senator Godfrey: Will that close the debate?

Senator Flynn: No, but I have had enough just hearing you once.

Senator Godfrey: I just wanted to point out that $9 million a year is involved, and that is not peanuts.

Motion agreed to and bill read third time and passed.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTH, SEVENTH, EIGHTH AND NINTH REPORTS OF COMMITTEE TABLED

Hon. Royce Frith, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's sixth, seventh, eighth and ninth reports approving budgets of the following committees:

Energy and Natural Resources;

National Finance;

Youth;

Banking, Trade and Commerce.

He said: Honourable senators, these budgets have been approved by the committee. The reports contain the substance of the budgets, the budgets themselves, and pursuant to rule 83(A) will appear in today's *Minutes of the Proceedings of the Senate*. So, anyone interested in the detail can look at the *Minutes of the Proceedings of the Senate* tomorrow.

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

BUSINESS OF THE SENATE

On Notices of Motions

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is at this time that we are accustomed to hearing a motion that the Senate adjourn until next week.

Perhaps it would be convenient for honourable senators if I were to consult with them now with respect to the plans for the immediate future, as I see them.

I should start by saying that the cause of our concern is a bill respecting the Canadian Commercial Bank, which is yet to be processed and dealt with in the House of Commons. It is the earnest hope of the government that Parliament will be able to dispose of that bill so that Royal Assent may be given tomorrow.

Among other things—and I do not wish to enter into a debate now—the question of some certainty with respect to this matter seems to be rather important, and it would be enhanced if Parliament were to give its decision before the week is out so that Royal Assent, currently scheduled for approximately 5 o'clock tomorrow afternoon, could take place.

There are some problems. To the best of my understanding, the bill itself will be introduced in the House of Commons this afternoon—it has probably been introduced already in the House of Commons, or if not, it will be shortly—for first and second reading. I have been informed that there is general agreement in the House of Commons to give it second reading this afternoon. It will then be referred to the Committee of the Whole in the House of Commons at approximately 12 noon tomorrow, and after Committee of the Whole and third reading, it will be referred to the Senate.

One can see that if the House of Commons takes longer than we hope in dealing with this in committee of the whole, we may be faced with certain problems. I propose that we look at that side of the question when we know more about what is going to happen. I may be able to obtain some information later today as to how long we may expect the bill to be in committee of the whole in the other place. I have stressed to the managers of the other place the great importance of giving the Senate a reasonable opportunity to consider this legislation. Although the managers in the other place are not in a position to give me assurance on the matter, because two other parties have their rights, nevertheless, I know they are impressed with the need to consider our position here if this bill is to receive the kind of treatment they wish. I am hopeful that, shortly after 12 o'clock and certainly before 2 o'clock, it will be ready for us.

• (1440)

Our proposal is that we follow the rules of the Senate, which provide that, unless we decide something differently, the house will re-convene at 2 o'clock tomorrow afternoon, shortly after which we will give consideration to this bill.

However, there is the problem of the committee stage. I hope I am allowed by the Leader of the Opposition to say that he suggested to me it would be worthwhile considering having a committee of the whole stage in the Senate, as they are doing in the House of Commons. That, of course, is well within our tradition. If we do have a committee of the whole stage, we can expect the minister or her representatives—but, certainly, I hope the minister will be here, as she has a right to be—to sit on the floor of the Senate and deal with the questions which senators will have.

My proposal, therefore, is that we consider this bill as soon as we can tomorrow afternoon. I will do my utmost to get it here at a reasonable time. There will then be second reading, with leave, during which I hope to give a pretty extensive explanation of what we are being asked to do. Following that, there will be examination by committee of the whole so that if any questions remain in the minds of honourable senators, as there may well be, they will have some opportunity to have the information they desire.

Among other things, I think it would be helpful if we were to receive the copy of the House of Commons bill as soon as it is deposited in that place, because it not only provides the legislative authority being sought, but attached to it is an explanation of the bill. In other words, they have outlined the principal features of the arrangement that is being put in place. I think it would be a good thing if honourable senators had the opportunity to look at that arrangement overnight so

that, when we consider the matter tomorrow morning, we do not come to it completely ignorant as to what the substance of this matter is. It is quite a complicated affair and will require close attention.

I would ask the officials of this house to make sure that, just as soon as they receive the bill from the other place after its presentation there, they distribute it to every senator so that we will have the evening, if we like, to look it over and to frame the questions that will be bothering us.

I hope I am not being too optimistic in thinking that we will find the time necessary to do our duty in respect to this matter. Nobody dislikes more than I—and heaven knows I have protested about it in the past, as Senator Frith will bear witness—these particular situations we get into from time to time when we feel cramped in our ability to give due consideration to legislation. I am most conscious of that feeling and I can only pledge to do my best to provide the largest amount of time available.

If we do not receive the bill until 5 o'clock tomorrow, which, of course, is always possible, then we will have to take counsel together to consider what to do next because that remains unclear. It may be that we would have to make some different arrangements for Royal Assent. I will leave that matter open. I do not think we should deal with it now because the situation may never arise. If I am able to make my point and the House of Commons does give us the bill at a reasonable time, then, if we have two or three hours, that might be considered adequate under the circumstances—and I stress the last phrase—to deal with this urgent and difficult matter.

I should like to consult with the Senate on this matter to get some feeling of the opinion of my colleagues.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government has suggested that we postpone detailed discussion of what arrangement might be feasible until we know more about what is happening in the other place and, particularly, when the bill may come to the Senate.

I have two comments to make. One is that it would certainly be useful to have a committee of the whole in the Senate because it would substitute for a standing committee hearing that might normally take place, and would permit senators to ask questions on this very important matter. We have no intention of delaying unduly the consideration of the bill, but there are questions to be asked and they could be most effectively answered by the minister in committee of the whole.

The second comment I would make is that, depending upon the time the bill comes to the Senate, it may be necessary to keep in mind that the time of Royal Assent can be adjusted so that we are not rushed in giving complete consideration to the bill by a pre-determined time for Royal Assent. It would be no great problem if Royal Assent were delayed into the evening or later if, indeed, the Senate wished to take that amount of time to deal with the bill.

I appreciate the necessity of receiving as much information as possible today so that we can be prepared to deal with the bill tomorrow and to ensure that our actions do not add to whatever uncertainty exists with respect to this problem.

Hon. John. M. Godfrey Honourable senators, while I have no objections to the procedure outlined by Senator Roblin, I would add one further suggestion. Since we are all going to be here tomorrow morning, why should we not refer the subject matter of this bill to the Standing Senate Committee on Banking, Trade and Commerce for pre-study? That would not be in substitution for what has been suggested. It would mean, however, that we would be more knowledgeable about the bill before the committee of the whole. It would not be necessary to have the minister in attendance at the committee meeting for a pre-study. If we asked questions of the officials, we would possibly save time in the afternoon and we would be more knowledgeable about the bill so we could handle it in a more efficient fashion in committee of the whole.

Hon. Royce Frith (Deputy Leader of the Opposition): Although I have never known it to happen before, is there anything to prevent the committee of the whole doing a pre-study?

Perhaps we could sit tomorrow at 10 o'clock to hear the officials because, I assume, the minister will be in the other place, and they will be working on the bill tomorrow morning. Am I right about that?

Senator Roblin: Yes.

Senator Frith: The minister would want to be in the other place. I am not pressing for this. I do not want to get into a big argument, but it is possible, since most senators will not have made any plans for tomorrow morning and no committees would be sitting, that the committee of the whole might sit and we could have some officials here and then, when the minister comes, at least the officials will have softened us up.

Senator Roblin: That is an idea that might be given some consideration. I have to tell my honourable friend that I would much regret not being at the committee meeting myself because I am one of those who has a prior obligation for the whole of tomorrow morning. From my own personal point of view, I would have to delegate my responsibility.

I would just ask the Leader of the Opposition on this point whether he thinks the committee of the whole procedure, where we would have the minister and officials who can help her, would be adequate or whether he has some other view on the matter.

Senator MacEachen: Other suggestions have been made, and each of them, of course, has merit. I believe, if the bill comes at a reasonable time in the afternoon, we ought to be able to complete the process tomorrow. If the Leader of the Government wishes to suggest another alternative, I would also consider that.

Senator Roblin: I am satisfied with that.

If we have what might be considered as a consensus with one or two different voices being heard, I will follow that

course, and I repeat that I will do my very best to see that we get the bill at a reasonable time so we can do our job properly.

● (1450)

NATIONAL SOIL CONSERVATION

NOTICE OF MOTION TO URGE GOVERNMENT TO SET ASIDE SPECIAL WEEK

Hon. Gildas L. Molgat: Honourable senators, I give notice that, on Tuesday next, on behalf of the Honourable Senator Sparrow, I shall move:

That the Senate urge the Government to declare a special week for soil conservation in 1985 and every year thereafter;

That it be called National Soil Conservation Week;

That it be declared for the week May 12-19 in 1985, in conjunction with the Manitoba Soil Stewardship Week; and

That it be declared at a suitable period in subsequent years.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

CANADIAN HOG PRODUCTION—UNITED STATES IMPORT DUTY

Hon. Dan Hays: Honourable senators, I have a question for the Leader of the Government in the Senate arising out of the decision yesterday by the U.S. Department of Commerce to the effect that Canada subsidizes hog production, in consequence of which there has been imposed a tariff of 5.3 cents a pound, based on dressed weight, on future shipments of pork from Canada into the United States. According to the news story, this amounts to, approximately, a 10 per cent tariff on the live weight of hogs shipped into the U.S.

My question is twofold. I would appreciate knowing the position of the government with respect to how this occurred, particularly in light of the recent apparently happy occasion on which the President of the United States and the Prime Minister met in Quebec City.

The tariff countervail that has been imposed is a very high one and represents a great surprise and a great disappointment to Canadian hog producers. I am interested in knowing the background to this and what steps are being taken to remedy the situation between now and the date in June on which this matter goes before the International Trade Commission for determination as to whether or not it will be a permanent tariff.

The second part of my question relates to a news story that I heard on CBC Radio this morning to the effect that the Minister of Agriculture for the province of Alberta, Mr. LeRoy Fjordbotten, has taken the position that Alberta production should not be subject to this countervail, the ground being, I assume, that the Province of Alberta has not been making the payments to the hog producers which prompted the countervail, at least in part. He has indicated that steps are being taken by the Government of Alberta to have hog production from Alberta excluded from this very harsh measure.

I should like to know whether or not the Government of Canada supports the position of the Government of Alberta and whether or not any meetings or discussions have taken place between the two levels of government in that connection.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has asked a question on a very complicated matter and one which really lends itself more to investigation by way of inquiry than in Question Period.

At the risk of giving a rather extended answer, I shall try to give my honourable friend some information.

It is perfectly true that the American system provides a mechanism by which producers who feel their markets are threatened by the subsidized imports from another country can ventilate their concerns. There is nothing that the President of the United States can do about that. It is part of the laws of that country.

There are two steps, as I understand the process: first, to find out whether actual damage has occurred; and second, to try to identify the rationale for the charge and whether or not it is something that should result in tariff action.

Those procedures, I am afraid, take place daily in the United States. They are of very great concern and worry, not only to the honourable senator who raised the question, but to the hog industry, in this particular case, and to the government itself.

The effect of this tariff would be a very substantial and noticeable reduction in Canadian hog prices. The information I have is that it would reduce domestic hog prices by about $3.50 per hundredweight, if the level of duty suggested were upheld in a final determination. So, it is a serious matter.

The question is, where do we stand? A preliminary determination has been made—a preliminary determination, not a final one—and on the basis of that preliminary determination, a provisional duty has been set, and that is what is worrying everybody. And they have a right to be worried. As a result of that, at a certain period of time exporters of Canadian hogs into the United States will have to post a bond with respect to this extra duty, which is held in escrow in case, in the final determination which will take place at some time in the future, the initial American opinion is upheld. If the opinion is not upheld, the duty is refunded to those concerned. We are midway in this process. We have the preliminary finding but not the final finding.

Officials of the Canadian Embassy in Washington are meeting today, as a matter of fact, with the authorities of the U.S. Department of Commerce in connection with this matter. They have already been told what the problem is, and the problem is one of allegations of subsidy. There is alleged to be

a subsidy of 2.6 cents a pound resulting from the federal Agricultural Stabilization Plan in this field; there is a subsidy of 0.1 cent a pound for the federal Record of Performance Program; there is—

Senator Argue: Oh boy!

Senator Roblin: I agree, Senator Argue. There is a 0.1 cent a pound subsidy in respect of the federal Hog Carcass Grading Settlement Program. The largest item, I think, is the aggregate of the provincial stabilization programs, amounting to 2.5 cents.

That is of particular interest to my honourable friend, because it differs from province to province. As Senator Argue will understand, the provinces have widely differing support systems. The amount of 2.5 cents a pound represents the average.

When the Americans look at these things, they do not look at them on an individual province basis; rather, they look at the whole picture for the nation. They do not distinguish between the provinces in terms of the source of the product. It is simply the case that the product «comes from Canada.»

If the Province of Alberta is innocent in respect of the subsidy question, the producers and the Government of Alberta have every right to exercise every influence they can in having the Americans recognize their special position in this regard, and I encourage them to do so. Whether or not the government can persuade the American government to do the same is a very different question. So far as I know, that has never been done. So, the outlook isn't bright. What we have to do is to try to work with the Department of Agriculture to prove that these alleged subsidies do not exist; or alternatively, if they do, that they are not in fact any worse than the subsidies that exist in the United States. In that way we can at least reduce the size of the alleged subsidy with which we are being credited.

That is a long answer. It does not satisfy my friend I am sure, because I cannot provide him with a positive statement; but that is the state of the art at the present time.

Senator Hays: Honourable senators, I want to thank the Leader of the Government for his thorough answer. I would ask him to determine whether there is further information as to whether or not the federal government has agreed to assist the Government of Alberta in connection with this.

I appreciate his comment to the effect that that is likely unprecedented. While I am not certain that it is unprecedented, I am aware of no occasion on which it has occurred.

By way of supplementary, I would ask him whether or not there are any initiatives planned on the part of the Government of Canada to attempt to address the disparate programs with respect to the production of agricultural commodities in the various provinces with a view to making them uniform.

The tripartite beef stabilization legislation which is before the House of Commons is such an attempt, but we know from the background information on that that it will relate only to a few of the provinces. It would be helpful for honourable senators to know whether or not there was any initiative in place or being considered by the Government of Canada to attempt to eliminate those different programs.

Senator Roblin: I am sure that the government will consider very sympathetically any representations it receives from the Government of Alberta. I have to warn my honourable friend, however, that the chances of getting that view accepted by the Americans, in my opinion, is problematical.

On the question of a uniform policy on hog subsidies, I am in agreement with my honourable friend. I think there should be a national policy. The provincial policies should be subsumed within the national policy. That has been the thrust not only of this administration but of the previous administration. We have reached a certain stage. I believe there are two provinces—I will not name them—that are recalcitrant or do not wish to come into this plan, and persuasion is the only tool available in order to bring about uniformity. But the point is not lost on the Minister of Agriculture and it is one that he continues to work on.

• (1500)

Hon. Hazen Argue: Honourable senators, I should like to make a comment, followed by a supplementary question. We are perhaps starting down a dangerous and slippery road. This opens up the possibility of a sort of food trade war or subsidy war between Canada and the United States. It is one that we cannot win because our treasury is not as large as that of the United States. If we look into the subsidies paid in the United States, any alleged subsidies that we pay in Canada would be dwarfed by the billions of dollars of subsidies that go to food production in the United States.

I would ask the Leader of the Government to pass on to the relevant ministers in Cabinet my concern that we should be very careful before we in Canada go down the road of paying the large western grain transportation subsidy to the producers. It seems to me that if the grain producers of western Canada start to receive that subsidy in their mail boxes that would be a signal to the United States to undertake some drastic counteraction. To follow that course would pose a serious danger to Canada.

I agree with the Leader of the Government that it is important that subsidies across the country, whatever they may be, should be uniform and there should not be the huge variation from province to province. Will the government endeavour to work out some kind of marketing system in Canada in relation to hogs which, under the GATT, would allow us to be protected from this kind of retaliatory action by the United States?

That question raises the whole matter of national marketing boards, and I know that is a difficult subject. It is something that I am not always enthusiastic about. I am enthusiastic about it in the grain business in light of particular circumstances, but it is much more difficult in connection with the production of hogs or perishable commodities, something that is consumed in Canada to a much greater extent. Nonetheless I would ask the Leader of the Government to see whether a study has been made, can be made or will be made to see

whether or not a system could be developed in Canada that would give us the protection of GATT, rather than leave us wide open to this kind of retaliatory action by the United States.

Senator Roblin: Honourable senators, GATT already provides for the sort of thing mentioned by my honourable friend, but in a reverse way. He will know that we have invoked certain rules with respect to beef imports from the European Community, and I believe that they, fully authorized under GATT, are saying «If you are going to do that to our beef, we will do it to your maple sugar,» or some other products of that kind. That question is now being negotiated with other people. Our recourse against the United States is the same thing. In retaliation, we could impose some restrictions against goods which they export into our country. But that has to be the counsel of despair. That is no way to settle any of these matters.

Senator Argue: That is not what I had in mind.

Senator Roblin: I know. I have to speak with caution, because I am not an expert on the GATT. So far as I understand the GATT, that is the only protective device we have. The real solution is what the late Winston Churchill used to say: «Jaw, jaw is better than war, war». We have to talk to the Americans and try to expose the reasonableness of the position we are taking. That is why having a friend in the U.S. President is no bad thing.

Senator Argue: The question of «jaw, jaw,» opens up every kind of possibility. I suppose that Canada would have the biggest jaw in history, if it came to «jaw, jaw.» But the American jaw might be smaller and tougher and a lot more powerful. I do not want to get into a discussion of what can or cannot be done in GATT. There is, of course, an appeal to GATT if you believe that whatever action has been taken is not in keeping with GATT. That course might or might not be pursued. However, I am not talking about that. I believe there are marketing systems possible that would allow us to have some control over our hog industry in this country and at the same time would allow us to avoid that kind of retaliatory action. The officials in the department will, I am sure, know what my jargon is all about, and will provide an answer. Perhaps there is no way that we can do it except by rigid control over sow numbers on a given farm, individual production, and so on. But there may be some other way that is a litte less onerous.

Senator Roblin: Honourable senators, I do not wish to continue this discussion either, but I would like to come back to my point that negotiation is the way to go. For example, recently the American government imposed an embargo on millions of dollars worth of Canadian food exports because of the sugar content. It was caught in the net, with a lot of other prohibitions against imports of sugar. Now that their attention has been drawn to the specific weight of this measure on Canada—it is very serious—there are some indications that they recognize the unfairness of the situation. That is being done not by threatening to invoke powers, which are really useless in the hands of a smaller power, but by appealing to the sweet voice of reason. You do not always win on that, but it's worth trying.

[Senator Argue.]

[*Translation*]

JUSTICE

CAPITAL PUNISHMENT—GOVERNMENT POLICY

Hon. Jean Le Moyne: My question is directed to the Leader of the Government in the Senate. Considering that the issue of capital punishment continues to be of concern to us, that Mr. Bill Domm is very enthusiastic about it in the other place, and that he happens to be a parliamentary secretary, might we conclude that his actions reflect the official and ultimate policy of the government in this respect?

[*English*]

Hon. Duff Roblin (Leader of the Government): I believe the honourable senator will find that Mr. Domm is acting in his private capacity as a member of Parliament.

[*Translation*]

CANADA-UNITED STATES RELATIONS

CANADIAN POTATOES—UNITED STATES IMPORT DUTY

Hon. Eymard G. Corbin: The Leader of the Government in the Senate has given a very clear explanation of the problems faced by Canada's pork producers. Many of his remarks apply to the problems and threats confronting eastern Canada potato producers.

The Leader of the Government in the Senate referred directly to the various subsidies paid in this country by the federal government or by the provinces.

According to a statement allegedly made by American politicians, some provinces heavily subsidize potato production in Canada. Those potatoes are then marketed in the United States at reduced prices. Quebec is one of the provinces singled out by our American colleagues. Indeed, it has been said that provincial subsidies promote overproduction in Quebec, with the result that the American market is being flooded as never before.

Yesterday I did refer to the meeting which U.S. Secretary of Agriculture Block would like to arrange with his Canadian federal counterpart, the Hon. John Wise. Given today's admission by the Leader of the Government in the Senate, would the federal Minister of Agriculture not be well advised to meet with his provincial colleagues in an attempt to make them realize that our foreign markets can be seriously damaged by some subsidies which, in my opinion, are unwarranted and unjustified? That is the point of view expressed by the producers of New Brunswick.

● (1510)

[*English*]

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the Minister of Agriculture meets regularly and consistently with his colleagues in the provinces

and matters of that sort are among the items that are discussed.

ENERGY

FEDERAL-PROVINCIAL AGREEMENT

Hon. Stanley Haidasz: I should like to ask the Leader of the Government whether he intends to make a statement this afternoon in this chamber about the new federal-provincial energy agreement, in particular the petroleum and gas revenue tax, and how it will affect the consumers of Canada in paying for their home heating fuel and gas and gasoline expenses.

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for raising that point, because I had intended to report to the house that a statement will be made on the Western Accord, in the other place. I think it is probably being made right now, and arrangements will be made to have that statement made available to all members of the Senate so that they may have a chance to examine it.

CANADIAN WHEAT BOARD

MARKETING OF DWARF WHEAT

Hon. Hazen Argue: Honourable senators, I have a question which is really for the distinguished minister in charge of the Canadian Wheat Board, the Honourable Charles Mayer, but since I cannot address the question to him here, I address it through the government leader in the Senate.

It has to do with the whole question of the production and movement of dwarf wheat on the prairies. These wheats produce a greater yield than normal high quality wheats; they have been, and are, a temptation for some producers to get into the business of producing dwarf wheats; they have come into the country illegally; it is illegal, as I understand it, to market them through the ordinary channels and to suggest that they are ordinary spring wheats that are licensed.

There is a report in the *Globe and Mail* that steps are being taken to set up a system whereby these dwarf wheats can be marketed by producers, and that the Canadian Wheat Board is going to endeavour to set up a special bin system for the handling of dwarf wheats. This disturbs me very greatly. I suggest that it is a system to legalize the illegal, to legalize wrongdoing, and really to make it lawful for a group of farmers whose judgment is certainly misplaced, to put it mildly, to effectively sabotage the best marketing system and the best grading system in the world.

I am asking the government leader why this step has been taken, why the minister in charge did not endeavour to prevent the marketing of this kind of grain, and what steps will be taken to outlaw and prevent this kind of procedure in the future.

I think our customers will be very greatly upset that we are starting to put in our system now grades of wheat of inferior milling quality that can gum up our system, and that can damage our reputation in the world. We are going into a very difficult marketing period for western Canadian grain. In my view, we will be able to sell all of the high quality wheat that we can produce in western Canada—and that is lots—because it carries a premium and our customers and the world want our premium wheat. I think this new kind of system is a very serious threat, and I would ask the minister to respond, or I would ask that these words be taken to the minister responsible for the Canadian Wheat Board for a comment from him.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend knows a good deal about this problem, in view of his former capacity. As he knows, not a bushel of this substandard wheat, if you want to call it that, has been grown under the auspices of the present government. It is to come. There is, I think, about 600,000 acres of this grain being planted or intended to be planted in western Canada.

Now, what is the problem? The problem is exactly as stated by my honourable colleague, namely, that you do not want to mix this kind of wheat with our regular crop because it is of a different quality. It is not suitable for milling in the same sense that our wheat is. It is suitable for milling in other forms of bread production than Canada No. 1 Northern, and it is suitable for certain types of feed operations as well. It is not a useless product. A great many farmers think it is a good product, because a great many of them are growing it.

The question is: Can you tolerate that in a system which has devoted many years to establishing its reputation for quality and uniformity, and all the things that go to make Canadian wheat the world quality product that it is? That is the problem. The minister thinks it can be done by a special allocation of storage services for this particular grain. After all, we manage to keep umpteen grades of wheat in separate storage containers; we keep different grains separated in the storage system, so at least from the point of view of theory, if you want to use that expression, there is no reason why we cannot do the same with this grain. My honourable friend suggests it is inadvisable to do this. The minister is investigating the possibilities, and I think I would be prepared to allow him to complete his studies in this matter.

Senator Argue: As I understand it, it is not a question of studies, it is a question now of having come to some conclusions. I do not expect the Leader of the Government in the Senate to have the figures, but from what I read it is not 600,000 acres, it is closer to two million acres, and to provide special bins is really to give this wheat a blessing, because if it is a special bin, then it is there to go out to be milled into flour in all parts of the world. Up until now those producers who were producing unlicensed grains had to accept a feed grade only, and therefore a lower price. This new system is a bonus for wrongdoing, and I think it is a very dangerous practice.

Senator Roblin: I doubt that one could call it wrongdoing. It may not be what the minister likes, but there is no law that says you cannot do it. It is not wrongdoing. If the Canadian Wheat Board, who are the prime movers in this, who have to make it work, think it is a practical proposition I would be inclined to think it probably is. After all, we now sell wheat of

umpteen different grades and we have no trouble in keeping them apart or distinguishing them, and our customers have no trouble in knowing what they are buying, so it follows, in my mind, that to add another variety to that mix is a possibility. My honourable friend does not think it is desirable. He is entitled to that opinion.

Senator Argue: No, I surely do not think it is desirable. It is apparently being done. I think it is wrongdoing, because it is an unlicensed variety; it was brought into the country illegally; it was bootlegged into the country. Some producers who are out to sabotage the Wheat Board system take it to the elevators, I read, and pretend it is good quality wheat, and the elevator managers are unable to judge it on sight. Therefore, these people, who are practising something that I think is very wrong and very improper, are able to get away with it, or there is danger that they might get away with it. This new system is being undertaken. There may be a way out. I hope there will be in the future, so that everybody will agree to stop this activity. However, I know the mentality of some of the types who are doing it. They are doing it to sabotage the Wheat Board system. They are part and parcel of a determined, small minority that says, «To heck with the Wheat Board, and the Wheat Board can do nothing right.» I think this is a very dangerous practice. There is the question of H.Y.320 which is a high production wheat and can be easily identified. I think that is fine but to condone marketing of semi-dwarf into our export system is a mistake.

● (1520)

Senator Roblin: I have to deal with the question of sabotaging the Wheat Board system. Bringing the item within the ambit of the Wheat Board system, surely, is not sabotaging it.

Senator Argue: I said the individuals who are producing this are the type of people who hate the Canadian Wheat Board, have been vocal against it and would do everything possible to undermine it. Some of my honourable friends' colleagues in the government of the province of Alberta have exactly the same attitude.

INDIAN AFFAIRS

ADOPTION OF INDIAN CHILDREN

Question No. 5 on the Order Paper—**By Hon. Andrew Thompson:**

4th December—With respect to the approximtely 5,580 Indian children who, between 1961 and 1984, were adopted from their home reserves (mostly in Manitoba, Saskatchewan, Alberta, British Columbia and the Northwest Territories) by non-Indian families across Canada and similarly a large number in the United States, what steps have been and are being taken by the Minister of Indian Affairs and Northern Development to ensure that these children are informed, when they come of age, about their rights and benefits, such as their trust accounts held by the Indian Affairs Department?

Reply by the Minister of Indian Affairs and Northern Development:

Adoption of all children whether Indian or non-Indian is a provincial responsibility. In view of this, all information regarding adoptions provided to the Department of Indian Affairs & Northern Development by various child welfare agencies is supplied on the understanding that it will be kept strictly confidential. Under these circumstances, officials of the Department are not in a position, themselves, to contact an adopted child regarding his or her Indian status and any rights and benefits available to him or her unless the child concerned or the adoptive parents have initially contacted the Department. However, each province has been provided with a list of those children who have reached the age of majority and not yet contacted the Department regarding their entitlement to be registered. During the past two years, provincial welfare officials have been approaching these children, advising them of their Indian status and suggesting that they contact the Department regarding their rights and benefits as well as any funds that may be held in trust for them.

In addition, Provincial Welfare officials are now providing all non-Indian adoptive parents with the booklet entitled: «Adoption and the Indian Child». This booklet, which is a departmental publication, explains the special rights and benefits associated with Indian status and band membership that an adopted Indian child is entitled to and how to make application for these rights and benefits upon attaining the age of majority.

The Senate adjourned until tomorrow at 2. p.m.

THE SENATE

Friday, March 29, 1985

The Senate met at 2 p.m., the Honourable Renaude Lapointe, the Acting Speaker, in the Chair.

Prayers.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 2nd April, 1985, at two o'clock in the afternoon.

Motion agreed to.

THE CONSTITUTION

FIRST MINISTERS' CONFERENCE—ABORIGINAL RIGHTS—SENATE REPRESENTATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, before Question Period is called, I have been informed by Senator Marchand that his request to be included in the delegation respecting the forthcoming constitutional conference of first ministers on aboriginal rights has met with success.

Hon. Len Marchand: Senator Watt will also attend that conference.

Hon. Senators: Hear, hear.

Senator Roblin: I am sure all honourable senators are pleased that we will be represented in that way.

BUSINESS OF THE SENATE

Hon. Duff Roblin (Leader of the Government): Now that we have reached Orders of the Day, I have to tell honourable senators that I have an unsatisfactory statement to make.

It appears that the Committee of the Whole in the other place has adjourned until the Honourable Sinclair Stevens makes a statement. At the conclusion of that statement, the House of Commons will go into Committee of the Whole again to consider the bill respecting the Canadian Commercial Bank situation.

So, honourable senators, that leaves us in a very unhappy position. I can tell honourable senators that I will monitor the situation and consult with honourable senators as to what our ultimate decision on this matter ought to be.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I was watching the proceedings in the other place, including the proceedings of Committee of the Whole. For whatever additional benefit it might be, I did catch what Mr. Deans and the Honourable Herb Gray said when the Honourable Ray Hnatyshyn mentioned that the Honourable Sinclair Stevens would be making a statement. Each of them said that they would like to hear that statement, that they would agree to sit through the lunch hour and still endeavour to meet their undertaking to complete passage of the bank bill by 3 o'clock. That is supplementary to what the Leader of the Government has said.

Senator Roblin: I am pleased to hear that.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

CANADIAN COMMERCIAL BANK FINANCIAL ASSISTANCE BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-37, respecting the provision of financial assistance to the Canadian Commercial Bank.

Bill read first time.

SECOND READING

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

Hon. Duff Roblin (Leader of the Government): With leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be read the second time now.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Roblin: Honourable senators, I have been given the responsibility of making a relatively short introduction to this bill. The introduction is short, not because the bill is unimportant but because the facts that lie behind it and the arrangement to which it gives effect have very recently and forcibly been brought to the attention of all honourable senators.

In addition to the bill itself, with which I will deal shortly, there have been circulated to honourable senators an addendum and a sessional paper which sets out in detail the arrangement that has been reached between the parties involved in

this particular matter. I do not intend to deal with that arrangement at any great length, because the minister who is in charge of the matter in the other place is available and will be here when we proceed to the Committee of the Whole stage to deal with the details of that agreement which may require the attention of senators.

I merely want to record the reasons the government has considered it necessary to bring in a piece of legislation of this kind and to give a brief overview of some of the important matters related to it.

As honourable senators know, a regional bank in western Canada has run into financial trouble. It has been, up to the present time, quite a successful regional bank, but recent events have brought it to a state where it felt it was unable to carry on business without some rearrangement of its affairs. That matter was brought to the attention of the Inspector General of Banks in recent days and has given rise to the measure that is before us now.

The problems the bank ran into, I believe, can be put under two main heads, the first being the catastrophic decline in real estate values in western Canada, which no one anticipated and which has, indeed, adversely affected a good many others besides this bank. The losses that were involved in dealing with loans made in respect of real estate in western Canada have been serious and have added greatly to the problem the bank faces. Second, it has also had some difficulty with loans made in the energy industry, some in Canada and some in the United States. The last class of loan was the one which provoked the crisis, because it has been a very recent development in the loan situation in the energy sector in the United States which has brought the bank to its present pass, and I think that is the main reason it is in trouble today.

Let me tell you briefly what the bank does. It is not your regular retail bank; it is a wholesale bank. Most of its shareholders are corporate entities. It started out almost entirely as the child of many pension funds across Canada, and those investors are still the major shareholders in this company, although there are some, what one might call, retail shareholders as well, but they are not the more important element in the shareholding arrangement.

The bank itself has depositors, some of whom are retail depositors, and their interests have to be considered. One of the principal motivating factors stems from the fact that the bank's loans have been made largely to small independent entrepreneurs, the great majority of whom are in western Canada. If the loans that had been extended to these customers of the bank were called—which is what one would expect would happen if the bank went into liquidation—it would indeed have a very unhappy, even tragic, effect on the economy of this region.

I should also say that it is in the national interest that the Canadian banking system be considered a sound one. Foreign interests, who are perhaps not so familiar with the structure of our banking system as we are, would be liable to be more alarmed about the state of the Canadian banking system than the mere fact of this bank's going into liquidation would justify. The financial world is one big bowl of jelly, and we know how susceptible they are to what they perceive to be adverse reactions to the banking system of any country.

The shareholders represent another group to be affected by what we do. The shareholders, unfortunately, cannot be preserved whole in this case. Part of the arrangements, as honourable senators will know from having read the addendum to the bill, call for a dilution of their interests. It probably will be as much as three-quarters. They will be left with about one quarter of the interest that they formerly had.

Those who will be protected to a much greater extent are the depositors. This agreement, of course, preserves the depositors whole. If that were not the case, there would be a call made on the Canadian Deposit Insurance Corporation of a considerable amount of money, an amount, I am told, in excess of the $75 million for which that corporation has accepted responsibility under the present arrangements. Because the Canadian Deposit Insurance Corporation is not going to be called upon to support the depositors, which would otherwise be the case, it will receive some advantage. The real beneficiaries, however, I think, are those who have received loans from this bank. Those people will now be able to repay and discharge those loans in a regular way, following their normal course of business, rather than having to run the risk of having them called because the bank is broke.

Those are the main factors that I think the Senate ought to consider in dealing with this piece of legislation. The deal, of course, is set out in the material that has been distributed. In effect, it means that the Government of Canada is making itself responsible for relieving the bank portfolio of about $60 million worth of its debts, those which are considered to be very doubtful debts. It is also undertaking to take up to $13 million in debentures that this bank has outstanding. Those two amounts, added together, come to $73 million.

There are some other expenses in connection with interest and other charges, which are estimated to be something up to $2 million, though perhaps not as high as that. The amount of money referred to in the bill, $75 million, reflects the obligations which the Government of Canada thinks it has taken upon itself.

In addition to that, the Government of Alberta has accepted responsibility for another large purchase of the assets of this bank which are in poor condition, amounting to some $60 million, and it has also undertaken to buy $13 million worth of debentures.

Incidentally, the Province of British Columbia has also come in, buying $13 million worth of these debentures.

The Canadian Deposit Insurance Corporation has made itself responsible for $75 million. As I explained a moment ago, this may not be a bad thing for that corporation because it would otherwise have a liability to the depositors of the bank which would exceed that amount of money. As well, six of the largest banks in the country have agreed to take $60 million worth of the questionable assets of this bank. All in all, we

come to a grand total of some $255 million in financial assistance for the Canadian Commercial Bank.

What everyone will want to know is what the chances are of getting the money back. The Inspector General of Banks has reviewed the position that this bank will be in after these loans and reliefs have been given to it, and he is of the opinion, and we hope he is right—and he will be here this afternoon to answer questions that honourable senators may have of him—that there is a good chance that the bank will be able to repay these moneys in due course. While no interest is being charged on those moneys—and that is certainly a considerable factor in itself—it looks as though those who are putting up money with respect to the unsatisfactory loans that this bank has made stand a reasonable chance—and I go no further than that—of getting that money back over the term. So while no one can have any great pleasure in recommending this kind of rescue operation, all things being considered it seems to me to be the thing that we ought to do, and there seems to be a reasonable chance of the public treasury getting back all or at least a substantial portion of its financial contribution in due course.

• (1530)

Therefore, honourable senators, I submit this matter to your attention, and if the bill receives second reading, I shall propose that we invite the Minister of State (Finance), who is responsible for this bill in the other place, together with the Inspector General of Banks and one of the minister's advisers, to join us here and make themselves available for a Committee of the Whole consideration of this particular piece of legislation.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the basic principles of the bill, and the reasons for it, have been outlined by the Leader of the Government. Let us start by accepting that we all support the principle that we must maintain confidence in our financial institutions, that the situation of this bank had reached crisis proportions, and therefore prompt and decisive action was required. That leaves us, as senators, with the obligation, as a consequence of and in support of that principle and the wish to implement it, to ensure that some injustices are not done under its cloak.

So, as senators, we should carefully consider the questions we will ask, because as the Leader of the Government has said, we will have an opportunity to discuss those questions and to obtain the best evidence available, namely, that of the Minister of State (Finance).

Honourable senators, let us approach the matter on a chronological basis, and in that respect I suggest three heads. The first is: What was the problem presented to the government, and how was it described? Had it not been a bank and had the officials appeared before their own bank manager, how would they have described the problem? What were the assets and liabilities? What was the nature of them? And what was the net afterwards?

Secondly, we should look at the matter under the heading of the action that was taken. Reference has been made to a memorandum of agreement. The bill, after all, is really nothing more than the authority to implement that agreement.

The third, and probably the most important, question is: How do all of the players come out of it, and, particularly, who gets hurt and how badly, after the action has been taken? Above all, how does the federal taxpayer come out of it? That, honourable senators, appears to me to be our main concern.

With respect to the first question, as to how the problem was presented, without having the minister before us we do not know the details. We would like to know what were the assets and liabilities, the net, and the nature of the assets and liabilities as they were presented. Until we receive answers to those questions, we cannot obtain answers to other questions.

We would also like to know what the government's responsibility was. Did those who are paid by the federal taxpayer, such as the Inspector General of Banks and other departmental officials—those who are paid to prevent this sort of thing happening—have their eye on the ball, and was it sufficiently on the ball and on the ball soon enough? We also want to know the makeup of the bank's creditors, as between the depositers, debenture holders, shareholders and others.

Under the third heading they refer to the action taken. We have the Memorandum of Agreement where the government is given the power to enter into that agreement and other agreements on the basis of the bill before us. Have there been bank rescues before? How do they compare with this one? Was the government ever a participant with taxpayers' money in a bank rescue? If not, what is different about this one to justify it?

What is the net effect of, for example, the warrants that give the right to purchase for a period of 10 years after the group has been paid out? It is said that they will be able to buy in on these warrants at a very reasonable price. What is a reasonable price? What are the shares worth now as compared to what they might be worth at the time the options or warrants are taken up? Also under the third heading, how do all the players come out? First, there are the depositors. We know a bit about their situation and we can find out more from the minister. Second, there are the shareholders. There will be a dilution of some 75 per cent for the shareholders. Certainly, to the extent that they are Canadian taxpayers, they should be our concern. Nevertheless, under the capitalist system the person who risks his or her capital for gain is expected to bear the loss when things do not turn out well. So the shareholders should only be our concern in the final analysis of what the result is to taxpayers as a whole. Then there are the debenture holders. If I read the document correctly, the debenture holders were asked to take a position less strict than they were entitled to in order to help in this operation, and they refused to do so. As a result, we will want to learn from the minister about this $13 million difference between $73 million and $60 million that is being set aside for the purpose of taking a subsidiary position on these debentures.

We must also consider the bank group. If we are to be concerned about how the taxpayers come out of this, we must

also be concerned about how the banks will come out of it. Can the banks get hurt? If so, it will be a bit of an anomaly, since banks operate on the basis—and I am not making a pejorative judgment, that is their role, that is the rule of their game—of never getting hurt. Such thinking is the reason for such famous sayings as, "A bank only loans money when it is sure that you do not need it and that there is no way that they are going to get hurt." That is their job as bankers, but in this case have they decided that they are not going to protect themselves? Or are they, as they say, shooting craps with the other players rather than taking a preferred position? I would particularly like to know whether or not they are placed in a better position than Canada, which means the taxpayers, as described in the agreement. What others are involved and how do they come out?

Finally, and most importantly for us, how do the taxpayers come out? Senator Roblin said that he has some information that there is, I suppose, an informed estimate that there is a good chance that taxpayers will come out of this situation satisfactorily; if the bank survives and if the bank makes enough profit from its 50 per cent to stay alive to pay back eventually everything that has been advanced. How do the taxpayers come out now, and how do they come out later? Is there a possibility that we may have to be here on another occasion because the bank might not succeed? I am sure that we will get some evidence on that, and I agree that all we can ask for is the best evidence and the best opinion that we can get.

I would add one other comment. It is ironic that when we were sitting on the other side we were frequently criticized—

• (1540)

Senator Doody: A bit of nostalgia.

Senator Frith: Yes, a bit of nostalgia. We are usually treated to a bit of nostalgia during Question Period. When the government supporters do not find answers to our questions, they, themselves, turn to nostalgia and remind us of events that took place when the Liberal Party was in government. It is in that context that I say, as a closing comment, that there is something ironic about the fact that we are now agreeing that a rescue operation is necessary when, for the many years we were in government, the very idea of a rescue mission was, *per se*, an anathema.

Honourable senators, I think, as Senator Roblin has said, we should move quickly into Committee of the Whole. Senator Roblin and I have raised questions that must receive answers. We need more information before passing this bill.

We support the principle of the bill but wish to be assured that no unjustified pain is being inflicted on some of the players, particularly the taxpayers of Canada, under the cloak of what is admitted to be a desirable project.

Senator Roblin: Honourable senators, if no other senator wishes to speak now, I shall close the debate on second reading.

[Senator Frith.]

I believe the honourable gentleman who has just spoken has raised the sort of questions which ought to be raised. I do hope he will be able to obtain satisfactory answers to his questions.

I can deal with a few of those questions, and I shall try to do so in the order in which they were raised. The first question was with respect to timing, and when the government found out that something was wrong. The Honourable Senator Frith asked whether the watchdog of the government delivered the goods, or whether he was a little late on the uptake. The Inspector General of Banks will be here and will have to defend himself in that regard. He has given what seems to me to be a reasoned defence of his part in this operation. I think my honourable friend would be quite in order in asking him to explain to the Senate exactly how this situation came about.

The question of who loses and who gains is important. We should be able to clarify that position as much as possible. I will give honourable senators my interpretation now. Insofar as the banks are concerned, they are putting up $60 million on which they will receive no interest. The banks will receive warrants to buy shares in this bank at a later date, as will the government, if those shares are worth anything. If they turn out to be worth something, then the banks and the government will receive some recompense for the interest forgone. The banks and the government accept the same terms. The Canadian Commercial Bank has agreed to pay 50 per cent of its pre-tax profits to those who have advanced the money. The banks and the Government of Canada share in that alike. So, there is no special position being offered to the Canadian banks in this matter at all; they are on all fours with the government itself.

I have been told as a result of previous inquiries that it was no small thing to get them to accept that obligation, although I share the view of those who think that that is what they ought to do. I certainly have no qualms in agreeing with that line of thought myself. So, the banks and the government are on equal footing when it comes to the risks they share or the losses they might suffer.

Nobody can be sure that this bank will succeed, but the best advice we have is that it can. If that should be the case, over a period of years the banks and the government will recover the moneys they have put in, and if they are able to dispose of their warrants in the marketplace in return for a reasonable sum of money, they will receive something on account of the forgone interest. Whether that amount will be as much as the interest would have been, we will see; it might even be greater. Nobody really knows the answer to that.

The urgency of the matter is underlined by the statement made by the Governor of the Bank of Canada who played a leading role in putting these arrangements together. His opinion, which I think is a valuable one, indicated that if the government were going to do anything, it had better act fast, or not at all. That is why we are here today.

Regarding bail outs, I have to confess that, although I am in the position of recommending something that could be

described uncharitably as a bail out, and charitably as a sound financial move to protect Canadian interests—

Senator Frith: A humane rescue!

Senator Roblin: —depending on how one looks at it, it still causes me some qualms to be in the position of recommending that today.

Senator MacEachen: The life of a minister is not an easy one.

Senator Roblin: I hope that the bail out is as successful as the one we undertook for Chrysler.

I must say to my honourable friend that I bear with patience the arrows that he has hurled at me in a rather genteel fashion this afternoon. On the question of bail outs, I do not think much of them either, but needs must when the devil drives, and that is the position in which we find ourselves today.

I thank my honourable colleagues for the attention they have given to this matter.

If the bill receives second reading, I shall move that it be referred to Committee of the Whole.

Motion agreed to and bill read second time.

CONSIDERED IN COMMITTEE OF THE WHOLE

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

Hon. Duff Roblin (Leader of the Government): Honourable senators, I move that the bill be referred to Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Doody, that this bill be now referred to Committee of the Whole.

Is it you pleasure, honourable senators, to adopt the motion?

Motion agreed to.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Heath Macquarrie in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Barbara Jean McDougall, P.C., Minister of State (Finance), was escorted to a seat in the Senate chamber.

The Chairman: Honourable senators, the Senate is now in Committee of the Whole to take into consideration Bill C-37, respecting the provision of financial assistance to the Canadian Commercial Bank.

We welcome the presence of the Minister of State (Finance) and ask if she has an opening statement. If not, we shall proceed to questions from honourable senators.

• (1550)

Hon. Barbara Jean McDougall (Minister of State (Finance)): Mr. Chairman, I would be happy to go right to questions. I am sure that honourable senators will agree, and I will be happy to answer any questions they have.

The Chairman: It is the usual custom, honourable senators, that we postpone consideration of the short title, and if I have your agreement on that we shall proceed immediately to clause 2.

Hon. Senators: Agreed.

Senator MacEachen: Honourable senators, before I ask the minister a few questions, may I welcome her once again to this body and assure her that we will not detain her as long today as we did on the last occasion. There is an assurance that when proper procedures are followed the Senate moves very rapidly, indeed. That is what I believe will happen today.

I have followed the minister's public statements on this particular situation, and I readily understand the emphasis which she has placed not only on the impact of any failure or liquidation on depositors and shareholders, but also the impact that the failure or liquidation of the regional bank would have psychologically not only on the banking system within Canada but also on the perception abroad of the stability of Canadian financial institutions. I believe that in the circumstances it was necessary to act in order to avoid not only the domestic upheaval or the domestic uncertainty, but also the international uncertainty and the impact that that would have on currency and confidence.

I notice that the minister in her statement mentioned that the government had considered a number of options and while it had rejected others it had decided to preserve the bank by putting together this particular package which is now before the Senate for approval. Presumably, the reasons which she gave against liquidation are the reasons she would recite now if asked, but I wonder whether any other options were considered, other than the present course and the liquidation of the bank, such as a merger or any other alternative solution.

My second question has to do with the information that even though the bank itself sounded the alarm bells about the middle of March of 1985, the Inspector General of Banks had been following the matter for a considerable time. In fact, the minister herself has stated in the other place that the Office of the Inspector General of Banks was aware that the bank's financial position had been weakening gradually, and believed that the problems could be contained as the recovery in western Canada gained momentum since the economic situation, though difficult, was stabilizing. We do know that the situation developed gradually. We do know that it did not come upon the Inspector General of Banks overnight. What interests me is what happened in that period of time as the situation gradually developed, and the financial situation of the bank became more precarious and as the hopes prevailed that the economic situation would improve to the point where the bank would be put on a sound footing.

In that interval did the Inspector General of Banks or the Governor of the Bank of Canada, or the minister just observe this situation, or were any steps taken to support this bank's profit situation short of coming to Parliament with this rescue

package? It is obvious that the public disclosure of a crisis within the bank is not sought by the government, and certainly not by the Minister of Finance, and certainly not by the Governor of the Bank and not by the Inspector General. The last thing they want to see happen is what has happened in this particular case. We have gone public and we have shown that the bank is in very bad shape, indeed.

What I want to know is this: Did anything happen prior to this public package to support the bank? Were any steps taken by the Governor of the Bank of Canada or by the government itself through, for example, rearrangement of deposits with this commercial bank? Does the government have deposits with this bank? Did it enlarge its deposits? Did it remove the reserve requirements so that the bank might be helped in some way? That is one step about which I would like to ask whether, first of all, it had been considered and, secondly, whether it would have been applicable in this case to do something in that time.

Mrs. McDougall: Mr. Chairman, perhaps if I could deal with the latter part of the question first. We are all agreed that public disclosure of financial crises is what one would have liked to avoid and we made an effort to move as rapidly as we could in order to meet this situation. When we did go public, we came with not just a problem but with a solution which, in a case like this, is the only way that one can deal with the matter publicly. It is the only responsible action that I think we could have taken.

In terms of the other options, one can consider liquidation, which is the worst option; one can consider mergers, in which case you discuss with potential buyers, or acquirers, or merger partners the possibility of proceeding along this route. The other option is simply for some kind of expanded government role either through expanding the deposit base or whatever.

I spoke with officials of the Office of the Inspector General, with the Governor of the Bank of Canada and with the chartered banks in an effort to get the best possible advice on the best route to go, and we were in constant touch with—

Senator Frith: With whom did you speak?

Mrs. McDougall: I spoke with the Inspector General's Office and the Governor of the Bank, and then I spoke with one major chartered bank to ask if they would co-operate with the Inspector General's Office in the matter of an early examination. From there on I was not in direct touch with the banks but there was an ongoing conversation with them. I spoke with the Treasurer of Alberta in an effort to find out to what extent they were interested in co-operating and what route they felt was appropriate. Therefore, there were a number of conversations going on at the same time.

● (1600)

The management of the bank, who had some discussion with the Inspector General, had some thoughts of their own. We dwelt on all these possibilities and came out at the other end with what we thought was the most appropriate restructuring of the bank.

Did I miss anything?

[Senator MacEachen.]

Senator MacEachen: I wanted to ask whether the government had any of its funds on deposit with this bank, because it normally spreads its deposits among the chartered banks according to a formula. Perhaps the practice does not apply in this case because it is, as the Leader of the Government said, a wholesale bank. I wanted to know whether it did have any money on deposit and why it would not have put some money on deposit in order, through certain arrangements, to help the profit situation of the bank.

Mrs. McDougall: We had no money directly on deposit outside of the normal banking arrangements of which this bank would be a very minor part. I believe there were some crown corporations with deposits in this bank.

If this were a liquidity problem, under the law the bank would have the support of the Bank of Canada, but we had no reason to believe at any early stage that a massive infusion of deposits would be necessary.

When the problem arose—and I will go through the history of the problem later if you choose to ask about it—more than an infusion of deposits was required.

Senator MacEachen: I would have thought that, if the situation developed gradually, if there were a sense of precariousness as to the future of the bank or as to its profitability, one of the steps that might have been taken, short of going public, might have been to increase the deposits of the government with the bank, which would have been a source of funds for the bank and, under certain circumstances, would have helped the profit situation of the bank. All I want to know is whether that was considered at all. It may not have been considered. Why was it not considered, and, if it was, why was it deemed inappropriate?

Mrs. McDougall: I guess it was not. Even when we say there was a gradual deterioration, there was an appearance of stability in the situation. However, the situation was volatile in fiscal 1984 which ended on October 31. The bank was profitable in the first and third quarters and unprofitable in the second and fourth. It made a marginal profit in the first quarter of 1985. Therefore, indications were that there was stability and there was an equity base within the bank.

Despite the knowledge of some weakness within the institution, the immediate problem was triggered by a very sharp deterioration in the bank's agency in California, most of whose business is in the oil service sector and in the oil-rich sector.

I am prepared to table this article which I will now read to you from the *Wall Street Journal*. The article mentions exploration and production and talks about the drilling industry in the United States. It says that "the pulse is weakening." When the article was written on February 14, 1985, it says that 2,175 drilling rigs were operating in the U.S., down 612 from December, and 299 from February, and that 400 more rigs could be idle by spring.

I am sure honourable senators will appreciate that, if you are financing an oil rig, it is a performing loan as long as that rig is operating. However, as soon as the rig stops operating, there is no return on that loan, and the value of the rig declines

precipitously. This situation did arise fairly suddenly. There were indications in early 1985 of a weakness in oil prices, which triggered a lack of renewal of those drilling contracts, and that rendered the rigs non-performing.

Senator MacEachen: Honourable senators, perhaps this can be explored later.

It is a fact that the Government of Canada distributes deposits among the chartered banks. It is a source of funds for the banks, which is cheaper than sources of funds elsewhere. I wonder why, in these circumstances, the government did not increase or make deposits at this bank to provide a source of funds, although, perhaps, it would have cost the other chartered banks something and the Bank of Canada. I think this is a technique that has been considered in the past. I just wondered if it had been considered in this case. I am really looking for information to find out whether it would be equitable in the present circumstances, or is there some reason why it would be inappropriate?

Mrs. McDougall: I can only try to say this some other way. There was no reason for the government to take any particular action in terms of this institution until very recently, by which time infusion of deposits would not have been an appropriate route to go. Corporate restructuring was necessary.

Senator MacEachen: I understand the government decided to act when the crisis occurred rather than to take steps to avert the crisis. I think there are steps that might have been taken to avoid a public crisis on this point.

I also want to know whether this bank was in possession of any income debentures or term preferred shares. Did it have any of these financial instruments? If, as is stated, it was in a non-profit situation, then certainly these would not have been of much, if any, value to the bank in terms of tax deferral. I wonder whether that avenue was explored as a way of helping the bank.

Mrs. McDougall: I am not sure I understand the question. The bank has an issue of preferred shares outstanding as part of its capital structure. Are you referring to some other preferred shares? Are you suggesting that they should have issued more preferred shares as part of the capital restructuring? I am not sure what you are suggesting.

• (1610)

Senator MacEachen: I am referring to the common way by which banks have their taxes reduced, or abated or diminished, that being through the technique of term preferred shares. I am wondering whether this bank had term preferred shares and to what extent. Having said that, I realize they could not defer very many taxes if they were in a loss position.

Why couldn't the purchase of these term preferred shares by the Canadian Deposit Insurance Corporation have been used as a technique in this case to provide some help to the bank?

I'll leave that thought with the minister. I should like to get some information on the point, either now or later.

Mrs. McDougall: Let me clarify the point. Because of the very modest profit position of the bank, tax avoidance or an alternative tax structure was not really an issue. Because its earnings were modest, it did not have a high proportion of earnings out of which to pay additional preferred dividends.

Senator MacEachen: We are like ships in the night, I am afraid, and I do not think we are hitting on the same subject. I will not press the point further. I shall leave the thought with the minister. I hope we can get some information on the point later.

There are one or two other points that I want to raise. In connection with the first, I wish to refer to a statement made by the minister in the other place in which she said that the bank had begun efforts to diversify its loan portfolio and the location of its operations. She went on to say that the bank had worked hard to expand funding sources so that a smaller percentage of its liabilities was in the form of highly liquid money market-bought deposits. It is in that context that my question occurred to me. If the bank was working hard to expand its funding sources, an increase in government deposits might have given it a lower-cost funding source.

But quite apart from that, you tell me that it worked hard to expand its funding sources, and I want to know what steps this bank took to expand its funding sources so that a smaller percentage of its liabilities were in the form of highly liquid money market-bought deposits.

Mrs. McDougall: The bank's efforts to expand actually began with the move into California—a move which, as hindsight suggests, was a bad business decision, possibly. It also opened branches in Vancouver, Saskatoon, Winnipeg, Toronto, Montreal and Halifax, and is seeking agency arrangements to attract retail deposits as well as wholesale deposits. Until very recently, it had been almost entirely in the wholesale market.

Senator MacEachen: Honourable senators, the minister spoke approvingly of these steps, as a result of which I wondered what they were. They were regarded by the market, presumably, as beneficial steps.

I take it that the minister has answered that question to the extent that she wishes to.

Mrs. McDougall: I can give you a little bit more information on that.

Senator MacEachen: If you could, I would be glad to hear it. Before I sit down, let me put one other point on the record. It has to do with these warrants.

We are told that there is no way that these warrants can be exercised until the bank has been restored to a profitable position. The minister went on to say that these warrants serve a couple of useful purposes, one being that the execution thereof should yield a return to the members of the support group for its participation in the restructuring package.

I should like to know in what circumstances these warrants will yield a rate of return to the restructuring group. The participants in that group have an entitlement, through these warrants, to buy shares at 25 cents a share. Does their return come at such a time as those shares will have increased in

value? Is that how the participants in this restructuring package get recompensed?

To that, I add one other point, and that is with respect to the interest. We have noted from the documents that have been made public in connection with this proposal that the moneys involved are being advanced interest free. If these moneys were not allocated to this rescue operation, they could be invested in alternative undertakings, earning interest income for the participants in this operation. There is income lost, and that is a cost. We are never going to recoup any of that lost income.

Assuming that the principal is paid back, what will the taxpayers have to bear in the way of what will amount to an outright contribution as a result of the moneys being advanced interest free? This represents income lost to the governments and the banks participating in this restructuring package. I would be interested in knowing the amount involved, both to the governments and to the banks.

Even if we come up in roses, the taxpayer is going to bear a loss as a result of what amounts to a substantial outright grant to this institution.

Mrs. McDougall: A warrant, as you know, is an option to purchase stock, and as such it can be either sold or exercised, and if sold, it would be at a price that provides a return. This was the route taken to provide a return on the participation certificates rather than interest. The Canadian Commercial Bank will be reinvesting 50 per cent of its earnings and paying out 50 per cent to the participants in the support package. The issue of warrants will permit the participants in the support package to earn a return through the sale of the warrants or through their exercise.

Under the Bank Act, as honourable senators are aware, banks cannot own stock in another bank. Therefore, one assumes that the warrants will be sold, thereby providing a cash return to the holders of the warrants. The buyers would then exercise the warrants, thereby providing equity to the bank. So, there are two purposes achieved in the process.

It is not a measureable return at this stage. As has been indicated, we have some confidence in the bank's viability over the longer term. We recognize that we are putting in equity and we are prepared to take a return in the form of warrants.

● (1620)

Senator MacEachen: It is true that there is no interest to the government and the banks. So that is lost. The minister is saying, as I understand it, that there are warrants, and those warrants constitute a right to buy shares at 25 cents a share. Am I right in saying that the only way in which anyone can get a return is if those shares go up in value? Is that correct?

Mrs. McDougall: Yes, that is correct.

Senator MacEachen: Have the officials made any calculations to show what share evaluation would compensate for the lost income through the interest-free support? Where would the shares have to go so that the government, when the scenario is completed, would at least be in a break-even situation?

[Senator MacEachen.]

Mrs. McDougall: It will depend. If this were a loan in the conventional sense, it would depend on the term of the loan and the interest rate that it would bear. You would have to offset that against the value of the equity to the bank and the proceeds of the sale of the warrants. It is a difficult thing to compute. We have made some rough estimates of the present value of the package, which would be just under 50 per cent of the value of the loan. That is a straight discounting process. It makes a lot of assumptions about time, interest rates, and so on, and it does not take into account any return from the sale of the warrants. We can proceed under any number of assumptions and come up with any number of models. This is a very rough estimate, using some broadly based targets. But it might give you some sense of what the numbers are.

Senator MacEachen: What is the number? With the best assumptions you have made, what is the magnitude of the present value, so to speak, of the interest forgone?

Mrs. McDougall: On our $60 million participation it would be somewhere approaching $30 million.

Senator Frith: That would have been the interest otherwise.

Senator MacEachen: So $30 million will become an outright contribution, roughly—I know how difficult it is—over and above the capital that is infused. Had that money been put elsewhere, it would have earned $30 million. If the rescue is necessary, then it is necessary. We acknowledge its necessity, and it will cost $30 million unless that sum is earned by the Canadian government through the sale of its warrants. Am I right? I want to know if I am right. The warrants will only make a return if the shares go up and the bank becomes more profitable. If the shares become more valuable, then the government gets a return. But if the bank slides along and gives a mediocre performance, then we say goodbye to the $60 million, or a good part of it. I think we ought to know that.

Mrs. McDougall: There is obviously an immediate cost to the taxpayer. God never said that doing right came cheap.

Senator MacEachen: But God does not do business with the Minister of Finance. We all know that.

Mrs. McDougall: Oh yes He does. Times have changed.

Senator Frith: I think, after being here, He does business with her.

Mrs. McDougall: One can also compute the potential fallout of a liquidation in terms of lost businesses, lost jobs and lost taxes. There are a lot of hypothetical numbers that one could put into the value of this package versus the value of having the bank insolvent. This is now a solvent bank which has, among its supporters, the federal government, provincial governments and six other chartered banks. So I think it would be a place which the public would regard as being secure and solvent and a place in which to do business. As we get a recovery, which we hope will be the case, particularly in western Canada—because, despite the diversification, that is still where the major assets are—we have the confidence that this bank is viable and can continue as a going concern, playing a key role in that middle market in western Canada.

Senator MacEachen: I am pleased that the minister is convinced that this bank will prosper and will become viable and a healthy participant in the Canadian financial system. That is our hope also, and it is with that expectation and accepting that possibility that we are supporting this measure. We have given second reading to the bill and will support it on third reading. It would be very unfortunate if this regional bank, with deep roots in the Canadian west, failed. However, we are taking a risk. The minister will understand that to some extent it is an act of faith, and we will only know whether our faith has been justified as times goes on. There are no guarantees.

Mrs. McDougall: There are no guarantees. I guess the reason why we moved very quickly with the support was to resolve the risk issue in this bank. This bank, because of this action, is now a solvent institution. I want to make that clear and get that into the record. By coming up with a solution to the problem, this bank is a solvent institution.

Senator Frith: So long as the bill is passed.

Senator Godfrey: In connection with the calculation of 50 per cent, given in reply to Senator MacEachen, what is your best guesstimate of the number of years it will take to repay this money, and on what basis?

Mrs. McDougall: We came up with varying terms of from 10 to 15 years and varying interest rates; and what came out of that was about 50 per cent.

Senator Godfrey: In the Memorandum of Intent there is the following statement, to which you referred indirectly:

> It is recognized that the rights provided for in this paragraph may not be granted under present legislation. In such event, all parties will adopt such means as they are advised may be available to achieve the same objective.

Is that what you are referring to with regard to banks not being able to hold shares? Why would you not have provided for that in the bill?

Mrs. McDougall: We do not especially want them to own the stock. The objective—and the banks understood this—was that the warrants themselves and the sale of the warrants would be returned to the bank, not the exercise of the warrants and an equity participation directly.

• (1630)

Senator Godfrey: Several years ago there was quite a bit of publicity about the connection of Mr. Leonard Rosenberg to this bank which resulted in Mr. Howard Eaton being bounced out. My recollection is that there were some loans from the bank to Mr. Rosenberg's companies. Was that a significant amount, and how much would it represent? Is that one of the reasons the bank is in difficulty?

Mrs. McDougall: There was a loan. Obviously, this is a very complex series of happenings. Mr. Rosenberg's companies, with which he and—I do not like to use the word "associates" because they were not associates in the legal sense—the people around him were associated had some loans from the Canadian Commercial Bank. Because of the alertness of the Superintendent of Insurance in working with the Inspector General of Banks, it was brought to the attention of the management and the board of directors of the CCB that the Inspector General was not pleased. This was going on at the same time as the Greymac-Seaway business was starting to come out. Mr. Rosenberg had been appointed by Mr. Eaton to the board of CCB. Mr. Rosenberg's loan was repaid and he was off the board, I believe, in October or late 1982. Mr. Eaton was forced to resign as CEO and from the board in January 1983. So these people are gone and that affair is really not related to this event, except that the turn-around in the economy started about the same time.

Senator Frith: I think it might be worthwhile if I told you two things. First, I watched some of the proceedings in the other place. I know the answers to some of the questions I am about to ask you and what you will say about them, but I think they should be on the record here because I think it has to show we asked these questions.

Senator MacEachen: She may give a better answer here.

Senator Frith: I will not comment on that until I hear the answers. I think you should also understand the form in which I intend to ask the questions. First, I shall ask you about the problem as it was presented to the government, as though they had walked into your office and as if you were their bank manager and they said that they were in trouble and you asked them to tell you about it. Then I want to ask you some questions on the action that you took, which refers to the bill before us and the agreement. Last, how do all the players come out of the action that has been taken, especially as to who, if anyone, gets hurt, how badly and, particularly, how it involves the taxpayers, who should be our principal concern? Some of these questions you have already answered here.

So, on the problem and how it was presented, what general picture did they present to you with regard to their assets, liabilities, and the net trouble situation? Also, what is the nature of their assets and liabilities?

Mrs. McDougall: You will forgive me if I refer to some of my financial notes.

Senator Frith: Of course.

Mrs. McDougall: I want to get the numbers right.

Senator Frith: I should say also that the type of answer I would like is one from a layman's point of view, as if he were reading it in the paper.

Mrs. McDougall: The CEO of the bank had a scheduled meeting with the Inspector General on March 14 which came about as a result of notification from the California Regulators on February 20 that there was some concern about the oil service related loans.

Senator Frith: Roughly, what percentage of the assets were they?

Mrs. McDougall: A very modest percentage of the assets came through the agency in California. It was about $115 million, of which, it became clear afterwards, $85 million

would have to be written off totally. The bank has total assets of approximately $3 billion. So it is a modest amount relative to the total assets. After February 20 the regulator and the bank arranged a meeting on March 14 to discuss the situation and review the bank's portfolio in total. By that time it had become clear, because things were changing very quickly—and I commend this article in the *New York Times* to you because it explains what happened in that whole industry—

Senator Frith: Would you identify the article please?

Mrs. McDougall: I do not have it at hand but I shall do so later. In any event, when the CEO of the bank arrived in the office of the Inspector General he presented the person he met there with a more serious problem than had been envisaged when the meeting was arranged. I was notified later that day—

Senator Frith: Which day was that?

Mrs. McDougall: That was March 14—as they went through the situation together. What became clear was that the bank's common equity—and I am going from memory here—was around $91 million, which meant that a write-down of this magnitude in a hurry would wipe out their equity and reduce their capital base drastically. They looked at the rest of the loan portfolio, particularly western Canada. Where there are problem loans, you can nurse them along on a going-concern basis. However, once you have triggered a particular problem then you are out of a liquidity problem and into a solvency problem. So, we felt we had to make the bank viable. This is as a result of conversations and very serious work over the following week. It became clear that there were problem loans—when I say problem loans, I include some that are non-performing at all and some that are partially performing—of about $544 million, with a face value of, if you took all these things into account, $289 million, leaving a gap of $255 million. That is how the number was arrived at for the support package. There was no point in going in and giving half an estimate. It was a case of turning the bank into a viable functioning operation with as clean a balance sheet as we could give it in terms of its assets and liabilities.

Senator Frith: What is the nature of the loan portfolio?

Mrs. McDougall: Some of that can be found in the annual report. On page 10 of the CCB's annual report of October 31, 1984 it shows that their loans were: commercial mortgages, 5.8 per cent; sovereign risk loans, 0.4 per cent; commercial and industrial loans, 27.6 per cent; energy, 8.0 per cent; real estate 11.6 per cent; construction, 10.5 per cent; others 1.8 per cent.

Senator Frith: Thank you. Are you satisfied that the government officials, particularly the departmental officials who are paid not to let this kind of thing happen, had their eye on the ball? Is there anything that they could have done earlier to prevent this situation from developing?

● (1640)

Mrs. McDougall: Mr. Chairman, I believe that my officials and the Inspector General of Banks acted properly; that they monitored the situation carefully; and that they understand the banking business extraordinarily well. I am quite prepared to express my confidence in them. I take their advice on issues such as this.

A former mayor of Toronto, Allan Lamport, once said, when asked about one of his officials, "You don't hire a watchdog and then do your own barking." I am quite satisfied with the behaviour of my officials.

Senator Frith: You understand that I was not inviting you to criticize your advisors or indicate that you did not have confidence in them. Although there is nothing we can do about it, we should know what took place in this case and, to continue the metaphor, we should know that they not only had their eye on the ball, but hit it just as soon as they were able to.

Mrs. McDougall: I believe that the actions taken were appropriate. There is never any guarantee of that. I do not like to use the word "confidence" in this context, but we have taken action that we think has ensured some confidence in the system.

We have been through an economic situation which is unprecedented in this country. We have seen balance sheets in the corporate sector deteriorate rapidly. The financial institutions have accommodated that extraordinarily well. The officials have been aware of the problems that the private sector has been seized with and have acted appropriately.

From my experience in the private sector and the public sector, I do not think that this situation was foreseeable to the extent that it would become a serious matter, or that other action could have been taken.

Senator Frith: To switch the metaphor—and I take this from a comment made by my colleague, the Honourable Senator MacEachen—you do not hire a watchdog and do your own barking, but in this case the watchdog you hired did bark soon enough.

Mrs. McDougall: Yes.

Senator Frith: I now come to my next heading, which covers the action which was taken. We have the Memorandum of Intent in front of us. You covered the options available with Senator MacEachen.

Have there been any bank rescues in the past? I do not necessarily mean rescues in which the government was involved, but previous—I apologize; I am getting ahead of myself. There is one question I wanted to get on the record under the previous heading.

We talked about the bank's customers. What was the make-up of its creditors as amongst bondholders, shareholders and depositors?

Mrs. McDougall: The bondholders held approximately $49 million. They were subordinated debentures. The preferred shares had a book value at the end of the fiscal year of $30 million; the common shares had a book value of $49 million, plus contributive surplus and retained earnings of approximately $26 million.

Senator Frith: The debentures were subordinated to the preferred stock?

Mrs. McDougall: No, subordinated to the depositors.

Senator Frith: As far as CDIC coverage is concerned, am I correct that there was approximately $2.8 billion, of which $400 million, was covered, leaving $2.4 billion not covered. Why was that? Is that because that is the exact statutory percentage?

Mrs. McDougall: No. The Canada Deposit Insurance Corporation covers individual depositors to the extent of $60,000. There was a large proportion not covered because this was a wholesale bank, a business bank.

Senator Frith: It was a matter of qualification, not percentage. The depositors who qualified constituted a small portion; in other words, there was a group of depositors, large depositors, who were not individual depositors covered by the CDIC?

Mrs. McDougall: When I say "individual" I mean individual accounts. So, if one has $500,000 in a bank, one is covered to the extent of $60,000 with the remaining $440,000 being uninsured.

Senator Frith: Can the Inspector General of Banks advise you whether some rumours I have heard from friends in the banking industry are true, that part of the problem was that the bank was buying expensive money and loaning it out to risky accounts? Was that bank, as they say in banking terms, buying expensive money in order to get its capital and then risking it?

Mrs. McDougall: This bank is in the middle market. It paid more for money than did the six big chartered banks. It is like any other credit rating system; you have to pay up a bit if you do not have a good reputation. This bank had a good reputation, but was not one of the big banks.

Senator Frith: I suppose that gets us into the question of quantity discounts, too.

Mrs. McDougall: It would have to pay up a bit, and on the other side, after paying up for deposits, it had to charge more. That is the demand and supply of pricing.

Senator Frith: I now come to my next heading. Were there any previous bank rescues?

Mrs. McDougall: The only one with which I am familiar in terms of using the word "rescue" is the disappearance of the Unity Bank into the Provincial Bank. That was a very small bank that was established to serve multicultural businesses, and so forth. That was merged with the Provincial Bank.

Last fall the Bank of British Columbia faced some difficulties but was able to resolve them. They came to us with a restructuring plan and new management. We made some concessions to that bank. That was not a rescue, but you should probably be aware that that bank came to us and told us what they were going to do to resolve their difficulties.

Senator Frith: The impression is given that normally banks close ranks in cases of this kind and do not require financial participation by the government. This is the first time that has happened, is that not correct?

Mrs. McDougall: This is the first one, to my knowledge. We are dealing with what I believe to be a unique situation in that this bank was stabilizing itself as well as it could, given the problems in western Canada, but was tipped over the edge by something that happened in California.

The financial industry, as you are aware, is very jittery right now. The banks in Ohio have triggered some nervousness about the U.S. dollar, and the rumour of problems in the Texas banks has had an impact on the U.S. dollar as well. That was simply a rumour. Therefore, there is a jitteriness in the system that I do not think has been seen in your lifetime or mine. I think it was important to tell the people of Canada that the government was prepared to put its faith in this institution. I think it was important that the banks be there because that is the litmus test—when the private sector thinks that this is a good thing. I believe that the Province of Alberta wanted to indicate its public support and participation as well. Under all those circumstances and given all those players, it was appropriate that this bank survive as a viable operation on its own. These things are always a matter of judgment.

• (1650)

Senator Frith: Quite. So there was a considerable psychological dimension?

Mrs. McDougall: Yes.

Senator Frith: Senator MacEachen talked to you about the warrants, and I want you to explain something that you explained in the other place but which I would like to put on the record here, namely, what appears to be an advantage under section 26 for the banks in that they are themselves the definers of their bad debts. In fact, the Memorandum of Intent uses the word "doubtful" and of that they become the judge. Any of us who have had to argue with income tax officials as to whether a debt was a bad debt or not, and had to accept more or less either their or the Tax Appeal Board's or the Federal Court's interpretation would consider it unusual to allow the taxpayer to decide when a debt is bad or doubtful for write-off purposes. Would you explain that to us? Was it just something to sweeten the deal?

Mrs. McDougall: No, it was not. Essentially, what the banks were purchasing was a package of problem loans. Under section 26 of the Bank Act allowance is made to write off problem loans before taxes and to make some allowance on the book or some provision for non-performing loans. This is not done totally at the bank's discretion. The bank and its auditors work out what appears to be a realistic assessment of the extent of the problem within the problem loan. It is then subject to the approval of the Inspector General of Banks. Therefore, this is in the act already, and it is in the Memorandum of Intent simply to make clear that what is being purchased is a portfolio of bad loans and not something else.

It is also worth putting on the record that had the Canadian Commercial Bank been viable and had not had this package but still had these bad loans, they would have had the right

also, under this section, to make use of that provision before calculating their taxes.

Senator Frith: You have taken into account the words that Canada assures the banks that such deductions for purposes of section 26 of the Income Tax Act will be deemed to be within the reasonable requirements of the bank? You say there is still room for some judgment by the Inspector General of Banks?

Mrs. McDougall: Yes. It is simply to indicate that when the bank buys this portfolio it will be clear that that is what they are buying, and that the income tax people are not going to say to them that this is not a package of bad loans but a debenture. This makes it very clear what they are buying and the Inspector General will be involved in this assessment in the normal way.

Senator Frith: The third point I want to raise is as to how the players come out. You talked about the depositors. We have discussed the shareholders and a dilution of 75 per cent of share value for them. But they are, if I can use the expression, to some extent crap shooters here because they have taken the risk and they are losing in this case. They may get back in the game if things turn out rosy and they can pick up their 75 per cent and still make something on it.

Am I right that the debenture holders refused to modify their position? Is that what the other $13 million beyond the $60 million is for, making up the $73 million?

Mrs. McDougall: There was a real process problem around the debenture holders. As you are aware, these negotiations were going on all weekend and each of the debenture holders has a separate contract—this is not a question of a single issue; I have forgotten how many there were, about 11 or 12—which meant that every debenture holder had to be contacted and would have to get some decision out of his board before Monday morning at 9 o'clock. The process of dealing with this became very difficult. There were one or two who were reluctant, and given the process problems, it was not possible to get an agreement with the debenture holders. Most of them indicated a willingness to participate and to help out in any way they could, but the logistics became impossible.

Senator Frith: You have already told us that the bank group are not in any way ahead of the taxpayers. They are not in any way ahead of Canada, as they are described in the Agreement. They are partners in the risk. Is that correct?

Mrs. McDougall: That is correct.

Senator Frith: Have I covered all the players then except the taxpayers? Have I covered all the players that are concerned—the depositors, the shareholders, the debenture holders, the bank group, the bank itself, and I think you covered the position with regard to the taxpayers—that they are at risk for the amount that is being put in?

Mrs. McDougall: Yes.

Senator Frith: They are writing off the interest unless their rights under the warrants put them in a position that, at least, either indemnifies them partly against that or brings them even or might even make them some money. Is that a fair summary?

[Senator McDougall.]

Mrs. McDougall: I think that that is correct. You will notice that the payments to the participants in the support package begin as soon as the bank is registering a profit—50 per cent of the earnings will come back. Hopefully, there will be some early evidence that the return, however modest, is under way.

Senator Frith: Thank you, Mr. Chairman.

Senator Turner: Mr. Chairman, I would like to ask the minister a few questions, and she can send me the answers. I was born and raised in the city of Toronto and I remember as a young boy my mother and father always instructed me never to make an investment unless you consulted your priest, your minister, your bank manager, your lawyer and your doctor. That was the community spirit in the years 1901 and 1902. My dad came from Ireland with $50 in his pocket and he worked hard and eventually met my mother. My mother was an orphan. Her mother died the day she was born. Her father died 10 days after in a flu epidemic. Naturally, my mother had a guardian who lived in the city of Whitby, just east of Toronto. Her guardian told her to call him if she ever made an investment. When she inherited her mother and father's estate, she called the guardian and also went to her conservative lawyer and he said that he thought the investment was so good in the Home bank that he put $25,000 himself into it. As you know, the bank at Oakwood and St. Clair went broke and my dad lost his savings; my mother lost her estate.

I was just in a buggy at the time and my mother wheeled me from Dovercourt and Bloor to Oakwood and St. Clair and we arrived a half hour after the bank closed. So this is my experience with a company going broke.

● (1700)

As a former employee of CN, I have a lot of money invested in CN pension funds. On behalf of all the employees of Air Canada and CN, who have money invested in those pension funds, I should like to ask you a few questions.

1. Are the funds of Air Canada and Canadian National pension funds completely protected in this newly-arranged Government of Canada and Canadian Commercial Bank deal? If not, why not?

2. How many dollars from the Air Canada pension fund were originally involved in the deal of capital funding for the Canadian Commercial Bank?

Mrs. McDougall: Do you want the amount from Air Canada?

Senator Turner: Yes, Air Canada.

3. How many dollars from the Canadian National pension fund were originally involved in the deal of capital funding for the Canadian Commercial Bank?

4. If this newly-arranged Government of Canada and Canadian Commercial Bank deal does not work out, will the employees and management members of Air Canada and Canadian National pension funds be advised of the total amount of the dollars lost in this deal?

5. Were the employees and management members of Air Canada and Canadian National pension funds advised of the type and the amounts of investment that were being made on their behalf in the Canadian Commercial Bank of western Canada?

6. What was the name or names of the management officials who authorized the Air Canada and the Canadian National pension funds, to make the Canadian Commercial Bank investment, and on what date was the investment made?

7. Are there any other employees' pension funds involved in the financing of the Canadian Commercial Bank?

8. Could the pension funds be identified?

9. On what date were all these pension funds invested in the Canadian Commercial Bank?

My final question is:

10. Each week, in the financial papers and newspapers of Canada, there is a list of banks, trust companies and insurance companies and the rate of interest that they are paying that particular week on the investments that people can make. There is always a bank listed called "Canadian Commercial Bank" which paid one-half of 1 per cent more interest to its investors. Is this the same bank? Is this one of the reasons it has run into financial problems?

Mrs. McDougall: Mr. Chairman, I am not sure I can answer all of the honourable senator's questions. I was interested in the fact that his family came from Whitby because my family home is in Brooklin, close to Whitby, and that diverted my attention and caused me to miss the first two questions. I can understand the honourable senator's concern regarding pension funds.

I have before me the number of shares. The Air Canada pension fund owned 448,000 shares as of February 28, 1985; and CN owned 413,000 shares as of that date. I would have no way of knowing what they paid for that stock or when they bought it. I do not know the book value of the investment.

I would like to assure the honourable senator that these are very large pension funds in terms of their total assets, of which this would form a very small portion.

Pension funds have to meet the requirements of the Pension Benefits Standards Act and of the pension investment legislation which requires certain tests of assets on a portfolio basis in terms of earnings, coverage, dividends, payout, and a number of other things. On balance, you will find a very good quality portfolio in all of these pension funds. There is quite a long list of these pension funds.

Senator Turner: If the minister were to undertake to send me a letter in response to my questions, I would be satisfied with that. It would also save time.

Mrs. McDougall: I just want to assure the honourable senator that the pension fund is safe because there is a combined benefit plan.

Senator Frith: I have heard that the minister is prepared to provide ongoing information to members in the other place regarding this matter even after the bill is passed; is that correct?

Mrs. McDougall: Yes, it is. I was very anxious to have a full discussion of this matter in Parliament. Obviously, we want people to know that this does not happen every day and why it happened.

Senator Frith: Obviously, people want to know that such things as pension funds are safe.

Mrs. McDougall: Yes. However, in the interests of time and so on, it was agreed that, following passage of the bill, the inquiry would take place before the Finance Committee of the other place.

Senator Frith: If the Senate decided it would also like some further information, would the minister be prepared to co-operate with the Senate and its committee and provide it with that further information?

Mrs. McDougall: Mr. Chairman, honourable senators, I have always co-operated with Senate committees.

Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, it would be ungallant of me to make any comment.

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 1, the short title, carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Acting Speaker: Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Heath Macquarrie: Madam Speaker, the Committee of the Whole, to which was referred Bill C-37, respecting the provision of financial assistance to the Canadian Commercial Bank, has examined the said bill and has directed me to report the same without amendment.

THIRD READING

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

Hon. Duff Roblin (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1
GOVERNMENT HOUSE

29 March 1985

Sir,

I have the honour to inform you that the Honourable Gerald E. Le Dain, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day of March, 1985, at 5.20 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Gerald E. Le Dain, Puisne Judge of the Supreme Court of Canada, Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Acting Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable Gerald E. Le Dain, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on his part necessary to be done during Her Excellency's pleasure.

The Commission was read by the Clerk Assistant of the Senate.

The Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Small Businesses Loans Act (*Bill C-23, Chapter 8*)

An Act respecting the provision of financial assistance to the Canadian Commercial Bank (*Bill C-37, Chapter 9*)

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985 (*Bill C-34, Chapter 10*)

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986 (*Bill C-35, Chapter 11*)

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, April 2, 1985, at 2 o'clock in the afternoon.

THE SENATE

Tuesday, April 2, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-38, to amend the Customs Tariff.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

QUESTION PERIOD

[*English*]

ROYAL ASSENT

ALTERNATIVE PROCEDURE

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government. A few weeks ago I asked him a question regarding Royal Assent. Honourable senators will recall the suggestions put forward two years ago by Senator Frith when he delivered a long and learned speech. I am wondering if anything has been done about it. I notice, in the second report of the Special Committee on the Reform of the House of Commons, the following recommendation:

> Your Committee recommends that the declaration of Royal Assent by written message be adopted in Canada and that the Government embark on the necessary discussions to achieve this change. Notwithstanding this recommendation, provision should be made for the use of the present practice should that be the pleasure of Her Excellency on the advice of Her Ministers.

My question to the Leader of the Government is simply this: Is he now prepared to push this thing?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have been given very strong impetus in that direction by my colleague, Senator Flynn, who has a proprietary interest in this matter so far as the Senate is concerned. I should think that when the House of Commons has completed its study and tendered its advice as to changing the various rules, it might be advisable to take the whole of those recommendations under advisement to see which of them might be suitable for adoption by the Senate. The one to which my honourable friend has referred is certainly one that should be near the top of the agenda.

RULES OF THE SENATE

SUGGESTED AMENDMENTS

Hon. John M. Godfrey: Honourable senators, I should also like to ask a question of the chairman of the Standing Rules and Orders Committee. It is apropos the comment made by Senator Roblin about taking the whole of those recommendations under advisement. Last Thursday, when I spoke in the chamber, Senator Flynn replied to my speech and there were several things he said that I did not quite agree with and I wanted to make a two- or three-sentence comment but Senator Flynn pointed out that I could not speak a second time, although somebody was helpful enough to say that I could ask a question. In other words, I could give a speech if I pretended that I was asking a question. I was just not smart enough to respond to that suggestion at that particular moment.

In the report of the House of Commons committee chaired by the now Senator Lefebvre they made a recommendation that has been adopted by a change in their rules. I would like to read the section of the report that I think is relevant, and then I will ask a question of the chairman of the Committee on Standing Rules and Orders, who has the power to initiate consideration by this committee of changes in the rules. This report was tabled on November 5, 1982, which is two years and five months ago, and if he is going to keep up with my record on adoption of two of my motions something has to be done within two years and nine months. It states:

> Your Committee proposes that these speeches be limited to 20 minutes, but that an additional 10 minutes following each speech should be made available, if required, for questions or comments to the member who has just spoken. Your committee proposes that the amendments to the appropriate standing orders be as simple as possible, but that the new debating process be controlled by the Chair in accordance with the following guidelines.

Then the guidelines are set out. The actual rule they adopted states:

> Following the speech of each Member a period not exceeding ten minutes shall be made available, if required, to allow Members to ask questions and comment briefly on matters relevant to the speech and to allow responses thereto.

Hon. C. William Doody (Deputy Leader of the Government): Question!

Senator Godfrey: I will now get to my question to Senator Molgat. Has your committee considered this rule—

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on a point of order, just so that anyone reading *Debates of the Senate* will understand what just took place, what we have just heard I think can be called "brief explanatory remarks" under rule 20(4).

Senator Godfrey: My comments in asking this question are just as brief as the comments of other honourable senators on this side of the house when they ask questions.

Senator Frith: I am trying to be on your side.

Senator Godfrey: Good.

My question to Senator Molgat is: Has your committee considered amending our rules to permit this; and, if not, would you bring it up with your committee so that one does not have to go through the process of asking some kind of phony question in order to make a comment on a speech of another senator?

Senator Flynn: Wishful thinking!

Hon. Gildas L. Molgat: Honourable senators, in response to Senator Godfrey, to my knowledge the committee has not looked at that specific item. However, it could have done so prior to my becoming its chairman, which was only a few months ago. Certainly, we will be prepared to have a look at it. As Senator Godfrey indicates, this committee can initiate studies of its own. I think in the past it has normally waited for suggestions to come from the Senate. At times members of the committee have come forward and we have investigated things, but not that particular one so far. I certainly would be pleased to discuss it with members of the committee.

Senator Godfrey: I have another question for Senator Molgat. Referring to the same report and to one of the recommendations—and this is in connection with the old standing order 43 which existed in the House of Commons—it states:

> Your Committee is of the opinion that Standing Order 43 is being misused, and that a substitute mechanism is required which would enable Members to raise matters of concern on a daily basis.

Later it stated:

> Your Committee believes that a new Standing Order is required which would enable Members to make statements on current issues on a daily basis during the first 15 minutes of the sitting in a manner which would remove the objections arising from the present practice.
>
> Under the new recommended procedure the 15 minutes preceding the question period would be reserved for Members other than Ministers to raise matters of concern for the purpose of placing them on record.

● (1410)

My question to Senator Molgat is: Has his committee considered introducing a similar rule for the Senate; and, if they have not, would they consider it? Perhaps in this way we would eliminate some of the speeches made under the guise of asking questions during Question Period.

Senator Molgat: Honourable senators, my reply to this question is the same as my reply to the previous question. I might point out that techniques or mechanisms in the Senate are very different. We have the inquiries system which is instantaneous and which is a mechanism the House of Commons has never had. However, we can certainly look into the matter.

Senator Godfrey: Honourable senators, I have a third question. It refers to the same report which, I remind you, is two years and five months old. On page 7:21, under the heading "Automatic Referral of Annual Reports," it reads:

> Your committee recommends that the powers of committees to initiate enquiries be granted through automatic referral of annual reports by departments,—

I know that last year the committee brought in a recommendation with regard to committees on their own initiative examining witnesses, which I blocked because I thought it was ineffectual and did not go far enough. I do not think anything has happened since then. Might I ask Senator Molgat whether or not his committee would consider the question of putting in place some device by which committees can initiate inquiries on their own initiative without having to get the approval of this chamber or, as is so often the case, the powers-that-be in this chamber?

Senator Molgat: Honourable senators, I am sure that the committee will be reading Senator Godfrey's questions. Undoubtedly, it will have a look at this question as well. Certainly, one thing we should do is invite Senator Godfrey to become a member of the committee, if there is a space available.

Some Hon. Senators: No!

Senator Godfrey: Honourable senators, of course, I would be delighted to attend any of the meetings of the committee when these matters are considered. I do not have to be a member to do that.

OFFICIAL LANGUAGES

DEPARTMENT OF THE SOLICITOR GENERAL—POLICY

Hon. L. Norbert Thériault: Honourable senators, I have a question for the honourable Leader of the Government in the Senate. It is a question I intended to ask last week, but I did not find the time to do so. My question arises from the debate in the other place following the tabling of the report of the Commissioner of Official Languages in the House of Commons. I have also read parts of the report. However, on that particular day a question was asked of the Prime Minister by the honourable member for Ottawa-Vanier. I was proud of the answer the Prime Minister gave to the question. He stated that he had heard about the report and that he was anxious, when possible, to do what had to be done to rectify the situation. Then, a few minutes later, a member from my province of

New Brunswick asked a question of the Solicitor General, after which I became puzzled. I am asking the Leader of the Government, as a member of cabinet, to verify the answer given by the Solicitor General.

My question relates to a decision taken by the previous Solicitor General to construct a prison in the federal riding of Northumberland-Miramichi, in the province of New Brunswick.

As I understand it, one of the rules for employment would be that 50 per cent of the employees could be unilingual English and the other 50 per cent would be bilingual, which means, naturally, in New Brunswick—and especially in that area—it would cover most French-speaking people, and a fair number of English-speaking people who have made an effort to become bilingual.

The answer given to the member from New Brunswick by the Solicitor General was that that rule had been changed and the proportion will now be 70 per cent unilingual English and 30 per cent bilingual.

One must take into consideration the fact that the institution is being constructed in the Miramichi riding of New Brunswick, the population of which consists of about 30 per cent French-speaking and 70 per cent English-speaking Canadians, and that the personnel would be hired from the neighbouring counties of Gloucester and Kent, which have an almost entirely French-speaking population.

Honourable senators, in view of an article in the *Globe and Mail* of March 22, which referred to the report of the Commissioner of Official Languages and which stated that French outside Quebec faces extinction, would the Leader of the Government remind the Solicitor General of the answer given in the other place by the Prime Minister regarding the whole question of bilingualism?

Senator Guay: And also Dan McKenzie.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my friend poses a problem for me because we do not, as a rule, refer to the proceedings in the other place in so direct a manner, so perhaps I may be allowed to skip over that part of his question.

However, the substance of the matter is: Who is setting the policy of the government with respect to the use of the French language in this country? There is no question that it is the Prime Minister who does so. I know he has given specific instructions that certain deficiencies exposed by this report must be remedied insofar as they fall within the federal sphere of jurisdiction. I hope that will be of some comfort to my honourable friend.

Senator Thériault: Honourable senators, I did not quote text from the other house; I tried to paraphrase.

My more direct question is: In this particular case, will the Leader of the Government inquire of the Prime Minister and the cabinet if it is the Prime Minister's will that will prevail over that of the Solicitor General?

Senator Roblin: I believe I did answer the question directly. It is quite clear that the Prime Minister is the man who sets the policy of the government along with his colleagues, but when he makes a positive statement on the matter, I accept that as policy.

EMPLOYMENT AND IMMIGRATION

GOVERNMENT POLICY—POSSIBLE CHANGES

Hon. Lorna Marsden: Honourable senators, my question for the Leader of the Government in the Senate concerns the report that appeared recently concerning immigration policy and immigration targets in this country.

It appears that some Conservative members of the other house would like us to make immigration policy subservient to economic policy and, in fact, there have been statements made to the effect that immigrants are not welcome in Canada unless they "create jobs and economic growth."

Is it also the view of the Leader of the Government in this house that the numbers of entrepreneurial immigrants should be increased at the expense of family reunification, refugees and other classes of immigrants to Canada?

• (1420)

Hon. Duff Roblin (Leader of the Government): I think my honourable friend is referring to the report of a committee of the other place concerning this matter. I am afraid I must allow that committee the privilege of making any kind of report it wishes. That does not, however, mean that what it says constitutes policy.

Senator Marsden: I must say, I am very glad to hear that. I am wondering, also, whether the government has plans to call for a proper study.

The report of the committee of the other place indicates that there is very little understanding of the dynamics, economic or otherwise, of immigration—which is something, as I am sure you will agree, that has been crucial to the growth and development of this country.

I see that the Minister of Employment and Immigration has had to admit that there was no government study on the impact of the changes in the Unemployment Insurance Act, changes which have resulted in people having to use up their severance pay before being eligible for unemployment insurance benefits. She was forced to make that admission after she made the changes in the regulations.

I am wondering whether you can assure us here that a study will be made of the impact of any changes in the immigration policy before changes are made in the policy itself.

Senator Roblin: If policy changes are made, then my honourable friend's question becomes pertinent. Since no changes have been made, it is not pertinent.

I think we must recognize that there has been a movement over the last few years to encourage committees of Parliament, whether of this chamber or the other, to be more active and energetic in examining various fields of public concern, and

that is what is happening. The fact that my honourable friend may not like the answer arrived at by the committee really does not impugn the process.

Senator Marsden: I do not agree with the answer, but what concerns me is the fact that those recommendations appear to be based on opinion rather than on the many studies that have already been made in this country over generations in terms of what the real impacts of immigration are. In fact, there are studies available in the Library of Parliament to that effect.

My question is not as to whether a study will be made if the policy is changed; it is, rather, whether the government will ask the committee to look at the empirical basis for any recommendations it may make before the proposed changes in policy are made.

Senator Roblin: As the descendant of an immigrant myself, I naturally have some interest in this matter, but my honourable friend really cannot expect me to instruct or advise, or otherwise comment, on the procedure considered to be proper for and adopted by a committee of the other place. That is their business. My honourable friend may not like it, but it is their business.

AGRICULTURE

SUGAR BEET INDUSTRY—GOVERNMENT POLICY

Hon. Gildas L. Molgat: Honourable senators, I should like to address a question to the Leader of the Government in the Senate with regard to the very serious situation of the sugar beet industry in Manitoba.

I know my honourable friend is familiar with the industry. The situation right now is indeed very grave. Apparently, the costs of sugar production in Manitoba total something of the order of 18 cents a pound, with the world price for sugar being at about 4 cents a pound.

The sugar beet industry, as my honourable friend knows, is very important to Manitoba. There are some 27,000 acres seeded to sugar beet, producing close to $32 million in sugar beet products alone, plus all of the spin-offs. There is a sugar plant employing some 100 people.

Unless there is a favourable decision made by government very shortly, all of that is apt to be closed in the coming year.

Could the Leader of the Government in the Senate tell us what the government is proposing to do and how soon it will announce any action it proposes to take? We are now reaching a critical time in the process.

Hon. Duff Roblin (Leader of the Government): The matter has been the subject of special concern by the Minister of State for the Canadian Wheat Board, a fellow Manitoban and one who understands the importance of the subject as outlined by my honourable friend and as I understand it.

It is a very difficult problem. If sugar costs 18 cents a pound to produce and it can be imported for 4 cents a pound, one can understand the difficulties that arise, notwithstanding its importance in the overall economy of Manitoba. The minister to whom I have referred has had intensive conversations with the industry, particularly those who run the sugar plants, to see whether there is any way out of this very difficult situation.

I cannot tell my honourable friend that a decision has yet been reached. I can tell him that my colleague is straining every nerve to find good answers.

Senator Molgat: Perhaps the minister could indicate when an answer might come forward. As he knows, seeding will begin very soon in Manitoba and the farmers must make a decision almost within a matter of days as to what direction they will take.

Senator Roblin: That is the reason my colleague is so concerned about the matter.

FOREIGN AFFAIRS

PARLIAMENTARY REPRESENTATION ON OVERSEAS DELEGATIONS

Hon. Jerahmiel S. Grafstein: I have a question for the Leader of the Government in the Senate. The Secretary of State for External Affairs, the Right Honourable Joseph Clark, on his current tour of the Soviet Union, is accompanied only by a large contingent of Conservative Members of Parliament. It is my information that members of the parliamentary opposition parties were not invited to join the minister's tour.

My question to the Leader of the Government is: Is it the government's intention to project to the Soviets the impression that Canada's system of government is a one-party system?

Hon. Duff Roblin (Leader of the Government): I will say that no one in the Soviet Union could be under the slightest misapprehension as to whether or not Canada is a one-party state. All that is necessary is the most cursory examination of what takes place in this and the other chamber for anyone to understand that that is not the case.

Senator Grafstein: I have a supplementary question. Would the Leader of the Government in the Senate not agree that this is a dramatic change in reducing the centrality of Parliament and its position on parliamentary delegations? I ask the Leader of the Government in the Senate if he would recommend to the government that such a practice be discontinued in the future.

Senator Roblin: I think I can leave the decision with respect to these matters to my colleague, the Secretary of State for External Affairs. He takes the view that this is not a parliamentary delegation, but a government delegation.

Senator Grafstein: I have a further supplementary question. This is the second time—

Senator Flynn: Why don't you say "final"?

Senator Grafstein: This is the second time in the last month that the government has organized a visit to the Soviet Union in some form. First of all, the Prime Minister went by himself without any parliamentary representation in attendance, unlike the practice adopted by the Prime Minister of the

United Kingdom who was accompanied by the leaders of the other parties in parliament.

I would like to ask the Leader of the Government in the Senate whether or not this is a new pattern that the government is attempting to introduce in foreign affairs.

Senator Roblin: To the best of my recollection—and if I am wrong, I am sure there is someone here who can put me right—when the most recent death occurred in the leadership of the Soviet Union, I do not think the Leader of the Opposition was in attendance. I think it was the Prime Minister of Canada and, in my opinion, that was the way it ought to have been.

SHOOTING DOWN OF SOUTH KOREAN AIRCRAFT—SOVIET COMPENSATION FOR NEXT-OF-KIN OF CANADIAN VICTIMS

Hon. Allan J. MacEachen: Honourable senators, I also wish to ask a question respecting the visit of the Secretary of State for External Affairs to the Soviet Union. I recall to mind the incident of the shooting down of the Korean airliner in 1983, in which innocent lives were lost including Canadian lives, as a result of action taken by the Soviet Union, unprovoked action, in my estimation. The shock and disbelief at that time were evident throughout the world, including in Canada, and since that time the Canadian government has been pressing the Soviet Union to compensate the families of the innocent Canadian victims. I believe that effort should be continued and I hope it will be advanced during the visit of the Secretary of State for External Affairs.

Yesterday, in reply to a question, the Prime Minister said that the matter would be raised by the Secretary of State for External Affairs with the Soviet authorities in Moscow. However, the Prime Minister added that he was satisfied that the Soviet Union, in these circumstances, should begin the process of response favourably. I am not sure whether that was an expectation of the Prime Minister or whether the government has some information that the Soviet Union may have softened its attitude towards this question of compensation for the families of innocent Canadian victims. I would ask the Leader of the Government whether there is any information which he can share with us to the effect that the Soviet Union may, indeed, be now more receptive to the Canadian position than it had been hitherto.

Hon. Duff Roblin (Leader of the Government): I think that the deep wounds that were caused by this incident are beginning to heal. I say that because I notice that the Soviet Union has now sent a team of athletes to South Korea, which was the major nation involved in this matter. I take that to be a gesture of reconciliation in respect to the matter, and I hope that that turns out to be the case.

However, my honourable friend did not ask me about that matter. He asked me whether or not the Canadian government had any indication that their request for compensation would be dealt with in a constructive way by the Soviet Union. I must take the question as notice.

• (1430)

Senator MacEachen: Honourable senators, I note that the Leader of the Government has mentioned that a certain healing process has set in since then, and no doubt certain healing has taken place. Canada, as we know, suspended certain flights; it suspended its negotiations with the Soviet Union for the use of Gander as a refuelling base, and other matters at that time. Since then, however, we have been taking some steps towards improving relations between the two countries. I relate that comment by the Leader of the Government to a statement made in the Soviet Union by the Secretary of State for External Affairs when he said that they, the new Soviet leadership, may be looking for signals to send about bringing about better relations between Canada and the Soviet Union.

I wonder whether the minister will be making the point to the Soviet government that there could be no better signal sent to Canada that the Soviet Union wants to maintain good relations than to acknowledge and accept its responsibility to compensate the families of these innocent victims. That would be an excellent signal to send to Canada at this time. I wonder if the minister is making that point, because I think it is one that would be supported not only in this chamber but in the other place and by the people of Canada generally. I wonder if the minister will indeed be making the point in Moscow.

Senator Roblin: My honourable friend raises a very good point and I am sure the minister will be reporting on this and other initiatives when he returns.

THE CONSTITUTION

FIRST MINISTERS' CONFERENCE—ABORIGINAL RIGHTS—SENATE REPRESENTATION

Hon. Willie Adams: Honourable senators, I should like to see if I can get back to a point of privilege after the Question Period, if the Senate will permit it.

Hon. Duff Roblin (Leader of the Government): If the question is addressed to me, although I am not the arbiter of the rules, my impression is that a point of privilege has to be raised immediately it becomes obvious, at the earliest opportunity. If my friend has a point of privilege, I suggest that he raise it at the earliest opportunity.

Senator Flynn: Right away.

Senator Adams: Honourable senators, the Leader of the Government referred to this matter last Friday, March 29. Last week Senator Marchand asked if there could be seats for three senators at the Constitutional Conference of First Ministers on Aboriginal Rights which started this morning. Last Friday the Leader of the Government said that Senator Marchand and Senator Watt would be attending the conference this morning. However, Senator Watt was unable to get to Ottawa in time. He informed the Prime Minister's office that he could not make it in time and said that I could, in his name, attend the conference of first ministers this morning. I spoke to his secretary this morning and asked his office to contact the

office of the Honourable David Crombie to say that Senator Watt could not get back to Ottawa in time and perhaps I could attend in his place. In the meantime, my secretary communicated with the minister's office. There are only four seats for the Liberals, two from the other place and two for senators. That seems to be the rule of the new government. I was wondering what answer the Leader of the Government could give on this.

Senator Roblin: I had a little difficulty following my honourable friend's point. Is it that he was refused a seat at the conference today in place of Senator Charlie Watt?

Senator Adams: Yes.

Senator Roblin: This needs to be verified, but I believe the procedure was that the Liberal Party in Parliament was allocated four seats, and it is really up to them to say who their four representatives should be.

So, if there is to be a change in the seating arising from the fact that somebody already designated will not attend, the first person to apply to would be the head of the Liberal delegation. It seems to be perfectly reasonable that if the Honourable Senator Watt cannot attend, the Honourable Senator Adams should attend.

Senator Adams: The minister's office has said that only four seats are available to the Liberal Party. During my telephone conversation with the minister's office, I told them that Senator Watt would not attend, but I have not received his observer's pass.

Senator Roblin: I advise my honourable friend to talk to the head of the Liberal delegation right away.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—AVAILABILITY OF BACKGROUND INFORMATION

Hon. Gildas L. Molgat: Honourable senators, my question is for the Leader of the Government in the Senate.

Recently he wrote to all honourable senators to tell them that if they wanted copies of the background material to the recent Economic Summit he would make it available. I want to commend him on that action because that meant those of us interested in the material could receive it, yet it would not be a waste of the taxpayer's money by sending it to those who were not interested in having it.

I wonder if he would do the same for the recent summit that took place in Quebec City, known to some as the "Shamrock Summit". I was fortunate in that I was loaned one copy of that documentation, which I found most attractive. It contains interesting booklets, such as "La Délégation Canadienne", "La Richesse de notre Héritage Historique," and in particular, a glowing document entitled "The Right Honourable Brian Mulroney." That is a lovely piece of material.

So, I wonder if the leader would also make available to those honourable senators who want it the background documentation which was produced for the summit held in Quebec City.

[Senator Adams.]

Hon. Duff Roblin (Leader of the Government): Any information available in respect of that matter will, of course, be made available to those honourable senators interested in receiving it. They simply have to let my office know and they will receive it.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill C-38, to amend the Customs Tariff.

He said: Honourable senators, I am pleased—

Some Hon. Senators: Hear, hear.

Senator Nurgitz: —to move the second reading of Bill C-38. This bill has important implications for the importation of what most Canadians consider to be obscene material and hate propaganda.

Honourable senators, there is an increasing fear that, as a result of a recent court decision, there could be a substantial flow of this kind of despicable material into the country, particularly material that depicts or describes what most Canadians consider to be degrading and dehumanizing. Canadians find particularly repugnant the growth in distribution of this kind of material involving children. This bill responds directly to the heightened awareness of all Canadians regarding this insidious child pornography.

In addition, honourable senators, the bill deals with the concern that the country could be flooded with material that most of us regard as being spiteful propaganda.

• (1440)

The Customs and Excise Branch of the Department of National Revenue has the administrative responsibility to ensure that such material does not enter this country. The legislative provision which enables National Revenue to carry out that duty is the tariff item referred to as 99201-1 of the Customs Tariff Act. As most honourable senators will be aware, on March 14, 1985, a Federal Court of Canada case known as *Tom Luscher v. the Deputy Minister of National Revenue for Customs and Excise* was decided by the Federal Court of Appeal. That particular tariff item was considered by the court to be:

> . . . not a reasonable limitation upon the freedoms guaranteed by section 2(B) of the Charter of Rights and Freedoms

And accordingly the item was declared to be of no force or effect.

The government, of course, respects that ruling. No further appeal is being made. Nevertheless the ruling has created an appalling situation whereby the powers of the federal government to protect the interests and wishes of Canadians concerning the importation of obscene and hate material have been seriously curtailed.

At the urging of many interested groups, not the least of which are the opposition parties in the House of Commons, the government has decided to move swiftly and to bring in Bill C-38. As honourable senators will see, Bill C-38 would become effective from whatever day it receives Royal Assent but would automatically expire on June 30, 1986. So that provides a period of approximately 15 months in which the government will have to bring in more detailed legislation. This is indeed a stop-gap, a band aid, to stop the potential flow of this kind of material.

It is my understanding that, as a preliminary step, the Minister of National Revenue has instructed customs officials at Canadian points of entry to report to local police any shipments of a commercial nature which are suspected of contravening the Criminal Code. Let me be clear. The courts have not changed the laws relating to what is obscene or what is considered to be hate literature under the two particular sections of the Criminal Code. They deal only with the customs aspect and the question of importation. So, for example, those people who bring in such material could still be charged under the Criminal Code.

As I have already mentioned, the bill will expire on June 30, 1986. Its purpose is to head off any attempt, particularly by commercial interests, to flood the Canadian market with books, printed paper, drawings, paintings, prints, photographs, movie films, video tapes, audiotapes, and representation of any kind which depict or describe sexual and other activities in a manner that is violent, degrading and dehumanizing.

The bill would amend tariff item 99201-1 to meet the objections of the Federal Court of Appeal, by providing more specific and precise definitions of what the terms "obscene material" or "hate propaganda" would mean for the purpose of this item.

The part struck down by the Federal Court was the wording in the old tariff item, which bears the same number, which merely referred to:

> books, printed paper, drawings, paintings, prints, photographs, or representations of any kind of a treasonable or seditious or of an immoral or indecent character.

That was the wording used, and I am highlighting for honourable senators the words "of an immoral or indecent character". The court held that it was vague, ambiguous, uncertain, and subject to discriminatory determination and an "unreasonable limit".

The proposed amendment in Bill C-38 says that if the particular item could be considered to be obscene under subsection 159(8) of the Criminal Code, or could be considered hate propaganda within the meaning of subsection 281.3 of the Criminal Code, then they are specific definitions.

Senator Flynn: Have you read them?

Senator Nurgitz: Yes, I have—once.

Senator Flynn: I merely want to understand clearly what you are saying.

Senator Nurgitz: I thank the honourable senator for his question. I could have done without it. It's not my enemies I was worried about.

Hon. Royce Frith (Deputy Leader of the Opposition): At least there is some jurisprudence on those sections.

Senator Nurgitz: I might say with regard to obscene material, that there is a great deal of contradictory jurisprudence. In fact, much is made in the judgment on the Luscher case, of the differing opinions concerning the definition of "obscene material."

Honourable senators, we are confident, as a result of the legal opinion of the Department of Justice, that these amendments will have the desired result. I might indicate that with the co-operation of all parties in the other place, Bill C-38 received second and third reading today. I believe it was introduced yesterday. The bill would, I am sure, in the short run, deal effectively with the growing concern of our law enforcement agencies and other people in this country.

The government proposes to bring forward legislation which will define more precisely the types of material which are offensive to our society and which will give federal and provincial governments the necessary enforcement mechanism to deal with them. This legislation will follow some consultation which will take place between federal and provincial governments, particularly having regard to the Badgley report of last August, which deals with child abuse, and with the Fraser report, which I understand is near completion, if it is not yet completed, and which will be tabled within the next few months.

I urge all honourable senators to support this legislation. I urge its speedy passage and, since the bill contains only two clauses, I trust that it will not require committee examination. However, I cannot say. In any event, I urge support of this bill.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I do not intend to make a speech or to participate in the debate. However, I should like to ask the honourable senator a question. I understand that the bill has gone through all stages very rapidly in the other place and that it is hoped that the Senate will deal with it so that Royal Assent can be given tomorrow. That seems to me to be rather rapid passage, to say the least. I am not objecting, but I would like to know why the bill has to be passed so rapidly. I understand that the court's decision came down a month and a half ago, and Canada did not fall apart within that period. Why would we expect it to collapse or fall under the weight of imported material in the few days while we are away for Easter? I simply want to know why there is this urgency.

Senator Nurgitz: Honourable senators, in reply to the Leader of the Opposition, last year over 4,000 shipments of this kind—when I say "this kind," I am not sure whether it was material of the sexually explicit or the hate variety—were stopped at the border and refused entry under that customs tariff. That is 4,000 shipments for the year ended March 31. The Federal Court's judgment is now about two weeks old, and given that we might have to wait another month or two,

during that time several thousand shipments of this kind of material could enter Canada. I do not know the quantity involved in each shipment that is stopped. But, as I say, my information is that 4,000 shipments were stopped in a week.

• (1450)

Hon. Azellus Denis: Honourable senators, I should like to ask a question of the honourable senator. Why do you make reference to books in paragraph (b) "that are deemed to be obscene under subsection 159(8) of the *Criminal Code*" and the same thing in paragraph (c) under subsection 281.3(8)? What will happen if within the next couple of years those subsections are changed under the Criminal Code? Why do we not refer just to the Criminal Code and not mention the subsections? If those subsections are amended by just saying "under the Criminal Code," the situation would be covered, but the way it is worded we are held to those precise subsections. I suggest that the wording "under the Criminal Code" would be sufficient.

Senator Nurgitz: Perhaps it would, and that may not be a bad idea. I would like to point out to the honourable senator that this bill expires in a little over a year's time in any event. When the more appropriate legislation is introduced I hope it will be even more precise than this. Indeed it may not be necessary to refer to specific sections of the Criminal Code. What I am trying to impress upon honourable senators is that this is a short-term, roughly a 15-month bill, to deal with a critical problem.

Senator Denis: I suggest it should be made more precise this year.

Hon. Joan Neiman: I should like to put a question to Senator Nurgitz. I am curious to know who makes a decision as to what is considered obscene. Are the employees given a definition or guidelines as to what may be deemed obscene under paragraph (b) or that might constitute hate propaganda under paragraph (c)? The problem, as I see it, at the moment is that both those paragraphs have not been easy to deal with in the courts. In fact, we had a well-publicized case, which concluded in recent weeks, that did not avail itself of the provisions in the Criminal Code respecting the dissemination of hate propaganda in charging the person involved simply because that subsection on hate propaganda is so hard to define, much less to win a prosecution under. Therefore, I am curious as to how we are going to allow customs officials to make that decision when the courts and attorneys general have not been able to do so up until now.

Senator Nurgitz: Honourable senators, the Federal Court of Appeal was critical of that as well, that is, not so much with who makes the decision but with the fact that decisions are made without specific guidelines. I suppose that a customs officer in New Brunswick may give a different interpretation from that given by an officer in British Columbia.

Senator MacEachen: Or a more liberal one.

Senator Roblin: I doubt that.

[Senator Nurgitz.]

Senator Nurgitz: I am not sure. The Minister of National Revenue has undertaken that within two weeks from today he will distribute to all customs officers who could possibly have this situation arise within their jurisdiction a set of guidelines as to what is and what is not acceptable within, I suspect, the two areas. Perhaps those matters dealing with treason and sedition may speak for themselves, but I do not know with respect to obscenity and hate propaganda. The Minister of National Revenue has undertaken to make a distribution of guidelines immediately.

Senator MacEachen: Honourable senators, I have another question which has to do with the materials which the honourable senator said were held up by officials in consequence of the section that had been struck down by the court. Once the court struck down this section, were these materials then permitted to come into Canada? Have they flooded in?

Senator Nurgitz: Yes.

Senator MacEachen: So that we have had a major flood and what we are stopping now is the trickle.

Senator Nurgitz: If I may deal with floods and trickles, the gentleman whose name is Tom Luscher made a point on one book. I know that honourable senators will be familiar with this reading material so I can get you the name of it—

Senator Godfrey: Speak for yourself.

Senator Nurgitz: I have never heard of it. In any event he made a point out of one book. It was clear that he was not an importer. He purchased this book in the United States and was coming across with it near Vancouver and wanted to make a point out of this section.

Senator Frith: The book was for his own use.

Senator Nurgitz: That is clear. He was not a commercial importer. That was the trickle and the legislation, I hope, is aimed at the flood.

Hon. John B. Stewart: Honourable senators, I should like to ask Senator Nurgitz a question concerning paragraph (a). Under the new version of the tariff item 99201-1, obscene material and hate propaganda will be tied to the definitions provided in the Criminal Code. However, in this version of the tariff item, material of a treasonable or seditious character is not tied to the Criminal Code. I realize that the purpose of this bill is to deal with the particular situation brought on by the recent court decision, but in fact we are being asked to re-enact the prohibition against materials of a treasonable or seditious character.

My question is: Does this legislative arrangement mean that the customs officers applying paragraph (a) will be in a situation different under the law from those applying the prohibitions under paragraphs (b) and (c) in that (a) will not be tied to the Criminal Code explicitly whereas (b) and (c) will be so tied?

Senator Nurgitz: Honourable senators, I am satisfied that references to "treason" and "sedition" would be far easier to determine. I should point out that what the bill is basically

aiming at is covered by paragraphs (b) and (c) because in the old Customs Tariff the words after "treasonable or seditious"—which were not a problem—are "or of an immoral or indecent character." The question we then get into is community standards and a million other things which are so difficult to determine. I believe that in the Criminal Code there are definitions of the words "sedition" and "treason" but there are no definitions of the words "immoral" and "indecent."

Senator Stewart: The bill came to us so suddenly that I did not have an opportunity to look at the Criminal Code to check that point. The question I raise—I am not pressing it now—may well be a point that the government would like to consider when it gets around to a re-enactment of the tariff item after June 30, 1986. I wonder if it would not be desirable to tie in the prohibition of material of treasonable or seditious character with the Criminal Code in the same way as what is now being done with regard to obscene material and hate propaganda, so that customs officers would not feel free to put another interpretation on those words, "treasonable or seditious".

• (1500)

Senator Flynn: It will never happen.

Senator Nurgitz: I do not see anything wrong with Senator Stewart's suggestion.

A question was asked earlier about the case I mentioned earlier where material was allowed to come into the country. The judgment said that it was conceded—and I cannot find the name of the publication—that the appellant had no intention of circulating or selling the magazine, that he intended to use it in the privacy of his bedroom as a means of fantasy enhancement.

Senator Flynn: Exclusively in the bedroom?

Senator Nurgitz: It does not say "exclusively."

Hon. Jacques Flynn: I do not think that I should allow Senator Nurgitz to get away without further questions. In any event, the purpose of this bill is quite clear. The government wants to correct a situation created by a judgment of the Federal Court. I am interested in the fact that this bill will be in force for only 15 months. I wonder whether it was the government's idea that in 15 months the Supreme Court of Canada would not have time to strike it down.

Senator Nurgitz: The answer is no and I would add that no appeal is being taken on that case.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, am I correct in assuming that there will be no Royal Assent today?

Hon. C. William Doody (Deputy Leader of the Government): That is right.

Senator Frith: Therefore, we will have time tomorrow to complete the second reading and third reading. In that context I would like to move the adjournment of the debate, simply because we have not had time to prepare a response

Senator Flynn: A sober second thought.

Senator Frith: I will not say sober but, certainly, second thought.

In the meantime, if I am permitted, I would like to make a comment in that context. The sponsor of the bill has suggested that it need not go to committee. If so, we should give some thought to the kinds of questions that we would want considered if it were in committee. Some of those questions have already been raised today. Of course, there is always the possibility that hard on the great success the Honourable Barbara McDougall, Minister of State (Finance) had with us last week, we could invite her to come back tomorrow to deal with the bill in Committee of the Whole.

In any event, I wonder if the sponsor of the bill would give further thought to the line of questioning initiated by Senator Neiman—which is the sort of question we would consider in committee—and explain why there are three different forms in expressing the two subjects. Clause 1 refers to:

> —printed paper, drawings, paintings, prints, photographs or representations of any kind
>
> (a) of a treasonable or seditious character;
>
> (b) that are deemed to be obscene under subsection 159(8) of the *Criminal Code*; or
>
> (c) that constitute hate propagada within the meaning of subsection 281.3(8) of the *Criminal Code*..

There are three different descriptions. There is the straight statement first, that it must be "of a treasonable or seditious character." Second, where it is "deemed to be obscene," this raises the question of, deemed by whom? And, then, "that constitute hate propaganda" which raises the question of who decides whether in fact it constitutes hate propaganda. So, if it is agreed that we are going to pass this bill tomorrow, it would be reassuring to know that, though the bill is a band aid, as it is described by the sponsor, it is a band aid that will work in the meantime.

Senator Doody: On the questions raised by Senator Frith with regard to passage of the bill, it is our hope to have Royal Assent around 4 o'clock tomorrow afternoon. We have made tentative arrangments to that end. If we could arrange the accommodation of the bill during that timeframe tomorrow, we would be extremely grateful.

Senator Frith: Honourable senators, perhaps we could have more information from the sponsor, or if Mrs. McDougall or an official from the Department of Justice could come over, they may be able to answer our questions very quickly.

Senator Doody: The sponsor is a veritable gold mine of information.

Senator Frith: That has always been my experience.

Senator Doody: He never ceases to amaze me.

Senator Frith: But we are not sure where he buys his gold. He may get it from the Department of Justice. However, I think we should have answers to our questions on just how the band aid will work or even if it will work.

Senator Flynn: The Supreme Court will not have time to deal with it.

On motion of Senator Frith, debate adjourned.

HEALTH

ILL EFFECTS OF SMOKING—DEBATE CONTINUED

On the order:

Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the ill effects of smoking to smokers and non-smokers alike.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, now for a big puff. My colleague on the right front has asked me what side I am on. If I am careless I shall probably reveal where I stand on that question or perhaps even say that the question is not the kind that applies in this case. I want to say that in my judgment—on sober second thought and even a first casual one—the initiative taken by Senator Bosa was very valuable in bringing to our attention a most important and timely subject that concerns all the people of Canada and far beyond. I congratulate the Honourable Senator Bosa for bringing this matter to the attention of the Senate in the reasoned and reasonable tones he used and with the background of information which he presented. I also express my appreciation of, but not my surprise at, the most excellent but all too brief address delivered by Senator Frith. It was a very thoughtful expression and a very thoughtful exercise. He is a brilliant and able man and on those few occasions when he is not partisan, and even on the others, he is sharp, acute and, if wrong, gloriously wrong.

Senator Frith: And never in doubt.

Senator Macquarrie: It was once said of a clerk of a House of Commons of long ago that he always spoke with certainty if not with accuracy. That is a comforting way to be.

I appreciated Senator Frith's tribute to my colleague, Senator Kelly, who becomes a voluntary non-smoker when he is with a group of non-smokers. Before Senator Frith paid that deserved tribute to Senator Kelly, I had in mind the time the Standing Senate Committee on Foreign Affairs went to Washington. It seemed that everyone involved—staff and senators—were non-smokers, except Senator McElman who smoked a pipe. I appreciated his thoughtfulness and consideration when he was always very careful to bring out a chair and seat himself away from the rest of us. I think that if one must smoke one should smoke a pipe. It is much less disturbing for those who are around. I can tell Senator Flynn that that is a little bias that he has led me into expressing. One cannot be too much of a mugwump on these things. I think Senator Frith's idea of extending to committees the non-smoking atmosphere of the Senate chamber is an excellent one. If, in fact, we are emanations and replicas of the parent body, then his suggestion seems most meritorious and logical. If he ever wishes to make a move in that direction, I will certainly support him.

[Senator Frith.]

• (1510)

Senator Frith dealt with, although not at length, an important issue. Some people will say, "Please do not smoke in my presence because I have an allergy, and that will make me ill at this moment." That is a serious and legitimate complaint which should be listened to. However, I do not think that is the end of the matter. If I could not honestly say that smoking in my presence would give me nausea within ten minutes or perhaps half an hour, that is by no means saying that it will not be deleterious to my health. The difference between the two is not great. Because of some Scottish Catholic background in my family, as is the case with Senator MacEachen, I was brought up with pious relatives who occasionally bordered on the superstitious. You were never to feign illness or to malinger. You were never to say you were ill when you were well because God might strike you with a real illness. Although it would be easy to say, "Please do not smoke in my presence; I have an allergy," that, for me, would be almost an atavistic sin. I know that from a logical standpoint that is all nonsense, but I would find great difficulty in saying that.

Honourable senators, this subject is of importance. We are conscious of the ill-effects of smoking, but who is going to say to the chap in the elevator, "You know there are rules and by-laws against that?" I remember a lady saying that to a gentleman who was smoking, and he kept his cigarette in his mouth. His answer falls into the category of the obscene that Senator Nurgitz was talking about. If an old guy in the Senate were to say to a chap of 18, "Put that cigarette out," he might end up putting me out between the floors. It would not take a great deal of effort to do that if he were in good shape.

What we are talking about in this modern day is trying to invoke some emanation from the state or some other appropriate jurisdiction—the nation, the province or the municipality—such as a by-law which stipulates that one cannot smoke in a particular area of a restaurant or a room or a public place because there is someone who needs the protection of the state or the law-making authority to preserve his right.

It is not a question of—as Senator Flynn was taunting me—whether I am for or against smoking or the suggestion that non-smokers are better citizens than smokers or deserve more consideration; it is a unique right that we have not written many volumes on—the right of a citizen not to be smoked upon or not to be smoked at. That is not easily legislated or administered.

In my youth, as I travelled on the trains, there was something at one end of the car called a "smoker." If you wished to smoke, you got up and left where you were and went to that area. In P.E.I., in prohibition days, you had more than tobacco in your pockets, too. You left the bulk of society, shall we say, and moved down to a smoking area. If you did not want to go into that area, you stayed where you were. There were other facilities there too that you might have to pass through the smoker to reach.

Honourable senators, this issue, with which we are faced today, requires the kind of thoughtful consideration a body like the Senate of Canada can give it. We have to realize that

the situation is not quite in balance: It is not just the smoker against the non-smoker. It is the right not to be smoked upon.

I want to say right now that I would not have been making this speech had I not received the advice of Senator Phillips that I should do so today if I were going to do it at all. He is both my Whip and a fellow Prince Edward Islander and he knows my ornery nature well enough to know that it is the Prince Edward Island aspect of things that makes his wishes much more my command than the fact that he is the Whip. Now, I think he is wisely going out to have a cigarette while I complete my brief dissertation on this important matter.

Honourable senators, the years go by. I remember the Twenty-third Parliament which, in terms of legislation for the people of Canada, was the most productive since Confederation. I recall the Prime Minister of those days, Mr. Diefenbaker, who used to come to caucus and tell us about some of his trips abroad. He came back from his first trip to Britain as Prime Minister where he attended a Commonwealth Conference. He told us that he and Mrs. Diefenbaker had received an invitation from Winston Churchill to go for tea. Long before any tea was produced, Mr. Churchill asked him if he would take a drink, of which there was an ample supply, and our Prime Minister said, "No, thank you," whereupon Mr. Churchill said, "Ah, Prime Minister, you are a prohibitionist, I see." Mr. Diefenbaker responded, "No, I am not a prohibitionist; I am a teetotaller," whereupon Mr. Churchill said, "Ah, good, you hurt only yourself."

I take the view that we must be careful not to become prohibitionists; yet, we must seek, for the good of society, some way of coping with what is not just a medical problem, but a serious social problem.

When I was in the House of Commons with Senators Flynn and Walker, we were aware of a very important study conducted by the House of Commons Committee on Health, Welfare and Social Affairs. That committee did what the Senate committees do quite often, that is, it picked up a cognate subject, studied it carefully, and produced a concise, valuable and educational report which I re-read just the other day. However, that report does not deal with one aspect. It deals with the injurious effects of smoking upon the smoker and it details that with real statistics of frightening proportions. I would quote two paragraphs from that report, which state:

> The Canadian Medical Association in its brief to the Committee said: ". . . The traditional scientific discipline of medicine combined with the responsibility of serving as the public voice of the profession has resulted in our normally issuing guarded or conservative public statements. The Committee is reminded of this position of the Association to emphasize the importance and seriousness that it attaches to the subject at hand. The story of the health hazard created by cigarette smoking represents an unrivalled tale of illness, disability and death. The potential benefits to be derived from the cessation of smoking place it at a level of importance in preventive medicine with pasteurization of milk, the purification and chlorination of water, and immunization . . .
>
> We believe it sufficient to point out that there is no longer any scientific controversy regarding the risk created by cigarette smoking. The original statistical observations have been validated by clinical observation and the evidence is now accepted as fact by Canadian medicine.

Honourable senators, this is from exemplary and highly-qualified groups.

• (1520)

That was a very valuable contribution and one which was made by a group of parliamentarians. I cannot say that I was a member of that committee. Mr. Stanfield later appointed me as the spokesman on Health and Welfare, putting me opposite the Honourable Marc Lalonde, which was quite a challenge. This report came out before I was involved, so I take no credit; but I can give credit to the chairman, a man under whom I served and a man who is still a member of the House of Commons, Dr. Isabelle, a most excellent parliamentarian and a most excellent physician.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: That was a fine statement. We in the Foreign Affairs Committee often talk about U.N. Resolution 242, which I thought was a great document for its time and as far as it went. The same is true of this report.

I had the great advantage for a number of years in the House of Commons to be a seat-mate to the late Dr. Rynard, a fine physician and a great friend of the then Prime Minister, the Right Honourable John Diefenbaker. He was known as the "flying doctor," and I thought that that was because he used to travel with Mr. Diefenbaker to various parts of the world. I travelled to Dr. Rynard's constituency, to Orillia, one weekend—

Senator Frith: Simcoe East.

Senator Macquarrie: Yes. To speak to the St. George's Society—and that shows how fond I was of him, a Highland Scot going up there on St. George's Day to make a speech about the English.

Senator Frith: If you saw him in Simcoe East, you would have soon realized that he was a good politician, too.

Senator Macquarrie: He was a good politician, yes. What I really learned that weekend, however, is where the description of "flying doctor" came from. One of my friends asked me if I drove up with him and I said that I had driven up with Heber Smith. This same chap then said: "Well, if you are smart, you will go back by train, or by bus, or any way you want except with the Doc." And that is where the term "flying doctor" came from. It seems he was very swift on the highways. If he had to get some place, he got there on time.

But it was Dr. Rynard who used to tell me—and this was long before I read it in the press—that smoking was bad not only for those who smoked but for those around the smoker. I think he said that the smoke from 10 cigarettes being smoked

around you is the equivalent of your smoking one cigarette yourself.

That was my first entrée into the idea that smoking was not just the smoker's business. It is too bad that that is the case.

There is no suggestion that drinking is a good thing. It is a terrible thing—although I would feel personally bereft in a highly enforced prohibitionist state. I am having trouble enough in Lent. It is a long 40 days. I know that I would be far better off if I were to drink for 40 days and give it up for 325, but so far I am going the other route, and I have the days and the hours counted.

But unless the overdrinker gets behind the wheel of a car and maims someone, unless he does something damn foolish when he is, shall we say, not himself, he at least can drink alongside a fellow in a bar and ruin only his own liver. The smoker, unfortunately, does not limit the damage to himself, and that makes it a very difficult problem.

How difficult a problem is it? We see that all across the world the people are endeavouring to cope with this. I read in the *Christian Science Monitor*—I think, perhaps, the greatest paper in the English language—that the Kremlin raises the red flag about smoking; that if you walk into Red Square, you will see a "no smoking" sign, and it is probably just as well not to. Yet some do.

I read, too, from the Ottawa *Citizen* that the anti-smoking law works well in San Francisco, and they expected that there would be great problems with its enforcement.

We know why it is such a great problem. Senator Frith talked about our smoking in committee rooms and in the chamber ante-room. We live in a national capital in which there are buildings galore owned by the federal government, buildings operated by emanations of our government. They are now air-conditioned and heated. There is a flow of air. How do we establish smoking and no-smoking areas in these buildings and ensure that the vents which go through the building will not take the air from the smoking areas to the no-smoking areas?

Am I going to stand up and say that every building of the Government of Canada should be altered to handle that problem? It would cost a fortune.

Are we to say that anybody who smokes cannot work for the federal government? Suppose we set up our own room for smokers. What is it, a Black Hole of Calcutta which has no air-conditioning at all?

It is an immensely difficult problem. It is a social problem; it is a legislative problem; and now it has become, in our complex society, a highly technical problem.

As an old-time pedagogue, I believe that the best course is that of education, coupled with the indication that the cigarette is a form of poison. Not a nice thing to do. Years ago I used to enjoy smoking. To say to the Prince Edward Island and Ontario tobacco growers that they have to stop what they are doing because tobacco is hurting the health of the people is not an easy task. That is why I am inclined to believe—and I do not know what Senator Marshall thinks of this; I haven't discussed it with him, even though we are neighbours in the East Block—that it is a subject that requires the most thoughtful consideration, and could be usefully studied by a committee of the Senate.

If we lay down the statistics—and that would be a boring thing to do—the potential danger from smoking would be seen to be enormous. To couple this health hazard with the freedom to inhale and exhale—and if pushed I would put the freedom of choice before control, even when the control is of a beneficial kind—presents a serious problem.

I am glad that I have had the opportunity to say a few words about it—not because I am giving any great insights but to lend my support to the contribution that Senator Bosa has made in introducing into this thoughtful chamber of sober second thought a subject worthy of its careful consideration.

Hon. John M. Godfrey: Honourable senators, I should like to make one comment on something that Senator Macquarrie has said—

The Hon. the Speaker *pro tempore:* Are you intending to adjourn the debate?

Senator Godfrey: I want to make a two-minute speech.

When I started to work, it was for a large insurance company in downtown Toronto, and there no one ever smoked. In those days instead of a coffee break they had a smoke break, at which point the men all disappeared into the men's room for about ten minutes in the middle of the morning. Then they went out for lunch, and at some point in the afternoon they would again disappear for ten minutes.

If we were to institute that type of thing, people would get used psychologically to the idea of not smoking when working. I used to smoke three packages a day and I had no problem not smoking when travelling on public transportation because I knew it simply could not be done. If we were to cut out smoking at work, I am sure the smokers would get used to it.

Senator Macquarrie: I am all for that, Senator Godfrey. I suppose that is why I picked up on Senator Frith's reference to Senator Kelly early in my speech. It was a significant contribution.

However, we have one thing standing against us. We now have a highly permissive society and although it seems a little unfair to the smokers to gang up on them, I think the pressures and the compulsions are so great that Senator Godfrey's idea is an excellent one.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 3, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SCHEDULE OF AUTHORIZED SALARY REVISIONS TABLED

Hon. Royce Frith, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a schedule of authorized salary revisions for certain Senate positions, effective April 1, 1985, as approved by the committee at its meeting on Wednesday, March 13, 1985.

ADJOURNMENT

Hon. C. William Doody, Deputy Leader of the Government, with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, April 23, 1985, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

PARLIAMENTARY REPRESENTATION ON OVERSEAS DELEGATIONS—AMPLIFICATION OF STATEMENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, before we embark on Question Period, I should like to enlarge on a reply I gave yesterday, which appears at page 761 of *Hansard*, respecting the practice of attendance at obsequies of foreign statesmen. I made a statement about the most recent death that had occurred in the leadership of the Soviet Union, with respect to who had attended. In reading my statement, it appears that I could be taken as referring to the death of Mr. Chernenko when actually I was referring to the death of Mr. Brezhnev and Mr. Andropov, and I wanted to clarify that point.

THE PRIME MINISTER

NEWSPAPER ADVERTISEMENT

Hon. Keith Davey: Honourable senators, I wonder if the Leader of the Government has seen this questionable full-page advertisement which appears in a number of Canadian newspapers today. I cannot recall in my time any precedent for the Prime Minister of Canada being involved in any kind of commercial advertising, let alone for a multinational corporation such as Litton Industries, which is already doing business with this government and, doubtless, is looking for more. Can the leader assure us—I hope he can, and I believe he can—that this advertisement appeared without either the Prime Minister's knowledge or consent?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I admit that I have read this advertisement, too, and I can tell my honourable friend that it is entirely the responsibility of the corporation whose name appears in that advertisement. It has nothing to do with the Prime Minister; it has nothing to do with the government. The Prime Minister's consent was not sought; the government's consent was not sought. His picture was used without his knowledge, so there is no connection between this advertisement and the Government of Canada.

Senator Davey: Honourable senators, I am delighted with the response since it is the one I had expected.

I have a supplementary question: Does not this kind of questionable advertising involve Litton Industries in some kind of conflict of interest which should disqualify that company from future government contracts?

Senator Roblin: I think it is impossible for me to deal with that question at the present time. No one in government circles appreciates this conduct.

EMPLOYMENT AND IMMIGRATION

MACLEAN'S MAGAZINE—PROSPECTIVE HIRING OF NON-CANADIAN

Hon. Keith Davey: Honourable senators, I have another question for the Leader of the Government in the Senate.

Am I correct in assuming that, amidst this passionate romance between this government and everything American there has been, from time to time, some indication that the government will at least protect Canadian identity and Canadian cultural integrity?

Hon. Duff Roblin (Leader of the Government): If my honourable friend will give me a specific instance where he thinks the government is not protecting our cultural identity, I may try to answer the question.

Senator Davey: Honourable senators, it just happens that I do have a supplementary question.

Senator Roblin: That is what I thought.

Senator Davey: Is the Leader of the Government aware that Canada's self-proclaimed national news magazine, which many months ago removed the maple leaf from its cover, is seeking to hire a former *Newsweek* writer, an American citizen and resident, to hold a senior writing position on that magazine's staff?

This hiring, as the leader knows, must be approved by the Department of Employment and Immigration which must be satisfied that *Maclean's* cannot find a Canadian qualified to do this particular job.

Would the Leader of the Government agree with me that there is any number of eminently well-qualified Canadians available to fill this position?

Senator Roblin: Honourable senators, if I were an expert in this field, my opinion might be worth something, but, as I am not, I can assure my honourable friend that my opinion is not worth very much in respect of this matter.

Senator Flynn: Perhaps Senator Davey will give his opinion.

Senator Roblin: No doubt, Senator Davey will favour us with his opinion in due course, but I am not able to give an authoritative answer with respect to this inquiry.

Senator Davey: As a supplementary question, I would ask the Leader of the Government in the Senate to undertake to use his considerable influence with the department to ensure that *Maclean's* is not allowed to engage an American writer for such a key position. Can he give us that undertaking?

I see Senator Murray shaking his head.

Senator Roblin: I think my honourable friend does not really expect me to give such an undertaking.

Senator Davey: I do not know why the leader cannot give us such an undertaking because, in the press I have read, it seems to me that this government is saying that we are prepared to protect cultural integrity. Here is a clear example of Canada's alleged national news magazine wanting to bring in an American to fill a very senior position. Surely the government is not going to allow this to happen.

Senator Roblin: The government, like any other citizen, is bound by the law. Insofar as the law covers this matter, it will be investigated.

Senator Davey: The law is clear: If there is a Canadian qualified, then that Canadian should be employed.

I accept the response, but I do hope that someone will urge the department to make sure that *Maclean's* conducts a thorough, decent, honest search. It seems to me that they will not have to look very far.

Senator Flynn: Are you a candidate?

FOREIGN AFFAIRS

U.S.S.R.—TREATMENT OF CANADIAN JOURNALIST—GOVERNMENT ATTITUDE

Hon. Jerahmiel S. Grafstein: Honourable senators, in today's issue of the Toronto *Sun*, there is a report written by Mr. Claire Hoy, a respected member of the Parliamentary Press Gallery, while on tour in Siberia with the Secretary of State for External Affairs.

In the process of exchanging information lawfully with a Soviet citizen, he was forcibly prevented from continuing that exchange by a Soviet official who was also on the tour.

My question for the Leader of the Government is: Has the government lodged a protest with the Soviet government and sought an apology for this inappropriate conduct towards a Canadian citizen?

Senator Frith: A friend of all governments.

• (1410)

Hon. Duff Roblin (Leader of the Government): In view of the fact that this incident occurred yesterday, I have no information on the specific question my friend asks; however, I can tell him that the Secretary of State for External Affairs is going to be discussing, if he has not already done so, the status of those people who wish to leave the Soviet Union, as the lady in question would like to do, together with the general question of human rights.

Senator Grafstein: A supplementary. That really isn't my question. My question is whether or not the inappropriate or unlawful conduct of a Soviet official towards a member of the Parliamentary Press Gallery will be the subject matter of a protest and whether or not the government will seek an apology for this type of conduct against a Canadian citizen.

Senator Roblin: I do not think I can really answer the question. I have no doubt that the matter will be given some consideration, and I think it deserves to be.

AGRICULTURE

SUGAR BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. Yesterday Senator Molgat raised the matter of the sugar beet problem in Manitoba, and I know the government leader is very interested in this particular issue. Last evening, I am informed, in Lethbridge, Alberta, there was a meeting of some 600 members of the southern Alberta community on this same issue, and I believe those in attendance at that meeting were advised by their member of Parliament, who, I know, has worked very hard on this issue, that the federal government had decided against providing anything in the nature of a short-term subsidy for this year, but that there might be other proposals that the government was looking at.

I am wondering whether the Leader of the Government has any more information on this subject today than he had yesterday.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that sugar beet futures have now sunk below 4 cents a pound. They are down at about 3.9 cents a pound, which is a calamitous price for sugar, particularly for those

who grow sugar cane in tropical countries. They are the ones who are the most severely affected by this.

With respect to my friend's question, the answer is that no policy statement of the sort she has mentioned has been made by the governnment, to my knowledge.

Senator Fairbairn: A supplementary, if I may. The agriculture minister for the province of Alberta announced at this meeting last night that the Government of Alberta would be prepared, on a one-shot basis, to provide a subsidy of $10 per metric tonne for this particular period.

I wonder if the Leader of the Government in the Senate might use his influence with his colleagues to get them to consider the possibility of having the federal government match that subsidy.

In total terms, I believe it would come to something like $5.5 million—which in the context of the assistance provided to the Canadian Commercial Bank is a small amount, particularly given the importance of this industry to that province.

Senator Roblin: It is not only the province of Alberta that is affected. The province of Manitoba is equally concerned with this issue. Sugar beet is very important to that province as well.

I am not aware of the statement of policy by the Government of Alberta in this regard, but it might represent a useful initiative to follow up.

Hon. Gildas L. Molgat: Honourable senators, I should like to ask some further questions on this same subject. I am glad to see that my colleague from Alberta, where the other plant in the west is located, is asking questions as well.

The minister has said that no decision has been made by the government. I would like to point out that this matter was brought to the government's attention months ago. It is my understanding that B.C. Sugar, which is the parent company of the Alberta plant and the Manitoba plant, approached the government last November. The Sugar Beet Growers Association was here last fall and met with the government, at which time they pointed out what the problem was.

In February of this year there were news stories, including one in the *Globe and Mail*, about this problem, indicating again that pressure had been put on the government and that the plants had said that they could not issue contracts in the present situation. The situation is critical, because, in a matter of days, farmers have to start their planting. By the end of April they will be well into it. As my honourable friend knows, since he comes from Manitoba, by the middle of May the planting will be completed. They cannot proceed unless they have a contract. There are a whole lot of subsidiary problems involved in it. For example, there is the question of herbicides. There are special herbicides for the sugar beet crop. If there are no contracts issued, the people who bring in the herbicides cannot take a chance. So it is a critical situation, which must be resolved now. Both houses will adjourn, presumably, today and it is unlikely that the cabinet will meet next week. In the meantime, farmers are left in an intolerable situation. Can my honourable friend not get a decision from the government?

Senator Roblin: Honourable senators, it is not the problem that is in question, it is the solution. My friend is right in saying that this matter has been under consideration for some time, but it is not a problem that lends itself to an easy solution, particularly as it is one that, in my opinion, requires the co-operation of the provinces concerned. That is why I was interested to hear the report from the Province of Alberta. If the Province of Manitoba were equally forthcoming, I am sure it would help us to reach a speedy decision.

CONSUMER AND CORPORATE AFFAIRS

TRADEMARK LEGISLATION

Hon. John M. Godfrey: Honourable senators, on February 5, 1985, I asked a question concerning the Trade Marks Act. I believe that the Leader of the Government received an answer which he did not consider to be satisfactory. My original question on this subject goes back to 1981. I would ask the Leader of the Government if he would keep bugging the department so that by the time the Senate returns following the Easter break we might have an answer to this important question.

Hon. Duff Roblin (Leader of the Government): I always do my best to oblige my honourable friend.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-38, intituled: "An Act to amend the Customs Tariff".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Neiman will speak to this bill.

Hon. Joan Neiman: Honourable senators, Senator Frith has kindly yielded to me in continuing second reading of Bill C-38 to which I spoke briefly yesterday. I am happy to have the opportunity to put further questions to my learned friend, Senator Nurgitz. It is obvious that every member of the Senate understands and sympathizes with the government's concern that prompt action should be taken to plug the hole in our laws as they cover the importation of obscene and pornographic material. This hiatus was occasioned by the recent decision of the Federal Court of Appeal, in which a certain Tom Luscher was the appellant, and in which it struck down what had been the governing provisions in the Customs Tariff with respect to immoral and offensive material. I must say that Mr. Justice Hugessen's judgment is an important addition to the law which is beginning to accumulate on the application of section 2(b) of the Canadian Charter of Rights and Freedoms, and for that reason alone we must welcome it. However, it has left us with a dilemma with which the government wishes to

deal promptly. On the other hand, I am not quite sure that the situation required the type of so-called stop-gap measures provided in Bill C-38, which called for the bill to be passed through all three stages in the House of Commons, and now in the Senate, and then to receive Royal Assent, all within a matter of two days. There are a number of important questions which must be addressed even in connection with such a short bill as this, because it addresses the much larger questions with which the government and, I believe, many people have been concerned over the past several years. One of these is the definition of obscenity, not only in publications but in films. Then there is the question of what constitutes child abuse, which has been well covered in the Badgley report. Now we are awaiting the Fraser report. The Minister of Justice has given an indication that as soon as he receives the Fraser report, which is expected within a matter of a couple of weeks, he will commence reviewing the relevant sections of the Criminal Code and certainly those sections which are specifically referred to in Bill C-38 and tied into the provisions of the Customs Tariff.

• (1420)

It would have been helpful if we had been given more time to review the bill and an opportunity to question the ministers who will have to make policy decisions in this area. I am afraid that some of the questions that occur to us today concerning the procedures that will have to be put into effect and the decisions that will have to be taken by persons, who, unfortunately, are probably not qualified to make decisions affecting the rights and freedoms of other people, will probably go unanswered. I am worried that the ordinary person is not going to be sufficiently protected. In an article in this morning's Toronto *Star*, Parliament receives a slight rap on the knuckles for proceeding with such unseemly haste on this bill. The article, which I am not of necessity supporting, goes on to point out that the customs officers who make the decisions with respect to the sections of the Customs Act struck down in the recent court decision are only required to have as formal education a high school diploma, and that they are required to spend only two or three days of their job training on dealing with potentially offensive material.

Senator Nurgitz has assured us that regulations and instructions will be prepared for customs officers. That is not good enough. I have looked up the sections of the Customs Tariff which deal with the procedures that are to be followed. It is obvious that what they call the line officers or the customs tariff officers who ordinarily work and deal with customs problems take the first decisions as to whether the material is obscene. They simply look at the material and then decide. The act provides that the recipient of the shipment of offensive material has 90 days to appeal the customs officer's decision. If he appeals the decision, it is sent on to a person who is termed a Dominion—which is a word I have not seen for some time—appraiser. That is the second stage of the process. Should the recipient lose his appeal to the Dominion appraiser, he has a further 90 days to appeal to the Deputy Minister of the Department of National Revenue. Obviously, that is what happened in the Tom Luscher case. I feel that these areas are neither sufficiently covered nor considered.

I am not sure whether we should put our questions to Senator Nurgitz now.

Senator Frith: We are going into Committee of the Whole.

Senator Neiman: Perhaps I will hold my questions until then.

Senator Nurgitz: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Nurgitz speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Philippe Deane Gigantès: Honourable senators—

The Hon. the Speaker *pro tempore:* Senator Gigantès, did you want to take the floor on second reading?

Senator Gigantès: Yes, but I am not too clear as to what the situation is. If the debate on second reading is closed now, do we get a chance to speak again?

The Hon. the Speaker *pro tempore:* If you want to speak on second reading, I will let you speak.

Senator Doody: The honourable senator can speak in Committee of the Whole.

Senator Frith: Perhaps we should explain to Senator Gigantès and other honourable senators what is going to happen. This is the second reading debate on the principle of the bill, and under our rules if the sponsor of the bill speaks a second time he closes the debate on the principle of the bill. After the principle of the bill is accepted, if it is, we will be going into Committee of the Whole, when of course we can debate specific provisions of the bill, and we can ask the sponsor questions about them.

The Hon. the Speaker *pro tempore:* I call on Senator Nurgitz, and his speech will close the debate on second reading.

Senator Nurgitz: Honourable senators, I have a few brief comments. I am sure that several senators, including Senator Neiman, will have specific questions when we move into Committee of the Whole.

I appreciate Senator Neiman's sympathy with the purposes sought to be achieved by the bill. I want to point out, however, that it is well known that in the field of the commercial distribution of child pornography, for example, this stuff gets mailed into our country from other countries on a very regular basis. Since it cannot all be caught, those people who subscribe to it have little slips which they fill in to notify the distributor that a certain volume did not arrive. And the distributors are prepared to be persistent and to make every effort to get the material through, or as much of it as they can, knowing that it cannot all get caught.

In the current situation, as a result of the judgment in the case heard on March 14 by the Federal Court of Appeal, all of that material is getting through and there is no method

whatever of stopping it. In addition, there are at ports of entry on any given business day, even with a restriction in place, almost 20 shipments daily, ranging from single magazines to truckloads, and this is on a regular basis. Therefore, when Senator Neiman raises the question of urgency, I say to you that there is, I believe, some urgency.

With respect to raising policy questions with ministers, I quite agree that it will be difficult in these particular circumstances to get that kind of policy. I think what we are being asked is to wait one year after the presentation of the Fraser report, commissioned by the previous government, and which will be out in a matter of weeks. Then the government will formulate a policy, and will give an opportunity for full consideration of a comprehensive bill to deal with this problem. That opportunity will arise, and I trust it will arise soon. As you see, this bill has a clause indicating that it expires on June 30, 1986.

With that, I will close the debate.

Motion agreed to and bill read second time.

CONSIDERED IN COMMITTEE OF THE WHOLE

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

Hon. Nathan Nurgitz: Honourable senators, I move that the bill be referred to Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Nurgitz, seconded by the Honourable Senator Murray, that this bill be now referred to Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

• (1430)

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Heath Macquarrie in the Chair.

The Chairman: Honourable senators, the Senate is now in Committee of the Whole to take into consideration Bill C-38, to amend the Customs Tariff.

According to our rules, senators in committee speak only from their place. However, I would ask the Senate to indulge the Chairman's wishes for a very practical reason, namely that we ask the sponsor of the bill, Senator Nurgitz, to take a place in the front row, the more readily to answer questions.

Hon. Senators: Agreed.

Senator Flynn: Only temporarily!

The Chairman: As Senator Flynn says, only temporarily.

Shall consideration of the title of the bill be postponed?

Hon. Senators: Agreed.

The Chairman: Shall we now give consideration to clause 1?

Senator Frith: Honourable senators, perhaps Senator Nurgitz would like to begin by dealing with the questions we raised yesterday and run through the problems raised as to definitions: Who is to decide whether the material is of a treasonable or seditious character; who is to deem that it is obscene and who is to decide if it constitutes hate propaganda?

Senator Nurgitz: In response to those particular questions, of which I certainly had notice yesterday when Senator Frith raised those matters with me: In clause 1(a) the words "of a treasonable or seditious character" constitute a continuation of the wording in the former Customs Tariff, 99201-1. Therefore, nothing has changed.

Senator Frith: How, then, did that function? Did the officer make the decision?

Senator Nurgitz: I am informed that there has never been an incident of a piece of treasonable or seditious material coming to the attention of a customs officer.

Senator Frith: Was the intent that it would be the customs officer who would make the decision?

Senator Nurgitz: Yes. I intended to deal with the question that Senator Neiman raised yesterday, and again today, in terms of how that would operate. Perhaps now would be an appropriate moment.

The customs officer of questionable or unreasonable education is a person at the point of entry who only "has reason to believe" that the material is of such a nature and therefore only holds the material. I suppose one could consider that perhaps someone's rights are being affected by just the holding of the material. However, the final decision on whether it can or cannot pass is not made at that moment. The decision made at that time is simply a decision to hold the material and it then goes to what is known as a district office where there are various levels of officials within the Customs and Excise service.

As you have perhaps noticed in the British Columbia case, which has brought us here today, the deputy minister is named as the defendant in the suit. In fact, it does not even get to that level: under the act, the deputy minister has delegated the authority to an associate deputy minister who does, in fact, make ultimate decisions such as this.

Senator Frith: I suppose it is clear from the case that gave rise to this amendment to the act that those decisions are judicially reviewable by the Federal Court?

Senator Nurgitz: Yes. Let me explain that. Under the statute, there is provision for appeal to the deputy minister. I suppose that some people would view an appeal to the deputy minister as being not much of an appeal, since he would stand behind his staff.

There is, in British Columbia and Ontario, an appeal to the County Courts, and in all other provinces where there is no County Court level, there is an appeal to the Court of Queen's Bench.

There is provision for a further appeal from there to the Federal Court of Appeal, which is precisely the procedure which was followed in the British Columbia case with which we are dealing.

While I am on my feet, I can answer two questions raised by the Honourable Senator Frith yesterday regarding clause 1, subclauses (b) and (c). Those subclauses state:

> (b) that are deemed to be obscene under subsection 159(8) of the *Criminal Code*; or
>
> (c) that constitute hate propaganda within the meaning of subsection 281.3(8) of the *Criminal Code*.

The reason for the use of that language is that the Criminal Code uses those words. When one looks at the Criminal Code for a definition of "obscene," the reference in the Criminal Code is "material that is deemed to be obscene." When one refers to "hate propaganda," the wording of section 281.3(8) of the Criminal Code is "that constitutes hate propaganda." There is no other reason good or bad for the use of that language.

Senator Frith: Thank you.

Senator Neiman: Senator Nurgitz, to go back to the procedure sections again. Section 46.(1) of the Customs Act states, in part:

> —a determination of the tariff classification or an appraisal . . . made at the time of their entry, is final and conclusive unless the importer, within ninety days of the date of entry, makes a written request in prescribed form . . . to a Dominion customs appraiser—

Subsection (2) states, in part:

> A Dominion customs appraiser may re-determine the tariff classification—

So, he acts as the person to whom one can make an appeal.

The rest of that subsection states:

> (a) in accordance with a request made pursuant to subsection (1), or
>
> (b) in any other case where he deems it advisable, within two years of the date of entry.

I do not know if that is particularly applicable as long as the importer involved makes the written application for a review within the 90 days. Is that the relevant section?

Senator Nurgitz: Honourable senators, I am informed that the 90 days is the time within which one must appeal. Assuming an appeal is made, a decision must be made right away. There is not a two-year period allowed to the government to sit on it, if that is the concern.

The time limit for a person wishing to launch an appeal is 90 days. The decision must then be made.

Senator Neiman: Is the customs officer required to make his decision within a specific time?

Senator Nurgitz: I am informed that he must make it at the time the goods are brought forward for entry.

Senator Neiman: Almost immediately.

[Senator Nurgitz.]

Senator Nurgitz: That is right.

• (1440)

Senator Neiman: I did want to get clarification of those three paragraphs of Bill C-38 because I do not know if there are any semantic nuances following from the differences in the wording of those paragraphs. I have no problem with paragraph (a) which reads "of a treasonable or seditious character" since we do not deal with that too often. But paragraph (b) uses the words "that are deemed to be obscene" while the wording of paragraph (c) is "that constitute . . .". There seems to be a difference there.

The Chairman: I believe that question was answered.

Senator Neiman: Then I will not pursue it.

To deal with the procedure part again—and I know that Senator Nurgitz cannot answer this for me—

Senator Flynn: Why not?

Senator Neiman: Because it probably deals with a decision that would have to be made by the Minister of National Revenue. I am wondering why a separate section is not set up almost immediately at the point of entry at the primary level, when it is determined that certain shipments are coming through. For instance, if *Time* magazine or another magazine of that kind were coming across the border, the customs officials in general are not going to be too concerned, but I am sure that they can readily spot the kinds of material which probably require a careful second look. I am wondering why such materials that may be of a suspicious character are not relegated into a separate section entirely where the officials who make the primary decision have had some further training in determining what may be deemed obscene under our new sections or under the definition of material that might constitute hate propaganda. I assume that police officers who must prosecute these types of offences in other instances have been trained and given the appropriate instructions so that they can make a determination that would not lead the Toronto *Star* or other elements of the media to allege that they are uninformed.

Senator Nurgitz: The idea of taking the suspicious material and putting it aside is not new. In practice that is exactly what happens. About 80 per cent of the material enters at three entry points in the country.

Senator Guay: There are more entry points than that.

Senator Nurgitz: The entry points at which the most serious problems are encountered are Toronto, Montreal and Vancouver. At those points this material is set aside by a customs officer initially and it is, in fact, examined by people of more expertise or with some training in the matter. Yesterday the question of guidelines was raised by Senator Neiman and I should like to mention that because there is going to be a different standard applied, regrettably not as strict a standard as we had before March 14 when the other section was struck down. The Minister of National Revenue has distributed to every point of entry a rather detailed set of guidelines which, of course, are not to be used or to be put into effect pending

the outcome of proceedings like these today and those in the House of Commons. In the event of Royal Assent being given to this bill, they can be called to put them into place today in Vancouver.

Senator Neiman: I should point out perhaps that I noticed in yesterday's *Hansard* at one point you are quoted as saying that 4,000 shipments of obscene material were stopped in one year, and then on the next page you say that 4,000 shipments were stopped in a week.

Senator Nurgitz: Yes, I noticed that. It must have been an awfully dirty week. That is clearly an error in the record. It should have been 4,000 shipments in a year.

Senator Neiman: I should now like to move to the definitions in Bill C-38, and in particular I refer to paragraph (b) which states:

> that are deemed to be obscene under subsection 159(8) of the *Criminal Code*;

I know that there has been considerable study made about the definitions of obscenity, and there have been many differences of opinion. We will probably be dealing with that in more detail when the Minister of Justice makes amendments to the Criminal Code. However, subsection (8) on which this particular legislation will rely, states:

> For the purposes of this Act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene.

In light of some of the comments of Mr. Justice Hugessen I have a question to raise, because this section seems to be disjunctive and there is one area that would constitute obscenity just with the undue exploitation of sex. Whereas it would appear that our modern judgments today are not too concerned with that element in itself, that it has to be, in fact, linked to some of the other elements that are listed, such as violence and pornography, I am wondering if, in pursuance of this legislation, the regulations are going to stress the fact that the two elements must be joined in some way which, I believe, is the recommendation that is being made, or are they going to follow precisely the wording of the section here?

Senator Nurgitz: I am not absolutely certain as to how it would be viewed, but perhaps I could give you an example. Child pornography could well be deemed to be obscene in itself without an accompanying piece of violence, or whatever the other elements were.

Senator Neiman: That was the other branch of my question because I was wondering how they are going to catch child pornography, as recommended in the Badgley report, under this definition. Would it have to be under that first section alone referring to undue exploitation of sex?

Senator Nurgitz: Yes. The advice I am given is that it would be the undue exploitation of sex, or sex and crime, horror or violence.

Senator Neiman: Thank you.

Senator Gigantès: Honourable senators, I am concerned about paragraph (a) which states "of a treasonable or seditious character." There have been many instances in the past where customs officers have notified the RCMP about the entry of material which the customs officer himself may have considered to be treasonable, seditious or subversive. The RCMP, tipped off by customs officers, had quite often gone to public service officials and accused public servants of being disloyal, subversive and seditious—on totally insufficient evidence, as it turned out in the end.

• (1450)

One of the instances involved a lady, a public servant, who worked at the National Arts Centre. She sat an examination to enter a government department and was successful. However, she was denied clearance on the grounds that she was, first, subversive, and, second, a regular recipient of communist publications. Her job at the National Arts Centre involved travelling frequently to iron curtain countries to book artistic acts for the NAC. It was the government who sent her there. She was refused security clearance.

Honourable senators, there was another instance where the John Birch Society sent some calumnies to the Canadian Intelligence Service. This is not an official agency; it is that group in Flesherton, Ontario—a hate literature disseminating factory. They were accusing a Canadian public servant of being disloyal. This material crossed the border. The customs officers notified the RCMP. The RCMP paid a visit to the employer of that particular public servant, who had to spend 11 years to have his name and those of his relatives finally cleared. Even though, three and a half years after the accusation, that particular public servant had received top secret clearance, he and his relatives still had problems on the ground that there is no smoke without fire.

In the act which was passed last year, establishing the Canadian Security and Intelligence Service, people have some protection against this. This is not a partisan issue; everyone on both sides of the house would like this kind of nonsense to be avoided. However, in talking to some people who are cognizant of these facts, what seems to be happening is that somebody involved with security tells a senior public servant, "Don't make a fuss about this, but don't refuse to promote this person on the ground that this person is not trustworthy; find some other reason."

Is there anything we can do to prevent this sort of co-operation stemming from insufficient sophistication, insufficient generosity and insufficient awareness on the part of customs officers in collaboration with RCMP officers, who have the same defects, which can harm the reputation of innocent Canadians?

A former deputy minister told me that, during his tenure, he had 40 cases of senior public servants who were falsely accused by the RCMP of such things as receiving scholarly Soviet publications which it was their job to follow and read so as to be able to analyze Soviet policy.

What can be found in this bill which will provide some protection to innocent and loyal Canadians who find themselves in a squeeze play between an uninformed customs officer talking to an unsophisticated security officer and then find their reputation has been besmirched?

Senator Nurgitz: Honourable senators, I am not unsympathetic to the kind of problem raised by Senator Gigantès, but he raises a problem that is, indeed, a public service and/or a security and/or a police problem.

I can assure the honourable senator that in the past, roughly, 30 years, never has there been one piece or one item held up or examined for treason or sedition.

However, there may well be situations where police officers or others, supposedly in intelligence work, would use the legitimate receipt of that kind of material for other purposes. However, when that material goes through the mail without being questioned, that is your assurance that at least the customs and excise people are not looking upon it as being other than what it is, that is, a piece of academic work.

For the purposes of this bill, and in dealing with these matters, this is not a problem.

As I say, honourable senators, I am not unsympathetic to Senator Gigantès' position, but I do not know where he should be referred to. These are other matters to be dealt with in other legislation.

Senator Gigantès: I thank Senator Nurgitz for his explanation. What worries me is that while this material may not be stopped—and perhaps it should be—the fact that an accusation is made by a hate merchant abroad and is then transmitted by a customs officer to a security officer is, in many ways, worse than the material being stopped in the mail. The particular recipient, I am sure, would rather not receive the magazine than be subjected to calumny.

I would like some assurance that the government will consider this with a view to ensuring that these disagreeable, dangerous episodes that have occurred in the past will not continue to be repeated.

Senator Nurgitz: I will see to it that the inquiry goes forward.

Senator Neiman: I wonder whether Senator Nurgitz is aware of any instances when material has been stopped or attempted to be stopped under the general heading of what now constitutes hate propaganda in the section of the bill now before us.

Under the present law, there is a list of prohibitions on what is set out as treasonable, seditious, immoral and indecent types of material.

Why are we now being asked to add this section to the act when it is difficult to interpret?

Senator Nurgitz: Honourable senators, that is a good question. Under the former Customs Tariff, which was just mentioned by Senator Neiman, it was considered broad enough to include what we generally refer to as "hate literature." I am sure we all understand what is meant by that expression.

[Senator Gigantès.]

We do know that since March 14 some material that otherwise would not have gone through, has cleared customs. There not being an effective prohibition in place, people have demanded that material and have received it or are about to receive it. This bill is intended to put a stop to the same kind of material that they were attempting to stop before.

Senator Neiman: My concern relates to the probable difficulty of prosecution under that section.

The first branch of the definition of hate propaganda, which refers to genocide, is fairly straightforward, but the second branch, which specifies a communication by any person which would be an offence under section 281(2) of the Criminal Code, is not only difficult to interpret but it may cause problems in terms of bringing about a successful prosecution. Part of the definition under section 281(2) states that proof must be offered or accepted that "the communication incites hatred against any identifiable group." That part may, very easily, be self-evident. However, the section goes on to state "where such incitement is likely to lead to a breach of the peace."

• (1500)

When that happens with written material that is distributed in many different areas across Canada, I question whether a successful prosecution could ever be maintained.

Senator Nurgitz: First, I should point out that here we are not dealing with a prosecution; rather, we are dealing with something that would give customs officials reasonable and probable grounds to withhold material. Prosecution is quite a separate matter.

Senator Frith: Something which would allow the officials to stop the material at the border.

Senator Nurgitz: To stop it at the border, yes. You and I could go off into a corner and produce a domestic variety right here, and that could be made an offence under the Criminal Code. Here we are dealing with point of entry only and something which points to some degree of certainty.

If one looks at the Luscher case, the argument of the court is that the tariff item should be struck down because of its vagueness and uncertainty.

I should also point out to Senator Neiman that the reference in section 281.3(8) is to all of section 281.2, which includes the offence of wilfully promoting hatred in 281.2(2).

Senator Neiman: Thank you.

The Chairman: Shall clause 1 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Heath Macquarrie: Mr. Speaker, the Committee of the Whole, to which was referred Bill C-38, to amend the Customs Tariff, has examined the said bill and has directed me to report the same without amendment.

THIRD READING

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

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore:* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1
GOVERNMENT HOUSE

3 April 1985

Sir,

I have the honour to inform you that the Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 3rd day of April, 1985, at 3.15 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

• (1510)

ROYAL ASSENT

The Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker *pro tempore* of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on her part necessary to be done during Her Excellency's pleasure.

The Commission was read by the Clerk Assistant of the Senate.

The Honourable the Deputy Governor General was pleased to give Royal Assent to the following bill:

An Act to amend the Customs Tariff (*Bill C-38, Chapter 12*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

[*Translation*]

YOUTH

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to motions:

Hon. Jacques Hébert, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Special Committee of the Senate on Youth have power to sit while the Senate is sitting on Tuesday, 23rd April, 1985, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

[*English*]

NATIONAL SOIL CONSERVATION

MOTION TO URGE GOVERNMENT TO SET ASIDE SPECIAL WEEK—DEBATE ADJOURNED

Hon. Herbert O. Sparrow, pursuant to notice of Thursday, March 28, 1985, moved:

That the Senate urge the Government to declare a special week for soil conservation in 1985 and every year thereafter;

That it be called National Soil Conservation Week;

That it be declared for the week May 12-19 in 1985, in conjunction with the Manitoba Soil Stewardship Week; and

That it be declared at a suitable period in subsequent years.

He said: Honourable senators, I shall only keep you for a few minutes. I hope that after I speak to the motion you will see fit to pass it. I believe it is somewhat of a formality, although there may be other opinions relating to that formality. First, I would like to thank honourable senators who spoke in the debate on the Report of the Agriculture, Fisheries and Forestry Committee entitled "Soil at Risk—Canada's Eroding Future." The subject matter of that report has been referred back to the Agriculture, Fisheries and Forestry Committee. We decided to wait until that report was referred back to committee before bringing this motion forward. I hope the report will come before this chamber again to allow other people the opportunity to discuss the issue and to keep the issue alive as long as possible.

Now that the report has been referred back to committee, we can pursue the recommendations in it. One of those recommendations is manifested in this motion. I would point out that the report was presented to this house last fall. Recommendation No. 17 asks that the federal government declare a National Soil Conservation Week to ensure that soil conservation becomes and remains an important national issue.

Soil is perhaps the basic resource of Canada and the foundation of our renewable resource industries. Soil degradation is a serious problem in all regions of Canada and one which threatens the future of the prosperity of all Canadians. A major commitment to conserving the soil is necessary by all Canadians and by all levels of government. The public focusing of efforts and activities would greatly assist in promoting awareness and commitment to this subject. Of course, one such way is to declare a National Soil Conservation Week. The motion recommends that it be the week of May 12 to 19. I would point out that it is only a recommendation to the government. If the government decides not to follow the recommendation or to designate a week other than the one I have suggested, that is their decision. I chose that particular week because, as the motion indicates, it coincides with Manitoba Soil Stewardship Week and also with American Conservation Week. If they occurred simultaneously, the message of soil conservation could be more easily spread to all people.

Of course, unless what the motion recommends is adopted by the government shortly, we may not be able to have it on the week I propose. I point out again that the reason the motion is being presented at this late date is that we were awaiting the return of the report to committee. So, considering that we are adjourning for a couple of weeks, we are under somewhat of a time constraint. I appeal to all honourable senators to accept the motion, which is basically a motherhood motion. The issue of soil degradation is very crucial throughout this country. We are losing millions of acres of valuable topsoil and good land, and every day we lose in promoting the issue of soil conservation is extremely important. I hope that the motion will be discussed today and passed.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if nobody else wishes to speak to the motion at this time, I would like to move the adjournment. I appreciate the comments of Senator Sparrow and I realize the importance of the issue. However, I think we on the government side would be remiss if we did not take the opportunity to add to this debate. I would hate to read *Hansard* six months from now and have it appear that we thought so little of this subject that we allowed it to pass without comment.

On motion of Senator Doody, debate adjourned.

THE SENATE

CAROLE LEMAY—TRIBUTE ON COMPLETION OF TERM AS PAGE

The Hon. the Speaker *pro tempore:* Honourable senators, before we adjourn, I want to inform you that our good friend, Carole Lemay, is serving her last day as a Senate page after three and a half years of service. On your behalf I want to thank Carole for her loyal, efficient and faithful service.

Hon. Senators: Hear, hear.

The Hon. the Speaker *pro tempore:* I would also like to take this opportunity to wish all honourable senators a happy Easter.

The Senate adjourned until Tuesday, April 23, 1985 at 2 p.m.

THE SENATE

Tuesday, April 23, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CROWN ASSETS DISPOSAL CORPORATION DISSOLUTION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-43, to dissolve the Crown Assets Disposal Corporation and to amend the Surplus Crown Assets Act and other Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REVISED SEVENTH REPORT OF COMMITTEE TABLED

Hon. Royce Frith, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's seventh report approving the budget of the Standing Senate Committee on National Finance.

He said: Honourable senators, inadvertently there was an error in the report pertaining to the description of the committee's order of reference. That is why I am now tabling the revised seventh report.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

QUESTION PERIOD

[*English*]

CANADIAN NATIONAL RAILWAYS

BOARD OF DIRECTORS—REPLACEMENT OF CHAIRMAN

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. During the campaign last summer and prior to that, the Prime Minister had agreed that women's involvement in the economy was crucial to the future of this country, and that this applied especially to the role of women in key economic positions. A number of women have, in fact, been appointed to boards and commissions and we are very glad to see this, but we have been awaiting the appointment of women to key economic positions under this government.

Now we find that, far from appointing women to key economic positions, this government has fired one of Canada's most competent women. I am referring to Betty Hewes, the chairman of the board of CN. My question to the Leader of the Government in the Senate is: Why was she fired? Did the government find her work unsatisfactory? Did they find her incompetent? On what grounds has she been displaced by a non-woman at at least twice the price? This, of course, is very destructive to the board in general and it is a very discouraging example to the rest of us.

Hon. Duff Roblin (Leader of the Government): I do not think it would be appropriate for me to undertake to provide an answer to my honourable friend's question as to why this change was made. If I were to do so, it would serve as a precedent for questions relating to all positions that are filled by Order in Council and I think it would be an invidious one to establish. Therefore, I am afraid I am not able to answer the question.

Hon. Royce Frith (Deputy Leader of the Opposition): Just as a supplementary to that, are we now being given to understand that we will get no answers to questions about appointments made by Order in Council?

Senator Roblin: No. It means that I will have to examine each question on its merits.

Senator Frith: Is there a particular lack of merit in this question, then? Why can the Leader of the Government not take this question as notice and undertake to try to give us an answer?

Senator Roblin: I do not think it would be appropriate in the circumstances.

Senator Frith: What makes it inappropriate?

Senator Roblin: I am afraid that my honourable friend will just have to accept my statement that I intend to make no further answer to this question. It is my right.

Senator Frith: I was, therefore, right the first time: We are not going to get any answers.

Senator Roblin: I will do my best to look at every question on its merits and when I feel that an answer can be appropriately provided, I will do so.

Senator Frith: We will, however, receive no evidence or indication as to what the criterion is for merit or lack of merit?

Senator Roblin: When my honourable friend reflects upon the appointment process, with which he is very familiar as it has been in practice for the last 23 years, he will understand what I am talking about.

Senator Frith: No, I will not. We have never refused to answer questions about it.

Senator Roblin: I think that is a statement that cannot be justified.

Hon. Dan Hays: Honourable senators, I have a supplementary question to Senator Marsden's question. My question is with respect to the rumour that there will be a complete change in the board of CN, just as there has been in the boards of Air Canada, VIA Rail and, with one exception other than the officers of the company, Petro-Canada. I will not take too long with my question, since it has really been covered in a question asked earlier by Senator Sinclair. However, there is one thing I would like to raise in the context that it is very bad business to change completely the boards of companies, whether they be private or public, in terms of the continuity of management, committees of boards and so on and so forth.

Are steps being taken by the Government of Canada, through various departments, to maintain continuity to ensure that the work that has been partially completed by the previous boards is not lost, and that we in Canada will not suffer serious economic damage because of these complete changes in the composition of these boards of directors which, I think, is unprecedented in the private sector?

Senator Roblin: Honourable senators, as my honourable colleague has acknowledged, that question was asked on a previous occasion, and I have already answered it.

SCIENCE AND TECHNOLOGY

CANADA-ALBERTA MEMORANDUM OF UNDERSTANDING

Hon. H. A. Olson: Honourable senators, I wish to address a question to the Leader of the Government in the Senate—

Senator Murray: Is this about the bank rate?

Senator Olson: I noticed a complete absence of comment from the other side regarding the bank rate and the value of the dollar as it was moving in a certain direction, which is a complete change of personality as far as Senator Murray is concerned.

Honourable senators, before I was diverted I was about to ask the Leader of the Government in the Senate a question based on a news release I received yesterday regarding a Canada-Alberta memorandum of understanding on science and technology. I should like to ask the leader to provide us with a copy of the agreement. I searched my office thoroughly for a copy of that agreement and can say that I did not receive one.

More importantly, could the leader, at the same time, find out what expanded activity we will be involved in as a result of the signing of this memorandum of understanding? This news release lists the initial priority areas as including: agriculture, cold regions, energy, forestry, medical equipment, systems, drugs and diagnostics and micro-electronics, to name a few.

What is new about that? There has been an agreement and a high level of co-operation between those doing that kind of research in Alberta and those doing that kind of research at the federal level for a long time now. There has been a high level of co-operation with respect to all of the items I have mentioned. Therefore, I wonder if this is just a façade to give the impression that there is something new. Could the leader indicate whether there is something new in this agreement?

Hon. Duff Roblin (Leader of the Government): I will make inquiries as to the memorandum of understanding signed between the two levels of government. As my honourable friend knows, as a rule, documents affecting both governments require the consent of both governments before they are made public.

Respecting the other items mentioned by my honourable friend, I do not know what his definition of "new" is. If he means a new subject to be examined—I see that he is shaking his head—I can tell him that in areas involving agriculture and cold regions there is just no end to the new directions which are being developed by those interested in the science of those matters.

What this agreement says, among other things, is that investigations in those fields—which have by no means been completed—where new avenues are opening up every time the subject is examined, continuing close co-operation between the two levels of government will take place.

Senator Olson: I have a supplementary question. I expect that there has already been agreement from both levels of government that the memorandum be made public, or surely a news release related to that memorandum would not have been issued. I hope that that is not going to be an impediment to our obtaining a copy of the agreement.

• (1410)

I think the Leader of the Government missed the substance or the gist of the question I intended to raise with him because in the news release the last paragraph states in part that:

> Canada and Alberta agree that their initial priority areas will include: agriculture; cold regions; energy; forestry . . . medical equipment, systems, drugs and—micro-electronics;—

There is nothing new about that. Those have been priority areas of co-operative research between the Alberta Research Council and various departments of the federal government before. I think it is reasonable to ask what will happen to the people who are going to be affected in that region of Canada as a result of this agreement. According to the press release, there is nothing new.

Senator Roblin: I must tell my honourable friend that I am duty bound when accepting a question for a return that if there is a constitutional impediment with respect to it, as there is in this case, I am duty bound to make reference to it. If the two governments have agreed, then no problem arises.

With respect to the novelty of the situation, I repeat my point that agriculture is not new. It never has been new since the beginning of settled civilization, but every day that passes brings some new aspect of agriculture to the fore in respect to scientific research. If my honourable friend wants me to try to find something about the programs that are being considered under these heads, I will be glad to do so.

Senator Olson: I have a final supplementary. Now we are getting very precise about it, and if the Leader of the Government wants that precision in the way I ask the questions, I will be glad to frame them accordingly in the future. I know that there are some new things that are evolving day by day. Could he just tell us what they are or make an inquiry?

Senator Roblin: Certainly I will be glad to make an inquiry because they are very important matters, but whether they will meet my honourable friend's definition of "new," I have no idea.

THE ECONOMY

GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. During the Easter adjournment, the Minister of Finance, Mr. Wilson, was reported in the *Globe and Mail* as saying that his May budget would have an inflationary impact. This is the first time in Canadian history, to my knowledge, that a Minister of Finance has made such a startling statement. My question is the following: Is it now government policy to fuel inflationary expectations amongst Canadians as a means of stimulating the economy?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I can give my honourable friend the answer he expects. The answer is no.

THE BUDGET

STATEMENT BY EXTERNAL AFFAIRS MINISTER—GOVERNMENT POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government somewhat related to the question asked by Senator Grafstein. What steps does the government intend to take in light of the disclosures made in Calgary by the Secretary of State for External Affairs as to the contents of the next budget?

Hon. Duff Roblin (Leader of the Government): I do not think the government needs to take any steps with respect to the minister's statement in Calgary.

Senator MacEachen: Is it now the view of the government that it is appropriate for a minister to disclose, prior to the budget, the tax measures that will be included in the budget, and that that is acceptable conduct?

Senator Roblin: I do not believe that my honourable friend, the Secretary of State for External Affairs, made any such disclosure.

Senator MacEachen: Obviously, the Leader of the Government has not informed himself as to what the minister said in Calgary. He said that the budget of next month would include tax measures to encourage foreign investment. That is a disclosure if I know anything. He went on to say that one of the candidates for elimination was the crown share or the back-in, and then he went on to say that the crown share was bad policy. If that is not a disclosure, I would like to know what the Leader of the Government wants to have. Does he need a blackboard in order to understand obvious facts?

Senator Roblin: I do not think that I need a blackboard. My honourable friend is a pretty good instructor in these matters. I can tell him, however, that this question of the back-in has been dealt with by the minister in charge of energy on more occasions than one, and has made clear what the policy of the government is with respect to that matter. There is nothing new in that statement. The Prime Minister has done the same thing, as I am reminded, but I would not be surprised if we were to hear more statements about the budget. Ministers might be inclined to say that the budget will be designed to improve the chances for employment. They may say the budget will be drafted to deal with the question of our deficit and matters of that sort. Surely to goodness, statements of a general character can cause no perturbation in the mind of my honourable friend.

Senator MacEachen: The honourable leader is, of course, evading the problem with which he is confronted. The Secretary of State for External Affairs stated that there would be tax measures to increase foreign investment. That is a specific assertion. He then went on to say that the crown share was bad Canadian policy and it was a candidate for elimination.

Is that not showing rather clearly what the intention of the government is with respect to a very important tax measure that is to be dealt with in the budget? Does that not give notice, particularly to the multinational corporations, as to what the probable tax treatment will be resulting from the budget?

I cannot understand why the minister would dismiss it so easily. It is not a general statement about measures to improve the state of the Canadian economy; it is very specific.

I wonder whether the Leader of the Government would, at least, tell the Secretary of State for External Affairs to button up, that he is doing enough damage in foreign affairs without coming to the assistance of the embattled Minister of Finance.

Senator Roblin: I will not be so rude as to suggest to my honourable friend that he should button up, but, if it is sauce for the goose, it is also sauce for the gander.

I will tell my honourable friend, in respect of that particular matter, that no one in the international financial field will know what tax measures are going to be effected that will influence them one way or another. It is absolutely ridiculous to suggest that because the minister says there will be some tax

changes aimed toward a certain event, he has, therefore, by some curious logic, departed from the principle of budget secrecy. The whole idea is preposterous.

Senator MacEachen: Honourable senators, the Leader of the Government is obviously unaware of the tradition that has prevailed. The Secretary of State for External Affairs has stated what is to be in the budget; he has pinpointed the area, namely, foreign investment; and he has pinpointed the tax measures that will be invoked in order to bring about that foreign investment. How much more specific can you get? How much closer can you get to a clear violation of the principle of budget secrecy?

I ask the Leader of the Government to take this matter somewhat seriously because it is further evidence of the erosion of confidence in the financial policies of the government.

Senator Roblin: If the point were a serious one, I would take it seriously, but it is not, because a mere statement that some tax measures are going to be changed enables no one to do anything as a result of that particular statement having been made. That is the principle of budget secrecy that is important under our Constitution.

I would not be surprised if other ministers made other statements respecting trends in the budget. I do not see why not. They have been telegraphing them now for the last six months.

Senator MacEachen: The Leader of the Government has made an extraordinary statement. He has said that it is possible for a minister now to pre-announce tax measures that are to be in the budget and that that does not constitute a budget leak. That is exactly what he has said. Of course, we are worlds apart. If that is his understanding, he is totally wrong.

Senator Roblin: Exactly what tax measure has been announced that will affect anyone's conduct? None.

Senator Frith: How do you know?

Senator Roblin: Exactly. You are saying, "How do you know?" You do not know.

Senator Frith: You are going to tell us there are going to be.

Senator Roblin: If my honourable friend wants to ask a question, or if he wants to enscribe a resolution of condemnation of the minister concerned for debate in the Senate, let him go ahead and do so, but, as to the substance of this matter, it is just plain—I am afraid I must use senatorial language and say that it does not impress me.

FINANCE

PAYMENT OF MINISTERIAL AIDE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would ask another question on which the Leader of the Government may be more helpful.

Is it a fact that a person called Douglas Robson, who is the vice-president of Lawson Murray Ltd. and the president of the riding association in the riding represented by the Minister of Finance, worked in the minister's office for six weeks? Is it a fact that he worked without pay from the government but was in receipt of full pay from his private employer?

Would the Leader of the Government confirm or deny these assertions, because the minister himself has stated that the person in question did work in his office, but I want to know who paid his salary during those six weeks. Was it his former employer?

• (1420)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am always helpful to my honourable friend. I give him the amount of help that he deserves. I can tell him that in this instance, I am going to be very helpful. I am going to provide him with the full text of what was said in the other place, where this matter was investigated thoroughly the other day.

Some Hon. Senators: Ah!

Senator Roblin: I hear some honourable senators saying "Ah!" Let me point out to them one principle of Question Period in this legislative body and any other, that being that one can only answer questions of which one has some knowledge; questions that come within one's portfolio, if one has a portfolio.

I can on occasion give honourable senators the benefit of my opinion on other matters, which perhaps I should not do; but on this particular occasion I have no intention of answering a question of which I have no personal knowledge.

Senator Olson: You can take the question as notice.

Senator Roblin: I shall take the question as notice and provide my honourable friend with what information I can.

Senator Flynn: Don't get excited, Senator Frith.

Senator Frith: About what? Say something exciting and I'll get excited.

Senator MacEachen: I thank the Leader of the Government for making reference to what transpired in the House of Commons. As I understand it, it was in that place that the Minister of Finance stated that Mr. Robson was not paid by the government but by his employer, an employer from which he had not detached himself during his service with the Minister of Finance. It was on that point that I wanted confirmation before proceeding to a further question.

If the individual in question was paid by his private sector employer and was at the same time discharging public responsibilities, he was in a clear conflict of interest situation, not in appearance but in substance. One cannot be in private sector employment receiving private sector pay and discharge public responsibilities without being in a poisonous case of conflict of interest.

The Leader of the Government has said that he will confirm the source of the pay of this person. Will he also clarify for me how this situation of conflict of interest could be allowed to prevail in the office of the Minister of Finance?

I do not point to the fact that 13 days after he left, his firm received a very fat government contract. That is another question. I am raising the question of the conflict of interest; namely, the conflict between the source of his pay and his responsibilities to the public interest.

Senator Roblin: My honourable friend makes a number of assumptions that I can by no means accept at their face value. The first is that there is a conflict of interest within the minister's office. That remains to be seen. We do not know the answer to the question previously posed.

The second point is that the Minister of Finance himself did not authorize this contract. It was arranged in other ways.

My honourable friend has asked a question. I am not in a position to give him an answer at the present time. I shall do my best to find out.

RESTRUCTURING OF FINANCIAL INSTITUTIONS—POSSIBLE COMMITTEE STUDY OF DISCUSSION PAPER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a question for the Leader of the Government in the Senate.

The Honourable Barbara McDougall, Minister of State (Finance), has tabled an important government document on the restructuring of Canada's financial institutions. I understand that document is to be referred to a committee of the other place for study.

I listened carefully to the list of documents tabled in the Senate today by the Leader of the Government, and I did not hear it mentioned among them. Would the Leader of the Government determine for us whether that document is going to be tabled in the Senate and whether or not a committee of the Senate will have an opportunity to study that document?

Hon. Duff Roblin (Leader of the Government): That document was in fact tabled in the Senate this afternoon. The title may have escaped my friend's notice.

Consultations are now going on between the chairman and the members of the committee that would be involved with this document in terms of the attitude that should be taken, and no doubt we will have their view of it in due course.

[*Translation*]

THE SENATE

OFFICE OF SPEAKER

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Riel, P.C., calling the attention of the Senate to his tenure as Speaker of the Senate, his experiences and his recommendations to the Senate.—(*Honourable Senator Riel, P.C.*)

Hon. Maurice Riel: Honourable senators, I feel almost as though I were talking about the subject for the first time, because my inquiry has been pending since December 12. I feel like a lawyer who gets back to the Court of Appeal after being off a case for a couple of months. I think I knew more about the subject three months ago than I do today. However, I know you will bear with me. It seems I am being asked to continue.

I have answers to some questions by Senators Thompson and Thériault. Senator Thompson's question was about the use of the Ontario Assembly Chamber. I found out that the chamber had been lent in the past to an organization of young parliamentarians, and on one occasion for an international meeting. Its use for future events would have to be discussed.

Senator Flynn's question was about statistics. He asked how many senators Sir John A. Macdonald had appointed during his term as Prime Minister. I said that Sir John A. Macdonald had appointed 117. He appointed 117 during his term, including one Liberal and one Independent, counting those appointed by the Constitution Act, 1867. Senator Flynn, you will find the reference in "*The Modern Senate of Canada*" by M. Kuntz.

I am not saying this to bore you, but merely to prove there has been an ongoing tradition of appointing senators in Canada. Sir John A. Macdonald, as I said before, appointed 115 Conservative senators, as was his right. Sir Wilfrid Laurier, who succeeded him in 1896, appointed 81. They happened to be 81 Liberals.

Hon. Jacques Flynn: What a coincidence!

Senator Riel: I may add that when Sir Wilfrid Laurier came to power in 1896, he thought the Senate was lacking in Liberals. This situation was subsequently corrected. Senator Flynn told me that when Mr. Diefenbaker came to power in 1957, there were only five Conservatives in the Senate. There is still hope.

I suppose you could compare it with the ice age phenomenon: the icecap expands and contracts. I am not sure which cycle we are in, and of course it depends for whom.

It would appear that changes in the party in power directly affect Senate membership. That is why the last time I spoke, I had, without offending tradition or any individual or party, suggested that it might be useful to create a group of cross-benchers to be appointed *ex officio*. The group would consist of former prime ministers of Canada, former provincial premiers and former governors general.

In fact, the *ex officio* appointment of part of the membership of the House of Lords was considered in the course of discussions on the subject of the reform of the House of Lords in 1948 and 1958.

At the time, there was also a suggestion that the House of Lords should be replaced by members of the Privy Council. I am not sure this was not a good idea.

Seriously, why I think we should consider this possibility and why immediately the thought of appointing senators *ex officio* came to mind was that I had read a report submitted to the Parliament of Great Britain by Prime Minister Wilson in 1968, of which he had made a summary. As you all know, Prime Minister Wilson subsequently became Lord Wilson of Rievaulx. In his report on reform of the House of Lords—there is a copy in the Library of Parliament—he included all

negotiations and suggestions undertaken and made since 1948 by party leaders and their representatives.

Interestingly, Mr. Wilson says, and I quote:

● (1430)

[*English*]

> The Government considers that any reform of the House of Lords should be based on the following propositions:
>
> (a) in the framework of a modern parliamentary system the second chamber has an essential role to play, complementary to but not rivalling that of the Commons;

In another paragraph he states:

> The Government furthers believes that any reform should achieve the following objectives:
>
> (a) the hereditary basis of members should be eliminated,
>
> (b) no one party should possess a permanent majority;
>
> (c) in normal circumstances the government of the day should be able to secure a reasonable working majority;

He refers also in his report to an "Automatic Issue of Writs to Peers who hold or have held certain offices."

[*Translation*]

That is why I was under the impression that former provincial premiers, Prime Ministers or Governors General could be automatically called to the Senate and make up a group of independent senators.

You know that the reform in England did take place. Parliament did adopt certain pieces of legislation such as the Life Peerage Act in 1958, but no law can provide that a party may not hold a majority in the House of Lords. It cannot provide that the government of the day, when it introduces various programs, must have a majority when needed under normal circumstances, as Lord Wilson says. That was not in the legislation because it cannot be done, of course. But they did appoint many independent peers or cross-benchers, yet they continued to appoint peers affiliated to various parties. That is why I had the idea that we could have supernumerary senators, in addition to the 104 we now have. We would have a supernumerary and *ex officio* appointed group made up of former premiers and Prime Ministers, prestigious people with nonpartisan views who would play a role which is essential here. As Mr. Wilson points out in his report, it is a good thing when no party holds a majority. But that requires a sufficient number of independent Lords—and that also applies in our case, of course. Besides, the independent peers are there to vote with the government when it has not enough members, and with the opposition when it is in a similar situation.

Obviously, any measure must be judged on its own merit. So that is what we will have to do if we want a truly independent chamber. What else can we do, with our traditions in this country. Traditions last. There will be Senate vacancies as years go by and there is not much we can do to prevent the new government from appointing senators from its own party. That is tradition. I am not suggesting that new appointees would not be good senators. However, having been appointed by one Prime Minister or another may influence our work. I was appointed by Mr. Trudeau, and that certainly influenced my thoughts or my reactions concerning some of the measures which he thought were important. Admittedly, there is nothing wrong with that, we are all human.

In my opinion, senators appointed by this government will always feel sympathy towards the Prime Minister, particularly if they are friends. Those things happen. We were brought up together, we attended the same schools, we have known one another for a long time. Those things cannot be changed and they do create inhibitions.

There is one aspect on which Mr. Wilson put some emphasis, however, and that is when he said that we cannot have an elected House of Lords, because it would necessarily rival with the House of Commons which is also elected. There cannot be two Houses elected by the same people in the same country. I would like to quote from his report.

Under Section 25, for instance, he states that if the second chamber is to have any influence at all, as a second chamber should have—

● (1440)

[*English*]

"It must possess a degree of genuine independence."

He goes on to say:

> The present House had three characteristics on which such an independence could be founded. One is the fact already mentioned, that a peer, having once become a peer, cannot be deprived of his seat. Another is the participation of a considerable number of part-time members with wide interest and experience who can make contributions of high quality from time to time, and third is the presence of a number of cross-benchers who owe no allegiance to any party.

In article 72, he goes on to say:

> Attention has been drawn to the importance of cross-benchers in the reformed house and to the fact that their presence is needed to safeguard its independence.

[*Translation*]

As I was reflecting on these matters, I came to think that an additional group of independent senators could help give some credibility to the Senate.

I also find in the Wilson report the idea that the leaders of the three parties contributed by sending delegates for 20 years. The Conservative member, Sir Cuthbert Hedlam, prepared the background papers.

You will also find in the Parliamentary Library an interesting work by an Assistant Clerk of the House of Commons, Mr. Laundy, entitled—

[*English*]

Encyclopedia of Parliament by Wilding and Laundy, 1968 edition, page 366 under the reference "House of Lords Reform."

[*Translation*]

—which says that the reforms were carried out.

[*English*]

The reform of the House of Lords in England has not been written as such or as a whole, drastically, in one single or formal Act of Parliament. Several acts have been passed since 1948, but always reflecting the spirit of the Wilson report as mentioned in Article 6 of its first appendix. But what is more important, and as is very normal in the United Kingdom, the reform has taken place progressively, in fact, since 1948. "There was general agreement on these recommendations at the time, says Laundy and they have now, to a great extent, been implemented." It is, in my mind, a matter of common sense that if the various parties agree that a non-elected second chamber should not be a rival to, nor a competitor with, the other chamber which is elected, that it should act accordingly. At the same time, common sense also commands that, in such a case, there should be no majority in the second chamber.

[*Translation*]

However, in this case, before speaking of a new concept of the Senate, we must of course ask ourselves, as we are asked nearly each day, from my own experience, why does the Senate exist exactly. Does it not duplicate the role of the House of Commons?

I think that the Senate has a problem at this time. It is a problem of credibility which could be solved if the Senate were to prove its usefulness and protect its integrity.

In other words, I believe that, to acquire some credibility, the Senate should redefine its duties. All private corporations do so. Each year, or at least periodically, corporate employees at various levels must redefine their duties and functions. I have often been asked, and this was my experience when I was Speaker, why a Senate? In reflecting on this question, I found that it was much more important than whether or not the Senate should be elected and what its make-up should be.

Once the future role of the Senate is determined, it will be easier in my view to decide on its membership. Its prime role, according to the last report of the joint committee on Senate Reform, is regional representation. It will be recognized that this regional protection is neither a role or a responsibility that is very self-enlightening. It is not clear in the various documents where reference is made to it.

The powers and responsibilities of the Senate—meaning the present Senate—are many and this is what I am concerned about. That in my view is what must be defined, understood and published.

Why a senate, with Senators doing what? The answers to those two questions will prove the Senate's usefulness. One of its functions is representing the regions. Very well. This meant originally some kind of umbrella for the various colonies that were federating or confederating in 1867. They wanted to keep sufficient autonomy in order not to be economically or culturally dependent on a powerful central government, controlled by one or more of the former colonies having the greatest influence on it.

It is a shield. In my view this automatically influences the way of thinking of each senator. It is a call upon our conscience when alerted by some statute affecting our region, to exercise positive concern, whether it is about agriculture, the national economy, finance or regional development.

It must ensue that the Senate must be concerned not only with regional development but also with free trade between regions. We must also realize that with the passage of years, the concept of regional protection has evolved into a concept of minority protection. The Senate has become a chamber of nationalities with of course representatives of the founding nations, but also of the various ethnic groups, new Canadians, multicultural groups and native people.

The concept of regional protection will also include that of free trade between regions, which was indeed one of the reasons for founding the Canadian Confederation. Therefore, it includes the protection of principles governing regional development, multiculturalism and the development of native peoples and those in the Territories.

The Senate has among other responsibilities to monitor and promote, to protect above all conflicts if I may say so, the balance, whether economic, social or political, in the philosophical and higher sense of the term, between the various components of our country, both geographical and human. And it may be said by the way that according to the report on preconstitutional conferences, Quebec had joined Confederation only on the condition that it would have a third of the Senate seats, because it has special and specific rights to protect within a federated Canada.

This is not the only thing the Senate does. We always say it is a chamber of sober second thought. As an authority and a responsibility "second thought" is very vague and far-reaching. It is constantly exercised in my view, whether when discussing a bill sent by the House of Commons or introducing legislation on matters which are particular to the Senate.

The Senate is not just a Chamber, as stated by the Clerk of the British House of Lords, Sir David Stevens, and I quote:

• (1450)

[*English*]

"to delete or to delay."

[*Translation*]

This chamber must act and it does act positively through its special and standing committees, as well as in its proceedings. The Senate is comprised of experienced, knowledgeable and wise men. Senators benefit from the permanence of their tenancy. They do not go through an election process.

They do not work, therefore, for their own advancement. According to some authors, they are granted by the Constitution a sort of quasi-judiciary status. That is a notion which is found in Kuntz' *A Modern Senate of Canada* and which should be developed further.

In an article which I read recently concerning the House of Lords, I found the following comment:

[*English*]

"The constituency of a peer is under his hat."

[*Translation*]

I feel the constituency of a Canadian senator is inside his conscience. It follows him everywhere. Thinking is like praying or meditating. It can be done anywhere.

I know that our subjects for study are like shadows which never leave us. Once acquired, our quasi-judiciary status becomes second nature with us, just like the judiciary status of a judge becomes second nature with him—

Senator Flynn: Are you saying that yourself or are you quoting somebody?

Senator Riel: No, dear friend, I am quoting myself.

Senator Flynn: How admirable!

Senator Riel: Do you approve, so far?

Senator Flynn: Yes, but I say so between quotation marks.

Senator Riel: There is no need for quotation marks, because this is my own.

Also, the Senate should look into and debate the major problems of the Senate. That is also what Mr. Wilson thinks and what Sir David Stevens emphasized in his report on the House of Lords. It can be found in the Parliamentary Library. As a matter of fact, I am not inventing anything. We study and examine the major problems of the state which clearly require judgment, patience and continuity.

On page 12 of the last report on the Senate Reform, I read . . . And I may be quoting you, Senator Tremblay:

> In recent years the Senate has investigated a number of important public issues, including poverty, the mass media, unemployment, inflation, aging, land use, science policy, national defence, relations with the United States and the proposed national security agency.

I add in French the word "nationale", because I feel it is meaningless without it.

For the past 20 years, the Parliamentary Library has kept up to date a detailed list of all the reports ever published by the Senate's standing, special and joint committees. A copy of this list is available. I have sent for one and found it most interesting. The summary which I have read and the sentence which I have quoted from the report of the Senate Reform committee are ample proof of the larger number of issues which the Senate has dealt with so far. I have read with interest the favourable newspaper comments which followed the tabling of the recent report on national defence and the recent report of the committee headed by Senator Sparrow and which dealt with the soil and the environment. At the same time, I noticed in this list prepared by the Parliamentary Library newspapers articles dating back to 1978 which stated:

[*English*]

> Outside the chamber the Senate committee rooms are becoming the places where much of the action is, jostling the Commons for a share of the headlines and pushing boldly into areas where MPs have not yet dared to tread.

[Senator Riel.]

[*Translation*]

I have found three or four similar comments. I think that this fully demonstrates the usefulness of the Senate. Would you like me to read a couple of others, honourable senators?

Such important pieces of work deserve to be made public. I want to complete the list of our activities before coming to the next point. I wish to tell you that the active presence and participation of senators in the Joint Committees of the Senate and the House of Commons clearly demonstrate the competence and usefulness of the Senate.

• (1500)

The Senate has always been interested in problems of a general nature which it is able to consider, thanks to its permanent membership and the fact that it has no responsibility for a constituency.

The Senate is concerned not only with legislation but with the philosophy that is to be a part of that legislation. The Senate is also concerned with the problems arising from the sociological, technical or economic aspects of the events that cross our paths daily.

We must continue in this vein. Senator Hébert initiated the creation of a committee on youth last year. This year, the committee is continuing its study of the problems confronting the youth of our country. I believe this is very important.

I was in France not long ago, and I read in the paper that the French Senate was being asked to consider a complete dossier on copyright.

> The future of intellectual creativity and communications is at stake. How to manage artistic creation. The senators are examining proposed legislation on the copyright of authors, artists, audio and video performers and producers and audio-visual communications companies. It is an ambitious project because the proposed legislation will be updating the Literary and Artistic Copyright Act that is now 30 years old, while considering all new communications and broadcasting techniques including cable, satellite, and so forth. These have, in fact, altered the landscape of artistic creativity in France.

This, I believe, is an area where a committee of the Senate could do a tremendous service to the world of the arts and technology in this country, considering the extraordinary developments taking place in communications and computer technology.

How to protect those who are entitled to protection from "piracy" and assure that they enjoy the fruits of their intellectual labour, while opening a perspective on future technological developments.

It would be possible to do several special long-term studies each year.

The Senate could set up a special committee to study deficits, not only Canada's national deficit but deficits throughout the world. What the deficit in this country needs is an in-depth study instead of a series of speeches by our various political parties.

In centuries gone by, deficits have been seen as a cancer that, like unemployment, has destroyed civilizations.

The Senate could take one, two or three years to make a thorough study of the problem. In fact, that is why the Senate has a permanent membership.

This was the summary I made of various activities that demonstrate the usefulness of the Senate. It is not an exhaustive list. I drew up the list according to my own lights, but I would urge my fellow senators to add to the list or to correct it—I am not oversensitive in that respect—but in any case, I think that if we do not demonstrate or publicize the usefulness of the Senate in our parliamentary system, we will never have any credibility among the people of this country. Otherwise, our Senate may go the way of the Senate under the Roman empire, when it finally disappeared after the emperors decided that it had outlived its usefulness.

When everyone has gone home, the party is over.

Senator Flynn: *Ave Caesar.*

Senator Riel: *Ave Caesar, morituri te salutant.* I would therefore urge honourable senators to submit their views, because this is not a partisan effort. We are talking about what the Senate means. I think it is something that is very little known. Actually, it means what we do and what we can do. In fact, if people knew about everything we do, they would be pinning medals on us.

I want to raise another point. I mentioned the usefulness of the Senate, and now I would like to talk about the integrity of the Senate. I do not want to tax your patience. I noticed recently that some of our colleagues had written letters concerning the administration of the restaurant.

Apparently, Senate integrity is always under attack, an issue I raised in the first part of my intervention a long time ago already, last fall. It had to do with those people from outside who come here to tell Senate officials—the Speaker, the Clerk and others—what to do in certain circumstances when we have visitors. Parliament has to be master in its own house. There are adjoining rooms, the Rotunda, the Entrance Hall, the Remembrance Hall. None of that ought to be forgotten. It is there for the integrity of the Senate, not for the incumbents of certain positions. That is part of the respect which the Senate commands. Otherwise, we will become a second-class chamber and people will forget about us. What I said and what I mean about the restaurant—and it applies to the library, to the parliamentary relations secretariat—is that those are under joint administration.

Joint administration was not defined or decided on the strength of numbers or the monetary contribution made by each chamber—to the restaurant, the library or the secretariat, for instance—because in fact any monetary contribution does not come from the House of Commons or the Senate, it comes from taxes. It is nothing more than a bookkeeping entry when the words "House of Commons" appear next to $3 million worth of joint maintenance, for which we pay only $1 million.

Joint administration is just like joint property. Joint property is administered with the agreement of all owners. If there are two, one owning 75 per cent and the other 25 per cent, they have to agree. The $3 million or $4 million deficit is not due to the fact that the Senate was involved in the administration of the restaurant. It has nothing to do with joint administration. It just happened that way and I do not know why. It seems that a number of committees studied the matter. As I said in my previous intervention, the same thing happened in England, and they solved the problem.

In England, the money comes directly from the Department of Finance, the Treasury. Neither the House of Commons nor the House of Lords enjoy the benefit of a book entry. And anyway, currently it is a deficit. There is not much to be shared. The offense is that on the House of Commons' block diagram, parliamentary restaurant services are provided free of charge to the Senate by the House of Commons. This is nonsense and double talk. It has not been so since Parliament was established. There is an acquisitive prescription, almost a hundred years old, which proves that the Senate has always been co-operating in joint and undivided undertakings, sharing in the administration of these joint or common services.

What might and will happen is that the House of Commons, which provides us (and saying so if we do not protest) free of charge with those services as stated, may some day withdraw that whenever they want. What is given free of charge is easily withdrawn. This has happened before, and for this reason Senator Bosa or someone else in the Senate wrote us a letter about that. One day he realized (during a House of Commons recess) that the restaurant was closed. It so happened that the Senate was sitting during that period. Of course, the unhappy senators could not get to the restaurant, which is called not the House of Commons' Restaurant, but the Parliamentary Restaurant, just as the Library is the Parliamentary Library. Those are not services that come under the exclusive or main administration of the House of Commons or that belong exclusively to the House of Commons.

• (1510)

They have joint administrations, undivided administrations. If I am referring to that it is because we are thereby losing part of our integrity. I referred to ceremonies from which our Senate officers, the Clerk, the Gentleman Usher of the Black Rod, had been excluded, and even the Speaker. We were told about what was going to happen.

The integrity of the Senate is threatened, it is not being respected. What happens is we are told by people who are our employees: "This is not your business". They do not answer our questions or they do as they please, looking elsewhere for instructions.

There are three things that are essential to our Senate: its usefulness, its integrity, and its credibility.

If we are going to have credibility, we must exist, and enjoy the full possession and exercise of all the privileges granted to the Senate, to the Speaker of the Senate and to the officers of the Senate.

This is all for this afternoon, gentlemen, and I thank you very much for your kind attention. I will ask for leave to adjourn this debate because I still have something else to say. I will keep it for you so that you can prepare for a week-end of total rest.

Hon. Renaude Lapointe: Would Senator Riel allow a question?

Senator Riel: Very well.

Senator Lapointe: Were ladies excluded and barred from listening to your speech, for you said: "Thank you, Gentlemen"?

Senator Riel: I am of the old school, Senator Lapointe, where it was stated in the Interpretation Act that the masculine gender always includes the feminine, but you are so very near to my heart.

On motion of Senator Riel, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 24, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—REPLACEMENT OF FEMALE APPOINTEES

Hon. Lorna Marsden: Honourable senators, my question is for the Leader of the Government in the Senate. Yesterday he was unable to explain to us, or perhaps did not want to explain to us, why Betty Hewes is no longer the chairman of the board of CN.

Recently, our distinguished former colleague, Senator Florence Bird, was, according to all accounts, most discourteously treated by the Minister of Employment and Immigration in terms of her membership of the Refugee Advisory Council. Can the Leader of the Government explain to us the grounds on which she was not re-appointed, because, as I understand it, her work was highly valued by the government.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have the highest regard for our former colleague, Senator Florence Bird. She was a valuable member of this chamber and is, I am happy to say, a friend of mine. I would be unhappy if she were discourteously treated by anyone. I will try to find out what the circumstances were.

Senator Marsden: As a supplementary question, I understand from newspaper reports that she was notified by form letter which did not in any way reflect the nature of her work for this country. I wonder if, on behalf of all senators in this chamber, the Leader of the Government would write to Senator Bird—

Senator Flynn: Speak for yourself.

Senator Marsden: —and extend our regret about the way in which she was treated.

Senator Roblin: I have not seen the newspaper reports referred to, and even if I had I would make no comment on them.

Senator Marsden: Would the Leader of the Government, therefore, be prepared to ascertain the circumstances and then write such a letter on our behalf?

Senator Roblin: I think I shall have to let my previous answer stand.

Senator Marsden: I wonder, then, if I may raise another question, because as you can see I am very concerned about what is happening—

The Hon. the Speaker *pro tempore:* Is this a further question on the same matter?

Senator Marsden: It is a similar matter, as it relates to the appointment of women to senior positions in this country, a matter upon which the present government expressed itself in a very positive way before the election.

I also note that my distinguished scientist colleague from the University of Toronto, Professor Ursula Franklin—who has been both summoned to and dismissed from the Atomic Energy Control Board—has suffered a similar discourtesy, or what is described as an insult, by this government.

I am wondering whether you can explain how that occurred, and I wonder, also, whether you can explain why so many women, distinguished women, women who have contributed a great deal to this country, are receiving this treatment at the hands of the government.

Some Hon. Senators: Hear, hear.

Senator Roblin: I think I can say, on behalf of the government—

Senator Frith: Smile, Jacques. Don't get excited!

Senator Flynn: Have mercy!

Senator Roblin: I think I can say, on behalf of the government, that more women have been appointed to important and responsible positions in the last nine months than ever before in the history of this country.

Senator Frith: Where does it say that?

Senator Steuart: Your saying that does not make it so.

Senator Flynn: You would not understand.

Senator McElman: There have been more dismissals, though.

Senator Frith: What is the net position? That is the problem. There is a deficit.

Senator Roblin: I doubt that any other government could point to such a record in the first nine months of its administration as that of the present government in respect of its treatment of women.

Senator Frith: That goes for dismissals, too.

Senator Roblin: In fact, I feel so enthusiastic about the matter that I am going to let my honourable friend have a list of those appointments so that she can inform herself on what has actually been done.

Senator Frith: Will you include the dismissals?

Senator Steuart: Include the ones you have fired.

Senator Flynn: Why not?

Senator Roblin: With respect to the particular case she has referred to, I regret that I have no information.

Senator Flynn: If the term is over, the term is over.

Senator Marsden: I thank you for the offer of a list. I should like to have a list of all of the appointments, male and female, because proportion, of course, always enters into this question.

My question is not specifically about women in general—and I am aware that the government has made a number of appointments—but about women in senior positions, and I am particularly interested in the situation of three very distinguished women in Canada—

Senator Flynn: That is your opinion.

Senator Marsden: —who have lost jobs. I should like to know in particular about those three cases, involving three women who were hardly in their jobs long enough to lose them. How can this continue? What is behind it? Perhaps at the same time as supplying the list of appointments you could also deal with those three specific cases.

Senator Roblin: I am not sure that I can provide information to my honourable friend. If they are order-in-council appointments, they are at pleasure, and I think one has to accept the right of the government to make those appointments as it sees fit. If there are other circumstances which can be reported upon to my honourable friend, I shall be glad to do so.

HUMAN RIGHTS

JAPANESE CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. It now appears that the Minister of State for Multiculturalism has been unable to reach a satisfactory accord with Canadian citizens of Japanese descent on the issue of a government apology and compensation to the members of that community as a result of actions taken by the Government of Canada during and immediately after the Second World War.

It also appears that the Prime Minister, despite his undertaking during the election campaign to treat this as a personal priority, refuses to intervene in this process or to use his powers of reconciliation to resolve this particular problem.

Having raised the expectations of this community in terms of there being a form of satisfactory settlement, the Prime Minister, by prolonging the problem by extending the process rather than solving the matter and putting it behind us, is now re-opening old wounds causing divisions in the country. We are now hearing criticism from corners of the country that have not been heard from before on this issue. The problem, rather than being solved, has been intensified.

I would ask the Leader of the Government in the Senate to tell us whether or not there is a timetable in respect of the resolution of this issue such that the issue can be settled in a way that will be reasonable, satisfactory and just to these Canadian citizens who were so unfairly treated by a government of this country.

Hon. Duff Roblin (Leader of the Government): While I have every sympathy for the position of the Japanese-Canadians, I can by no means accept the description of the situation that has just been given by my honourable friend, which I think is quite tendentious. I would say, however, that the government has made it a priority in its program of action to try to reach a solution in this respect, and it has offered, and, indeed, I believe it has prepared the wording of, an appropriate resolution that might be passed by both houses of Parliament in connection with this matter. The problem is, of course, that the Japanese-Canadians have not accepted the proposal that has been made—and I have no objection to that; it is their right to do so.

On the other hand, one cannot give them carte blanche to decide for the government what the government should do. The government must take the responsibility for doing that and, if it does not lead to an immediate agreement in the matter, that is to be deeply regretted. But I believe the position of the government is fair. It has offered an apology. It has offered to memorialize the situation so that it should not be lost from public sight. But it has not agreed to personal indemnification for those who are concerned. I do not believe it has ever been suggested by any administration that that should be done, and certainly that is the sticking point at the present time.

So far as the timetable is concerned, we will continue to be open to discussion with the Japanese-Canadian community in the hope that we will be able to come to a meeting of minds on this important matter.

Senator Grafstein: As a supplementary question, apparently the Prime Minister has offered an open-door policy to solve problems of this nature, but has refused to pursue the matter. Can the Leader of the Government tell us what the Prime Minister's intention may be in terms of allowing this community some direct access to him so that he might intervene in this process and hear their side of the story?

Senator Roblin: My honourable friend was careful to use the word "apparently" with respect to the Prime Minister's attitude. It is wise that he has done so, because I believe the Prime Minister is quite capable of expressing his own opinion and his own stand on the matter, and I regret that I am not able to speak for him.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—DR. URSULA FRANKLIN

Hon. Joyce Fairbairn: Honourable senators, I wish to follow up on a question asked earlier by Senator Marsden concerning the appointment, followed by the non-appointment, of Dr. Franklin to the Atomic Energy Control Board. The Leader of the Government mentioned that order-in-council appointments are made "at pleasure." In this case it would appear that the pleasure lasted less than 24 hours. Apparently, Dr. Franklin received a letter from the office of the Minister of Energy, Mines and Resources advising her of the appointment and thanking her for agreeing to serve. However, the next day she received a telephone call advising her that she had not been appointed.

I would be interested in knowing exactly how this kind of confusion—and, indeed, insult—could take place in respect of a person who has such a distinguished reputation. One wonders whether the government is making appointments so hand-over-fist that it has forgotten whom it is appointing and why.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it appears, from the information I have, which I must verify, that the invitation was extended to the distinguished lady before she had been appointed. That certainly is to be much regretted, and I am sure that certain conversations are taking place in the minister's office with regard to that unfortunate incident. The fact appears to be, however, that she never was appointed, but she was advised of the probability, it appears, incorrectly. So far as I am concerned, I much regret that, as I am sure does the minister, because no one would wish to cause embarrassment or discomfort, or be discourteous to any person, let alone the lady in question.

EMPLOYMENT AND IMMIGRATION

LONG-TERM ILLEGAL MIGRANTS REVIEW COMMITTEE—POSSIBLE INVESTIGATION OF CONDUCT OF CHAIRMAN

Hon John M. Godfrey: Honourable senators, I have a question for the Leader of the Government concerning an article that appeared in today's issue of the *Globe and Mail*. The article is headed "Immigration review chairman denies conflict". The *Globe and Mail* arranged to have someone, posing as an illegal immigrant, with a concealed tape recorder, call upon Mr. Donald Greenbaum, who is the chairman of the Immigration Minister's Review Committee of Long-term Illegal Migrants. During the course of this interview, Mr. Greenbaum, after explaining the conflict of interest, proceeded to take down the details of the application this man wanted to make to the committee. Mr. Greenbaum arranged for the man to go to the lawyer who is sharing an office with him and told him that this lawyer would look after him for $500. Mr. Greenbaum indicated that he would charge the man $100 for taking down the details, but he would not give a receipt.

● (1410)

Senator Doody: Those lawyers!

Senator Godfrey: Perhaps it was for reasons of income tax or perhaps he did not want such evidence to exist. Then Mr. Greenbaum told the man to come back when he was all finished and he would complete the job for him for $1,000 and that his chances of getting through the immigration committee were 80 per cent. I suggest that he was being very modest and that the chance is probably closer to 100 per cent.

My question is: Is the government prepared to initiate an investigation into this matter to determine what actually happened and to produce a report as to the fitness of Mr. Donald Greenbaum to hold this position, in view of what has been disclosed and what, apparently, is on the tape of the *Globe and Mail* reporter?

Hon. Duff Roblin (Leader of the Government): If my honourable friend had read the rest of the article he would have found that it was the applicant who asked whether he had an 80 per cent chance of succeeding and that Mr. Greenbaum had replied that it was more like 99 per cent.

Senator Godfrey: You are quite right.

Senator Roblin: I can tell my honourable friend that I am informed that the gentleman concerned has resigned from his post.

FOREIGN AFFAIRS

NAMIBIA—PROPOSED ESTABLISHMENT OF INTERIM ADMINISTRATION—GOVERNMENT POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to ask the Leader of the Government in the Senate whether the government has made any pronouncement on the proposal by the Government of South Africa to establish an interim administration in Namibia. Perhaps the government has made a statement, but if it has I have not seen it. I would like to know the attitude of the government on that point and whether or not it has joined with other western nations in opposing this particular move on the part of South Africa, which falls far short of the resolution of the United Nations on the independence of Namibia.

I would also like to know whether the group of five western nations, of which Canada is a member, has met recently to deal with this new situation and, indeed, whether the government will take any steps to get the five western nations to meet to see whether some progress can be made on securing independence for Namibia.

I realize that I have asked a series of questions, and I do not expect the Leader of the Government to answer them now. He might wish to bring in a delayed answer. However, I would like to have some up-to-date information and as much detail as possible on what is happening. As my honourable friend knows, Canada has been a member, along with the United States, the United Kingdom, France and West Germany, of the group that has worked very hard, but not yet successfully, on the question of Namibia. I wonder whether the government sees any role for this group of western nations in this situation.

Hon. Duff Roblin (Leader of the Government): Honourable senators, the government has given consideration to the proposal of the Republic of South Africa with respect to Namibia. It is not a proposal the Government of Canada regards as being satisfactory in the circumstances. Our position has been the one enunciated by my honourable friend, I believe, some time ago; namely, that Resolution 435 of the United Nations is the standard by which we judge any action of the Republic of South Africa. Therefore we do not agree with or approve of their activity, as my honourable friend has mentioned.

The contact group, to the best of my knowledge, has not met recently. It may be meeting soon. I would like to take that part of the question as notice.

Senator MacEachen: I thank the Leader of the Government and would simply add a further comment by way of a question. Is it the government's view that the contact group has a useful role because, in a sense, the contact group has been asserting itself—in the case of some nations, rather at a distance—in concert with the direct effort being made by the United States to have some influence on South Africa. I think there is growing impatience, certainly in the neighbouring front-line African states, at the lack of success so far attained.

I suppose the nub of my question is whether the government is still of the view that it is worth while to move in concert with the United States, in a sense, in seeking a solution or, on the other hand, whether it is not now time to take a somewhat more aggressive stand with respect to the long failure of South Africa to respond to the universal opinion expressed by the United Nations that independence ought to be granted to this country.

Senator Roblin: The government has not departed in any way from its stand that independence ought to be granted to the territory of Namibia.

With respect to the usefulness of the contact group, I think one must continue to try. It is perfectly true that the lack of progress has been disappointing. It is also true that there has been some progress, even although it has been disappointing, which leads one to believe that you just have to keep on working away at it.

However, in order to deal with the matter more adequately for my honourable friend, I think, perhaps, I should get a statement from the Secretary of State for External Affairs that would accurately reflect the current situation.

Senator MacEachen: I would appreciate that.

HONDURAS AND NICARAGUA—U.S. MILITARY ASSISTANCE TO CONTRA FORCES—GOVERNMENT POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): I would also like to know from the minister whether the government has made any views known on the question of military assistance by the United States to the Contras in Honduras and in the areas surrounding Nicaragua. I know that some Canadian groups have expressed a view on that, and I wonder whether at this point the Government of Canada has expressed to the Government of the United States its concern about military assistance being granted to the Contras.

We know that in the initial stage the assistance is to be in the form of humanitarian assistance, but I wonder whether we have stated to the United States that we would be very much opposed if that humanitarian assistance were later to be transformed, as is planned by the President, into direct military assistance by way of funding of the military activities of the Contras. I know that Canada has opposed a military solution in that area—I think rightly—but I would like to know whether, in this case, we have made our views known to the United States.

Senator Roblin: I think our views are known to the United States to the extent that we are strong supporters of the efforts of the Contadora group to mediate a solution, and we are much encouraged by views recently expressed that the Contadora process is closer now than it has been before to a plan to demilitarize that area and to provide verification of that fact of the withdrawal of all foreign influences whatsoever.

It is very much the hope of the government that this Contadora process will be successful. Of course, that eliminates the need for any consideration of the Contras in the situation.

With respect to the precise point raised by my honourable friend—have we said anything to the Americans in recent days with respect to what is going on in their legislatures?—I will make inquiries. I rather think we would be a little guarded about appearing to interfere in their domestic legislative activities, although there may be an appropriate way to express our concern.

Senator MacEachen: Honourable senators, I would appreciate it if the Leader of the Government could give us as much information on the Central American situation as possible, including information on the precise question I have asked.

EXTERNAL AFFAIRS

VISIT BY MINISTER TO U.S.S.R.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I do not wish to overburden the Leader of the Government in the Senate, but I should like him, at some point, to attempt to inform the Senate as to the results of the visit by the Secretary of State for External Affairs to the Soviet Union.

That visit was a significant one in that a Canadian Secretary of State for External Affairs has not visited that country in quite some time. I wonder whether we could be told what happened, what was the nature of the conversations respecting arms control, and whether any particular agreements in the field of trade or cultural exchanges were concluded or are about to be concluded between Canada and the Soviet Union.

I am somewhat surprised at the low profile that has been attached to that particular trip in light of its importance. I should like to obtain some information as to what the result was and what the estimate of the government is as to the value

of the trip and its effect on the current and future state of Canada-Soviet relations.

Hon. Duff Roblin (Leader of the Government): Honourable senators, if there is an impression that this was a low-profile trip, that was not the doing of the government. The government did not consider it to be a low-profile trip. "Profile" is used to describe the importance attributed by the media, and if there was no television camera over the minister's shoulder I guess they considered this as a low-profile trip.

I expect the minister will make a statement on his visit to Russia, and I will see that my honourable friend receives a copy. That may answer his questions.

Senator MacEachen: Will that statement be made relatively soon? Will it be made in the House of Commons, or will it be made before a committee of the House of Commons? I would be interested in knowing when we might expect that statement.

Senator Roblin: I do not think that the minister has decided what form the statement will take, but I expect that he will make that known when a decision has been made.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

BOARD OF DIRECTORS—REPLACEMENT OF MEMBERS

Hon. Henry D. Hicks: Honourable senators, my question is directed to the Leader of the Government in the Senate. I have before me an article published in the *Globe and Mail* of this date headed "Aid agency hit by patronage." The article refers to the International Centre for Ocean Development, which was founded in Halifax in 1983, which was "put on hold" when the Conservative government took over, and which, apparently, has now been re-organized. The original chairman of the board was a Halifax lawyer by the name of Brian Flemming who, while he was at one time a Liberal candidate and had considerable associations with the Liberal Party of Canada, had also gained a considerable reputation because of his knowledge of and participation in affairs having to do with the Law of the Sea. I am not complaining about Brian Flemming's replacement. Perhaps that was a thing to be expected.

But also such outstanding international people as David Hopper, a vice-chairman of the World Bank in Washington, Georges Léger, a diplomat who serves as a vice-president of Petro-Canada International, the subsidiary of the national oil company with responsibility for helping Third World countries, Dr. Verevat Hongskul of Thailand, president of the largest fisheries research institute in South-East Asia, and Wayne Hunte, a leading fish biologist from Barbados, all of those people were replaced, yet none had any association with any political party. They constituted the international flavour of the International Centre for Ocean Development.

Let us look at who they were replaced by. First of all, there is the chairman, Hanson Dowell, a pleasant enough young lawyer from my own county of Annapolis in Nova Scotia who is stated to have been an adviser on sea law to the Government of Nova Scotia. I am not sure what significance there is to this, but it was his Conservative connections that got him the job. Mr. Dowell was a national vice-president of the PC Party and served as counsel and special adviser to Elmer MacKay when the Mulroney cabinet member served as minister responsible for the Department of Regional Economic Expansion in the Clark government.

The other new board members are: Gastien Godin of Shippegan, New Brunswick, a Conservative candidate in the 1979 federal election; Robert Maguire, from Rimouski, Quebec, the riding held by Monique Vézina the Tory Minister for External Relations; Roy Cheeseman, the former Conservative Minister of Fisheries of Newfoundland; Ellen McLean, president of the International Association of Country Women, from Eureka, Nova Scotia; and two scientists, whom I do not know, one from Vancouver and one from the Bedford Institute of Oceanography in Halifax.

I am sorry for this rather long preamble, honourable senators, because I do not believe that questions ought to be asked in this way even though I know that we have been rather generous in allowing it to be done. This is my concern. The next paragraph states:

> Some observers are concerned that the new appointments may mean ICOD's emphasis will shift from helping the most needy countries to developing export markets for Canadian products.

I would like the Leader of the Government, if he can, to comment on this and, I hope, to assure us that the international flavour of ICOD will not be destroyed as a result of these Tory patronage appointments which bring the whole organization back to Canada and completely destroy its international flavour.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not think my honourable friend need be concerned about the proper management of this organization. I am positive that it will be conducted in an appropriate manner by those who are in charge, whoever they are.

Senator Frith: We thought you would be.

Senator Roblin: He was fair enough to say that Mr. Flemming was a Liberal appointee, and he was twice a Liberal candidate, a fact which is mentioned in this report.

Senator Hicks: And this report also points out that he was the only member of the board with associations with the Liberal Party—the only one!

An Hon. Senator: Shame! Shame!

Senator Roblin: I find that an interesting point. He was also for two years the deputy principal secretary to Mr. Trudeau, so his credentials are well established, and we do not worry about that.

Senator Frith: No, let's get to the others.

Senator Roblin: With respect to the appointments, I think it is a little hard to say that because Robert Maguire, a public health physician from Rimouski, lives in the riding held by

Monique Vézina that that is a blatant exercise of the right of patronage. He has to live some place and in the Province of Quebec most of the seats are held by Conservatives, so it is not surprising that he comes from a Conservative constituency. Of the other people who are mentioned, apart from Mr. Cheeseman and Mr. Godin, who have Conservative credentials according to this article, what about Ellen McLean, president of the International Association of Country Women? Nothing is said about her political affiliations, and I do not know what they are. My honourable friend would have done well, I think, to say that Sharon Proctor of the Vancouver Public Aquarium and John Vander Mullen of the Bedford Institute of Oceanography are also members of this committee. I do not find it at all necessary to apologize for the quality of the committee members.

Senator Frith: We didn't think you would.

Senator Roblin: I don't want to disappoint my honourable friend. I know that I seldom do disappoint him and I would not like to establish any precedent on this occasion.

Senator Frith: Especially along this line.

Senator Roblin: I should like to get to the nub of my honourable friend's question which is as to how this operation will be run in the future. We have the statement of the new president who says that:

> My own inclination is to go where we can do the most good and not necessarily where they can do the most for us—

That is an expression of opinion which I find satisfactory, and he adds, and I must say this because it is part of the information:

> But we've got to be aware of political reality.

I think that is a fact, too. It is necessary, if we are to have a successful operation, particularly one that will get an adequate measure of support from the public generally and also from the treasury, to take into account the interests of those people we are trying to help. This has to be the paramount concern, but I do not think it is illegitimate to say that if we can do so in a manner that helps the Canadian economy then that is not automatically or *ipso facto* to rule it out of bounds. I think that I can give my honourable friend the assurance that he seeks.

● (1430)

Hon. Allan J. MacEachen (Leader of the Opposition): Just to follow up on the question Senator Hicks asked, is it the intention of the government to add some international personalities to the board so that there will be international expertise as there has been on the board of the International Research Development Centre located in Ottawa, which has been an extremely effective model? It was in order to give international input to this international organization that those persons were selected. They had good standing in Third World countries. All of that has been removed.

I ask whether it would not be a good idea to reconsider this matter to ensure that at least three or four persons from Third World countries, who could add to the strength of the board, are included.

Senator Roblin: I think it essential that we seek the help and input we can get from those whom we are trying to assist, but I do not think it is essential that they be on the board.

GOVERNMENT ADVERTISING

AWARDING OF CONTRACTS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate. I understand that the Minister of Justice, Mr. Crosbie, is vowing to introduce a tough anti-soliciting law. Can the Leader of the Government in the Senate tell us whether that will apply to Tory advertising agencies?

Hon. Duff Roblin (Leader of the Government): If it does, it will apply equally to Liberal advertising agencies.

Senator Frith: I suppose the leader might check to see if it is all right for them to do this from their own homes.

Senator Roblin: Under the Liberal administration, I do not know about it applying to this being done from their own homes. That has certain connotations which I do not wish to explore further at the moment.

However, I have to point out to my honourable friend that the process of dealing with advertising, et cetera, through a special committee which would allocate these matters from one firm to another, was the brainchild of Senator Keith Davey; he was certainly the foster father, if not the natural father, of that idea. I would tell my honourable friend that we are trying to rearrange our affairs to improve that situation.

Senator Frith: Honourable senators, when we start hearing about the Liberals, we always know there is no other answer to the question.

In any event, in this particular case, will the Leader of the Government agree that the whole situation does smack a bit of high "camp"?

Senator Doody: "High camp"; that is amusing.

Senator Roblin: If my honourable friend tells me what he means by that, I would be delighted to comment on it.

Senator Frith: Perhaps tomorrow I will address the question and speak more slowly.

Senator Roblin: My honourable friend can speak right now if he so wishes because I am willing to entertain the question.

Senator Frith: I cannot say it more clearly.

Senator Roblin: Pity.

Senator Frith: If the leader does not understand, then perhaps he is lacking, among other things, a sense of humour.

Senator Roblin: I have a well-developed sense of humour. I am able to chuckle at my honourable friend's joke, but if he wants to elaborate on the matter he is welcome to do so.

Senator Flynn: His jokes are not always good.

Senator Frith: To elaborate on a joke is to make it no longer a joke.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question for the Leader of the Government relates to a serious matter, news of which is normally found in newspapers. Can he give us a progress report pertaining to the Garrison Dam as it affects Manitoba? While some may be of the view that this is not a serious matter, I would point out that, to those of us from Manitoba, such as the Leader of the Government and myself, it is of grave importance.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that as a result of the proceedings in the United States and the decision of the officials of the American administration, the plan for the Garrison Dam is now in shape to be accepted by Canadians.

The Government of Canada and the Government of Manitoba agreed on a statement to be given to the authorities in the United States, in which they expressed their appreciation for a satisfactory solution to that problem. That means, insofar as the federal government of the United States is concerned, that the reorganization of the Garrison project is satisfactory in its protection of Manitoba interests.

With respect to the activities in the State of North Dakota, which is probably bothering my honourable friend, the legislation there seems to have come to a rather inconclusive end. For example, the cancellation of the Mandan line removed from the purview of the legislators of North Dakota any veto on the transfer of Canadian energy through their state, so that particular issue fell by the wayside.

So far as I am aware, of the seven bills which were introduced in the North Dakota legislature dealing with this matter, two were passed, but I believe their implementation is at the discretion of the Governor. At the present time, I have no indication the Governor intends to implement them.

Senator Guay: The reason I have asked for a progress report is the fact that the executive director of the United Family Farmers, Inc. in South Dakota, when recently making a representation before the Energy and Water Development Subcommittee on Appropriations, made a statement which confirmed our concern. He said:

> Unfortunately, the polluted return flows that Canada doesn't want would be redirected to South Dakota if the Commission's recommendations are approved. The irrigation upstream from us in the James River valley would be tripled—to 113,360 acres. This would cause severe flooding of prime South Dakota farmland in the fall.

I would point out that the balance of this quotation is the important part. He went on to say:

> Our river bottom land would be salted up and destroyed. Our Sand Lake National Wildlife Refuge—which is a major staging area for migratory waterfowl in the Central Flyway—would be severely impacted or destroyed.

His next statement was:

> Our drinking water could be contaminated.

Honourable senators, this spokesman, Mr. Jay Davis, represents not 2,000 people, but 2,000 farm families. What we do not want to happen in Canada they also do not want to happen on their side of the border. I feel impelled to bring these remarks to the attention of the Leader of the Government in the Senate.

Senator Roblin: I thank my honourable friend. This illustrates the nature of our success in having persuaded our American friends to send no water to the province of Manitoba.

[Translation]

CROWN ASSETS DISPOSAL CORPORATION DISSOLUTION BILL

SECOND READING

Hon. Jacques Flynn moved the second reading of Bill C-43, to dissolve the Crown Assets Disposal Corporation and to amend the Surplus Crown Assets Act and other Acts in consequence thereof.

He said: I do not think I deserve the applause, because this is not a major piece of legislation. I will not go so far as to say that it is unimportant or straightforward, because in my experience, such statements have been magnificently rebuffed in this Chamber.

The Bill's purpose is to simplify Government administration. The rather long title substantially describes this purpose: "An Act to dissolve the Crown Assets Disposal Corporation and to amend the Surplus Crown Assets Act and other Acts in consequence thereof." Practically everything has been said once we have read the title of the Bill.

I imagine a number of you know the Crown Assets Disposal Corporation, and many will remember the previous corporation which was called the War Assets Disposal Corporation. This corporation was created in 1943 and had a major role to play at the time, especially at the end of the war in 1945 and in subsequent years. The corporation had been given the weighty task of disposing of surplus goods accumulated during the last war. It was subsequently replaced by the new corporation which was responsible for disposing of goods accumulating in the various departments, at the best possible price. You have all seen newspaper ads announcing sales of surplus goods by the corporation.

Hon. Royce Frith (Deputy Leader of the Opposition): As far as that goes, it is major legislation.

Senator Flynn: Yes, I suppose so. I do not expect any problems here, because the major decision that led to this Bill was made in 1982 by the previous Government, namely to transfer to the Department of Supply and Services the respon-

sibility that until then had been assumed by the Crown Assets Disposal Corporation.

All appointments of persons outside the Public Service to the board of directors have been terminated. Before, the chairman and members of the board of directors were appointed from outside the Public Service, with excellent salaries. These people have been replaced with public servants from the Department of Supply and Services. They were asked to stay on, as a matter of principle, so that today, we have a paper corporation, like a company that is no longer active once it has disposed of its assets.

The results were conclusive. The Department of Supply and Services has now absorbed the Corporation's employees and assumed the duties of the Corporation.

According to the present Minister, eliminating duplication of efforts has resulted in a saving of about $600,000. All employees have been absorbed by the Department. I gathered from the proceedings in the other place that in one or two cases, Corporation employees were not satisfied with the jobs they were given in the Department. Their grievances are now at the arbitration stage.

After this two-year trial period, the purpose of the Bill is to officially dissolve the Crown Assets Disposal Corporation. The Bill provides for consequential amendments, the impact of which will be to transfer all the Corporation's responsibilities to the Department, in terms of any action, suit or other legal proceedings that may be brought or were pending against the Corporation and any claims the Corporation might have on a third party. The operation is being continued by the Department. There have been no changes, either in staff or as far as the practical legal aspects are concerned, and in the consequential amendments, any reference to the Crown Assets Disposal Corporation has been changed to refer to the Department.

This is not a controversial Bill, and it implements a decision by the previous Government which has proved beneficial for the Government's administration and, as I said before, resulted in a saving in operating costs of over one half million dollars.

Bearing this in mind, I do not think the principle of the Bill could be challenged. However, if honourable senators would like to obtain more detailed information and I were not be able to provide it immediately, I would have no objection to having the Bill referred to a committee of this House. If I am in a position to reply, and my reply is satisfactory, I think we can dispense with the committee stage.

● (1440)

[*English*]

Hon. B. Alasdair Graham: Honourable senators, I have just a few words to offer with respect to Bill C-43. I thank Senator Flynn for his usual erudite, detailed and explicit explanation.

I want to say that I am pleased, and somewhat relieved, that the short title of the proposed act is the "Crown Assets Disposal Corporation Dissolution Act" and not the "Crown Assets Disposal Corporation Abolition Act".

[Senator Flynn.]

The very mention of the words "disposal" and "abolition" together in today's unpredictable and somewhat nervous environment might strike terror in the hearts of some, if not all honourable senators.

I am also pleased that the Crown Assets Disposal Corporation is being dissolved, as it removes yet another agency through which the government, in its present temperament, might have tried to get rid of the "moral majority" in this priceless asset.

Senator Doody: Never!

Senator Graham: This is not earth-shattering legislation, but it is, nonetheless, an important housekeeping bill. Some might even suggest that it has house-cleaning overtones. At any rate, it brings to an end an agency which, for a considerable period of time, served a useful and necessary purpose.

The corporation has undergone several name changes since it was first created in 1943, and the corporation's mandate has also changed over the years.

As has been mentioned, since 1982 almost all of the activities and the responsibilities of the Crown Assets Disposal Corporation have been assumed by the Department of Supply and Services. At present it is a corporation in form only. As Senator Flynn stated, it is really what may be described as a "paper corporation."

The previous government had begun the process of dismantling the Crown Assets Disposal Corporation pursuant to recommendations contained in the Lambert Commission report. As was also suggested by Senator Flynn, this is really the final phase of a Liberal initiative.

The most substantive portión of the bill is contained in subclauses 5(1) and (2), which deal with the commencement or continuation of legal proceedings or actions related to obligations or liabilities incurred by the corporation in the past or in the process of closing out its affairs.

This, even to my untrained and, as I am sure you will agree, somewhat insensitive legal eye is a laudable protective mechanism and one for which I congratulate the government.

I understand that there is only one person still employed by the corporation, and that, probably, in a bookkeeping or some such useful function, and that most, if not all, former employees, as has already been indicated by the sponsor of the bill in the Senate, have either been transferred or offered employment in the Public Service. On that particular point, I should like to know if all of those former employees have been properly placed and whether there are any outstanding grievances—Senator Flynn mentioned one or two—resulting from the corporation's change in status.

● (1450)

I should like to have the assurance of the sponsor that no individual has suffered or will suffer undue hardship and that the rights of any individual Canadian will not be put in jeopardy as a result of this legislation.

Without going into specifics, will the sponsor give honourable senators some idea of the number and magnitude of any

actions or liabilities that may be outstanding with respecting to crown assets and when it is perceived that any such actions or disputes may be concluded?

Further, are any major difficulties or payments anticipated? With respect to payments, they might be in the form of potential pay-outs or even receivables.

Those are my main points. I support the bill, and if my concerns and those of other honourable senators are adequately met, then I see no reason why we cannot, in our usual spirit of wholesome co-operation, deal with the bill expeditiously.

The sponsor may wish to deal with these matters today or tomorrow. If not, he may wish to recommend that we send the bill to the appropriate committee. Nevertheless, I believe that these concerns should be dealt with.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, as a former Minister of Supply and Services, allow me to share some of my thoughts with you.

The legislative machinery must turn very slowly indeed, for I vividly remember that, when I was Minister of Supply and Services, I had asked why we should have one agency to buy and another one to sell. It would have been so much easier to have only one institution—the department—to look after government purchases and sales. I am pleased to see that this practice has since been followed and that we are now confirming the fact.

My second thought, honourable senators, is that it is surprising to realize that government annual purchases amount to almost $6 billion, and that we sell surpluses valued at nearly $100 million. I would suggest that the wide gap between the two amounts indicates that there must be some leakage somewhere. Of course, a good many items bought by the government are used. When the department buys hundreds of kilos of meat for the Armed Forces, or pencils and erasers, they are used, of course. However, keeping in mind that we buy $6 billion of supplies year in and year out and that the corporation disposes of surpluses worth about $100 million, it must mean that a good many agencies do not sell their surpluses through the Department of Supply and Services or the corporation.

My third thought is that I would respectfully suggest to the government representative the possibility of adding a clause giving the minister full discretion to dispose of surplus goods, not by selling them to the highest bidder but rather to non-profit organizations and to municipalities. Here, is an example. A crown corporation had a surplus building in the riding I had the honour to represent. It was offered to the highest bidder, a gentleman who wanted to turn the building into a garage for storing snowblowers. We convinced the crown corporation to do a good deed and give the building to the municipality. It was eventually used to attract an employer who set up shop there and thus created jobs. Had the farsighted president of the crown corporation chosen to stick to the rules, the building would have gone to somebody who would now have a storage facility for his snowblowers. Fortunately, the building attracted a businessman who created jobs. I know of many other surplus buildings which, I think, municipalities or school boards could use for the common good.

I remind you that several provinces already have such a provision. Before selling any surplus goods to the general public they offer them free of charge to various public bodies.

Since it was announced recently that the government has decided to use its purchasing power to promote causes such as employment equity in major Canadian companies which deal with the government, I think that the surplus disposal policy can be used as a lever to achieve some of Canada's social and economic objectives.

Honourable senators, those are some of the thoughts inspired by this very appropriate measure.

Senator Flynn: Honourable senators . . .

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform you that if the Honourable Senator Flynn speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

[*English*]

Senator Flynn: Honourable senators, I wish to thank Senator Graham and Senator De Bané for their comments on this bill. I will do my best to provide them with the information requested. Senator De Bané mentioned the possibility of the department, now that it has the responsibility for disposing of the surplus assets, disposing of them other than by auction in cases where the assets would be helpful to non-lucrative corporations. I suggest that is possible through an amendment to the legislation.

The main purpose of the bill is to dissolve the corporation, which, up to now, has had the responsibility for the disposition of surplus assets. It is possible that such an amendment could eventually be made. I suppose the former minister did not have the occasion to propose such an amendment, but it is an idea that might be considered and eventually implemented.

With regard to Senator Graham's questions, I have before me a copy of the *House of Commons Debates* for April 19, 1985, which gives the minister's reply to questions relating to assets and liabilities of the corporation as of March 31, 1984. The minister's reply will be found at page 3928. The minister said:

> . . . the following amounts are indicated in terms of this extraordinary income. For example, reversal of vacation pay liability, $131,262; reversal of termination benefits liability, $125,492; and the extraordinary loss, which is the lump sum settlement regarding the Montreal office accommodation lease, $95,000 for a total of extraordinary income in the amount of $161,753.

I am just reading what is here.

I hope the minister will bring the House up to date.

That was an indication given by someone, not by the minister.

• (1500)

The report on the minister's public accounts also points out that the receivables mature in 1984-85 and on up to 1999, for

a total of $1,630,151, less the current portion of $263,000, giving a total for net receivables of $1,367,035.

With respect to the employees, as I said, they have all been absorbed by the Department of Supply and Services. At page 3931 of *House of Commons Debates*, the minister is reported to have said:

> I am aware of a couple of individuals who feel that they have not been properly dealt with. They are going through due process now as members of the Public Service. Whether the Bill is passed or not does not affect their position because the Order in Council of 1982 established that they are moved into the Public Service if they so chose, and that was the procedure.

Clause 5 of the bill which deals with the transfer of assets and liabilities reads:

> (1) Any action, suit or other legal proceeding in respect of an obligation or liability incurred by the Corporation, or by the Minister in closing out the affairs of the Corporation, may be brought against Her Majesty in any court that would have had jurisdiction if the action, suit or other legal proceeding had been brought against the Corporation.
>
> (2) Any action, suit or other legal proceeding to which the Corporation is party pending in any court on the coming into force of this Act may be continued by or against Her Majesty in like manner and to the same extent as it could have been continued by or against the Corporation.

That is the information I have. If it is not satisfactory, I invite Senator Graham or any other honourable senator to so inform me and I shall try to make inquiries and introduce any information I get at third reading stage tomorrow. If someone wishes to have the bill sent to committee, I shall so move.

Senator Graham: I thank Senator Flynn for the answers he has provided. I do not see any reason to send the bill to committee. I believe Senator Flynn mentioned that by absorbing the crown assets into the Department of Supply and Services there would be a saving in printing costs of some $600,000. I wonder if he could tell us just how that saving is expected to be effected.

Senator Flynn: The only information I have in this respect is the statement made by the minister, and he does not give any details. I shall try to obtain his calculations of that amount and bring them to the Senate tomorrow, if that is satisfactory.

Motion agreed to and bill read second time.

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

On motion of Senator Flynn, bill placed on the Orders of the Day for third reading at the next sitting.

NATIONAL SOIL CONSERVATION

MOTION TO URGE GOVERNMENT TO SET ASIDE SPECIAL WEEK—DEBATE CONTINUED

On the Order:

[Senator Flynn.]

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Molgat:

That the Senate urge the Government to declare a special week for soil conservation in 1985 and every year thereafter;

That it be called National Soil Conservation Week;

That it be declared for the week May 12-19 in 1985, in conjunction with the Manitoba Soil Stewardship Week; and

That it be declared at a suitable period in subsequent years.—(*Honourable Senator Doody.*)

Hon. Martha P. Bielish: Honourable senators, I am pleased to speak to the motion proposed by Senator Sparrow on April 3, 1985. Before I make any comment on the motion, I should like to pay tribute to Senator Sparrow for his dedication to the problem of soil degradation in Canada, both during the committee hearings on this subject and since the release of the report to the public on July 16, 1984 in Ottawa. On July 17, it was released across Canada by other members of the committee. Since that time Senator Sparrow has spared no effort in making the report known, and he has spoken to some 57 groups—farm groups, universities, provincial and national organizations of various kinds to name a few.

Initially, 15,000 copies of the report were printed. It soon became evident that a further 10,000 copies would be required. This supply was soon exhausted and requests for the report from across Canada as well as from other countries continued to mount. Permission to print another 10,000 copies was granted. I do not know whether or not they have been printed yet.

Because this report is so sought after, one can conclude that it contains some very pertinent, timely and worthwhile material put together in a very readable, interesting and understandable manner. For that, I should like to acknowledge the contribution of the members of the Standing Senate Committee on Agriculture, Fisheries and Forestry and express our thanks to all those who participated in the hearings across Canada and those who took the time to write to the committee to express their views. The diligence of Ms. Sally Rutherford, Director of Research, Mr. Len Christie and Mrs. Lynn Myers of the Research Branch of the Library of Parliament is greatly appreciated. Mr. Denis Bouffard provided reliable assistance in the role of clerk of the committee and the hard work of Ms. Aileen Collins helped us to bring this report into being.

• (1510)

Honourable senators, I have no hesitation whatsoever in supporting this motion. I do so in light of the confidence that the Honourable John Wise, Minister of Agriculture, has shown in speaking to various groups across the nation on this particular subject. In an address to the Kettle Creek Conservation Authority in St. Thomas, Ontario, which was released on March 15, 1985, the minister had this to say, among other things:

. . . our ability to produce food depends on the quality of our soils. A farmer's livelihood depends on it.

Unfortunately, Canada is rapidly losing productive land due to soil degradation. I have no hesitation in calling this the second most serious problem facing Canadian agriculture, next to the problem of farm financing.

The impact of soil erosion on farm income is not as obvious as the effect of high interest rates. Even when we see soil blowing or washing away, we don't see it as money we've lost. Yet farmers lose significantly when the quality of their soil deteriorates. Production costs are higher. Net farm income is reduced and our international competitiveness is diminished.

It is estimated that soil degradation due to erosion by water costs $68 million every year in Ontario.

Here in southwestern Ontario, where farming is so intensive, soil erosion costs farmers an estimated $56 million per year in yield reductions and increased fertilizer and pesticide costs.

On the Prairies, it is estimated that each year some 740,000 hectares of land are damaged by soil erosion. The cumulative cost to the Prairie farm economy as a result of reduced soil productivity is estimated to be $368 million per year.

In their report, Soil At Risk, released last summer, the Senate Standing Committee detailed the key problems we face in stopping soil degradation, and presented some worthy recommendations.

They found that improper tillage and cropping practices are a major cause of soil degradation in Canada. They pointed out that farmers are often not fully aware of such problems as erosion, acidity and compaction, and that there is not adequate research information available for solving these problems.

Moreover, the Senators pointed out that farmers are guided in their cropping practices by the need to maximize production at the least cost per acre.

The Senate report was welcomed by the federal government. We recognize the seriousness of the situation described in the report, and we have begun to act on its recommendations.

Among these recommendations is the need for national co-ordination of soil and water conservation policies and programs. In association with the Canadian Federation of Agriculture, my department is involved in setting up a national action committee on soil conservation. Furthermore, Agriculture Canada is now in the process of developing a national agricultural soil and water strategy.

To assist in identifying the causes of soil degradation, we have reallocated funds and staff from the soil inventory section for the monitoring of soil degradation across Canada.

We have also shifted resources to soil and water conservation studies from other areas of research.

Because of the staggering deficit that the federal government inherited in September it has been necessary to reduce federal expenditures. Many areas of government are being cut back, but I assure you I will not support any reduction in soil and water research or programming.

That having been said by the minister, I feel I do not need to add anything more because obviously we do have his support.

The recommendation under discussion in the motion is Recommendation Number 17, one of 20 recommendations made by the Standing Senate Committee in its report *Soil At Risk*.

I support this motion wholeheartedly.

On motion of Senator Corbin, debate adjourned.

HEALTH

ILL EFFECTS OF SMOKING—DEBATE ADJOURNED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the ill effects of smoking to smokers and non-smokers alike.—(*Honourable Senator Petten*).

Hon. William J. Petten: Honourable senators, if no other honourable senator wishes to take part in the debate at this time, I move that it be adjourned until May 14 next.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

On motion of Senator Petten, debate adjourned.

THE SENATE

MOTION TO AUTHORIZE COMMITTEES TO INVITE PROVINCIAL REPRESENTATIONS—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Hicks:

That whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the committee as to whether or not they wish to make written and/or verbal representations to the committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.—(*Honourable Senator Stewart (Antigonish-Guysborough)*).

Hon. John B. Stewart: Honourable senators, generally the Senate ought to resist motions or bills that have the effect of limiting the control of the Senate over its own procedures. We have seen a fair number of such motions and bills in the last 15 to 20 years; I think this is lamentable. There is much to be said, however, in favour of standing arrangements that would

enable provincial governments to make representations on motions or bills in which they have a special interest.

Senator Godfrey's motion leaves two points undecided. The first of these is the question: Who is to determine that a province has a special interest in a motion or a bill? The second question is: Who is to decide when a province has had a reasonable opportunity to make its representations? On these points, I tend to agree with what Senator Doody said earlier.

Honourable senators, the reason I wanted to say a few words about this motion is that, in an oblique way, it raises questions about the role that the Senate ought to be playing as a part of the Parliament of Canada.

It is interesting to remember that in the pre-Confederation conferences relatively little time was given to the problem of distinguishing those matters that were to be under the exclusive legislative authority of the provincial legislatures from those matters that were to be under the exclusive legislative authority of the Parliament of Canada. It was thought that the list of matters set forth in section 92 was simple and clear: Those matters were to be under the provincial legislatures. The provincial legislatures were also to make law in relation to education in and for each province, with certain restrictions in relation to religion. They then continued and said that the provincial legislatures might make law with regard to agriculture in the provinces and with regard to immigration into the provinces. All other matters were to be under the legislative authority of the Parliament of Canada. It was thought that that was a simple, clear and explicit division of legislative power.

● (1520)

Since these two sets of matters were distinct and different, the provincial authorities were to have no special relationship with either of the two houses of the Parliament of Canada. That, honourable senators, was the constitutional argument why provincial authorities were not given any part to play in the selection of members either of the House of Commons or of the Senate. Although the Senate was to be a house in which the divisions—that was the term they used—or the regions of the country were to be represented equally, the members of the Senate were to be selected, oddly enough, entirely by Ottawa.

Since then there have been two notable developments that bear on this matter. One is the acceptance of a new conception of the role of governments. Governments are now expected to create prosperity as well as to maintain peace. They are expected to create jobs; they are expected to promote economic growth; and they are expected to prevent economic disturbances. The result of that has been that matters that were thought to have been distinct and quite different have now become inextricably intertwined. It is impossible, except perhaps for an academic constitutional lawyer, to say what is distinctly a federal matter and what is distinctly a provincial matter in practice. In practice, those matters are hopelessly intermixed. That is one development.

The other development, of course, is that executive governments have become more and more dominant in their relationship to the legislatures. That has happened at Ottawa and also at the provincial capitals.

From these two developments—which make our situation quite different from that which prevailed 100 years ago—we have had the rise of federal-provincial conferences. As a result of those conferences—which take place all the time whether or not they are detected by the media—there are few bills, I suspect, that go before the Parliament of Canada on which provincial governments, if they have a genuine interest, have not made their views known to the executive government of Canada, to the cabinet, before the bill has gone very far forward in the parliamentary process. They have made their positions known. They have either been successful or unsuccessful in swaying the federal executive government.

If that is so, we can well ask: What would be gained by passing Senator Godfrey's motion? I think that there are three things to be said in that respect. The first is that Senator Godfrey's motion may encourage senators to propose amendments to bills. If a provincial government or a group of provincial governments appear before a Senate committee and make persuasive arguments, that committee, and then the Senate itself, might be prepared to propose amendments. I am not suggesting that the Senate would insist on those amendments, but those amendments would be batted up to the other place for disposal there—batted up for what one might call sober third thought.

The second thing which can be said is that even when provincial governments make their arguments to the federal government, it is not always the case that those arguments are recorded publicly, or that they receive much public attention. Senator Godfrey's motion opens up to the provincial governments the possibility of having a forum in which they could put their best case forward and deal with the questions that honourable senators might wish to address to them, either to demonstrate defects in that case, or to elicit additional information that would make the case stronger. I think that provincial governments might very well appreciate having the opportunity to appear in such a forum.

The third thing that might be said is, I think, the most important. This motion, in its own quiet way, is a step toward a more modern view of the role of the Senate in the Parliament of Canada. As I said, the Senate was established to represent the four divisions of the country. Of course, Newfoundland has been added and now there is also representation from the two territories; however, the basic representation is based on four divisions of the country. That may be reasonably realistic when one talks of a division of the country such as Ontario, which happens also to be a province; it may be realistic when talking about Quebec, a division of the country which happens also to be a province; but it is not very realistic when one is talking about the Maritime provinces division. That is just too big and amorphous an area of the country to be thought of as being represented by 24 senators. The same is even truer with regard to the four provinces west of Ontario.

Senator Godfrey's motion has the great merit of giving formal recognition for the first time to the fact that there is

properly a relationship between the Parliament of Canada and the authorities in the provinces. It would be a move away from the notion that the Senate represents four divisions of the country, plus Newfoundland and the two territories, a move toward a much more realistic and, I submit, more modern notion that the Senate represents the people in the ten provinces plus the two territories.

I see Senator Godfrey's motion, whether he intended this or not, as the beginning of a move toward a reform of the role and the conception of the work of the Senate. It is principally for that reason that I think we should approve the motion.

As I said, I agree with Senator Doody that the wording of the motion begs a couple of questions. There is the question as to what a special interest is and who decides that. Then there is the question as to when it could be said that a province had had a reasonable opportunity to make its representations.

I think the point with which I started is valid, namely that this house ought not to allow external bodies, such as provincial governments, to have a vested position in its procedures. It would be unfortunate if government legislation were held up by recalcitrant provinces saying that they have a right to be heard by a Senate committee and have not yet had that opportunity. The ten provinces could take that position, and we know what that would mean.

Provided that that difficulty is overcome—and I do not think it is insuperable at all—this is a good motion. Senator Doody's suggestion that the matter be referred to a committee for the consideration of these specific questions of implementation is also sound.

I wish to congratulate Senator Godfrey for proposing this motion, and I also want to apologize to him for having imposed upon his patience for three or four weeks. Thank you, honourable senators.

• (1530)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if no other senator is going to speak to this motion, I wonder if Senator Stewart would move that it be referred to committee—or would Senator Godfrey like to move that motion?

Hon. John M. Godfrey: Honourable senators, I would like to make several comments. It never occurred to me that it would be anyone but the appropriate Senate committee itself that would make the decisions. They decide what witnesses are going to be called, and they would decide—I very carefully put in the words—general policy so that nobody is in any way bound. If they decide not to ask a province that has a special interest in the matter to appear before them, the onus is on the committee to justify that decision to those who do not agree with it, but there is nothing binding in this. This is just an expression of intent. In committee if there is any feeling that it could be improved, or if there should be another clause added to show that it is still up to the committee to decide—

Senator Frith: Including whether there is a special interest.

Senator Godfrey: Exactly, but the committee may not always agree. I should like to give one instance. I found great reluctance two years and nine months ago, before I originally put this motion, for committees to ask provincial representatives to appear before them. You may recall the bill which dealt with transportation companies was referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Frith: That was Bill S-31.

Senator Godfrey: The chairman of the committee sent out an invitation to the provinces in which she said the committee would be pleased to hear their representations provided they confined themselves to constitutional matters. We were told that Quebec would never come before a Senate committee, but Mr. Parizeau came before the committee and gave evidence for three hours. He started off by saying that he was not the slightest bit interested in the constitutional aspects of that bill and he wanted to get down to the merits of it. The result of his and other representations was that we brought out a report and the bill was not proceeded with. I am using that as an example.

I detected in the past a certain reluctance by some committee chairmen to ask provincial representatives to appear before their committees. The purpose of this resolution is really almost to shift the onus, but certainly not to interfere in any way with the discretion of the committee. In view of the doubts that have been raised, the report of the committee might take care of some of these questions without even amending the resolution.

I have spoken to Senator Molgat, Chairman of the Standing Committee on Standing Rules and Orders, who said that he would be happy to consider this matter. Therefore, I move that it be referred to that committee.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am somewhat concerned because I was not under the impression that Senator Godfrey was speaking to close the debate. I thought he was answering a few questions that had been raised. I hope that his intervention will be considered as answers to questions.

Senator Frith: The point was never put by the Speaker.

Senator Roblin: That is right, and that is why I raise it now, and I think honourable senators will agree to look at it in that way. I say that for reasons of certainty and to pay due attention to the regular course of business here. By that I mean that if we wish it to be referred to committee, we will have to say so. I think that arrangements have been made to propose such an amendment to the motion, and I leave that point of order on the Table.

Hon. Orville H. Phillips: Honourable senators, to follow up on the remarks made by Senator Roblin, I wish to move an amendment to the motion. As I understand the rule, it requires the motion to be withdrawn in order to take it off the order paper. The proposed amendment will then move that the

subject matter be referred to the Standing Committee on Standing Rules and Orders. We, on this side, have no objection to the motion as proposed by Senator Godfrey. I want to reiterate that the proposed amendment is merely a technical one in order to refer the subject matter to committee.

Therefore, honourable senators, in amendment, I move, seconded by the Honourable Senator Macdonald (Cape Breton):

> That the motion be withdrawn and that the subject-matter thereof be referred to the Standing Committee on Standing Rules and Orders.

The Hon. the Acting Speaker: Honourable senators, the reason I did not advise the chamber a while ago that if Senator Godfrey were to speak now it would have the effect of closing the debate was because it was my understanding that another honourable senator was to move a motion. I now read:

> In amendment, it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Macdonald,
>
> That the motion be withdrawn and that the subject-matter thereof be referred to the Standing Committee on Standing Rules and Orders.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I rise on a point of order. I have no basis for quarrelling with this procedure, but I would like it clarified. It seems to me that if we want to refer the subject matter of a motion, then, obviously, this is the right procedure. Do I understand that it is out of order to refer a motion to a committee?

Senator Doody: No.

Senator Frith: Then, why is the motion not being referred to the committee? Perhaps it is out of order to do so, but it is news to me if it is. I am really not trying to cause any problems here but I am curious to know if it is a fact that a motion itself cannot be referred to a committee. Must it be the subject matter? If it can be the motion itself, then when we consider that the debate has taken place on the motion, it would be much better to refer the motion rather than the subject matter of the motion to committee.

Senator Doody: I am simply acting on the best advice that I can get, which is the advice of the learned people at the Table, and they have advised me that this is the correct way to proceed. If there is some difference of opinion or difficulty with that, we can go further into it.

Senator Frith: Perhaps we can leave it. It is an important matter, but it is not urgent that it be dealt with today. Can we ask that the debate on the point of order be adjourned until tomorrow and that the Speaker make a ruling on this question? The question is: Is it in order to refer a motion to a committee, as distinct from the subject matter of a motion? The Speaker could give us a ruling on that tomorrow, and we could proceed accordingly.

Senator Godfrey: It does not matter to me one way or the other, but it seems to make a lot of sense that you should be able to refer the actual motion to committee, and then it can, if necessary, be amended in the committee, but I bow to the experts.

Senator Roblin: The problem with using the wording of the motion is that it commits us to what is expressed in the terms of the motion. That is something that this particular mechanism does not do. I believe that is the reason why the motion is withdrawn and the subject matter referred. Because if the motion itself were adopted and simply referred to the committee, that would be quite a different thing from what is proposed in the amendment. Without presenting myself as an authority on the rules, I would suggest that that is the probable reason. However, we have absolutely no objection to the request of the Deputy Leader of the Opposition. I am sure that His Honour will reserve the matter and we can deal with it at another time.

Senator Frith: Honourable senators, what I am interested in is the point as to whether it can be done. It may well be that we will get a ruling saying that it is quite proper to refer the motion, and yet we will agree to refer the subject matter to committee. I just want the point clarified.

Senator Godfrey: The subject I became interested in a few years ago related to the question as to whether or not you could refer a bill to a committee without having agreed to the principle on second reading. We actually did so and I think we have established that as a precedent. I would not want to put forward the idea that referring a motion to a committee means that you are approving that motion any more than referring a bill to a committee, as we did a few years ago, means that we established a precedent for approving a bill without second reading.

Hon. Jacques Flynn: Honourable senators, perhaps the solution would be that the motion be not now put, but that the subject matter thereof be referred to the Standing Committee on Standing Rules and Orders. That is the way we sometimes do it on second reading or third reading. An honourable senator moves that the bill be not now read but that the subject matter be referred. I assume we could adopt the same course for a motion.

Senator Frith: Let us ask to have that point covered in the ruling.

Honourable senators, I move the adjournment.

• (1540)

The Hon. the Acting Speaker: Are you moving the adjournment of the debate on the motion?

Senator Frith: I am moving the adjournment of the debate on the motion in amendment.

Senator Nurgitz: And whatever else there might be.

Senator Frith: And anything else we may find ought to be adjourned!

On motion of Senator Frith, debate on motion in amendment adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 25, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Dr. Paul David, has been summoned to the Senate.

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated.

Hon. Paul David, of Outremont, Quebec, introduced between Hon. Duff Roblin, P.C., and Hon. Martial Asselin, P.C.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Senators: Hear, hear.

[*English*]

Hon. John M. Godfrey: Honourable senators, there are certain customs which might be described as being traditions of this chamber. I do not agree with some of those, one of which is that of not having welcoming speeches to new senators by the leaders in this house. I do not approve of that tradition and, therefore, I am going to break it.

I wish to welcome Senator David to the Senate. The Prime Minister has made an excellent choice and should be congratulated.

Some Hon. Senators: Hear, hear.

Senator Godfrey: I suspect that on the strength of the appointment of Senators Doyle and David the Prime Minister will now feel free to make 500 or so partisan appointments to various government boards and agencies.

My hope is that Senator David enjoys being a senator as much as I do. Like everything else in this world, the more one puts into something the more one gets out. I should like to give one friendly word of advice. Last year when the Liberal Party was in government Senator Frith, the then Deputy Leader of the Government, referred to me as being a part of the "unofficial opposition." I rose and vigorously denied that and told him that I was one of the most loyal Liberals in the Senate; I was so loyal that I always tried to improve government legislation. I suggest to Senator David that if he takes the same attitude and always tries to improve government legislation, he will be more loyal to the Conservative Party and the government than he would be if he were to rubber-stamp supinely all government legislation.

[*Translation*]

Hon. Jacques Flynn: I cannot let Senator Godfrey's provocation go unanswered. As far as his words of welcome are concerned, I wish he had said them on behalf of all senators, and especially those sitting on this side of the house who support the present government. We are very happy to see our troops reinforced by the distinguished presence of Senator David.

Regarding the advice he received today from Senator Godfrey, I would urge Senator David to be very circumspect. I remember, and no one who was here at the time will ever forget, that when Senator Godfrey arrived in the Senate a few days after he took his seat, he decided to lecture the members of this chamber, telling them their experience did not count and that he knew how the Senate ought to be run. I think that since then he has had reason to regret saying this. In any case, he has very often had occasion to regret what he says. That is why I would say to Senator David: Listen to Senator Godfrey, but think twice about taking his advice.

• (1410)

Hon. Maurice Riel: Honourable senators, as a Quebecer and a member of the same generation as Dr. David, I am very pleased with his appointment and I want to say this publicly and for all to hear. I wish to offer him my congratulations and best wishes on his arrival in the Senate.

Dr. David, your grandfather and your father were mentioned in the press, but you yourself pursued a career in areas unknown to your father and your grandfather.

Your grandfather, L.-O. David, was a well-known journalist in Quebec at the turn of the century. It was no secret that he was a friend of Sir Wilfrid Laurier. He wrote a biography of Sir Wilfrid, and I am the proud owner of a first edition. He also published a book on the patriots of 1837, a book we all read in high school with considerable emotion. The last pages of the book contained the stirring and moving speeches made by those who had been sentenced to death. This group of young people, most of whom came from my part of the province, announced the day before they were hanged, in a kind of farewell speech, that they would never give up their ideals.

Your father Athanas was Secretary of the Province of Quebec, at the time when the Department of the Secretary of the Province of Quebec was the Department of Education. The David Prize remains the most sought-after literary prize in Quebec and is a monument to its founder. I remember your father as a skilful orator.

I remember because I have a good memory, but I lack your father's eloquence. There was also—I am not sure senators from outside Montreal would know—a Mrs. David, the wife of Athanas and the doctor's mother. She worked tirelessly for the arts in Montreal, especially in organizing the Montreal Symphony Orchestra during the black years of the depression. I remember as a schoolboy going to concerts at the "chalet de la montagne". We sat on any folding chairs that were available. That was a very special time. We did not have the elegant concert halls we have or expect to have in Montreal. This was something that had to be done, and I believe it was a glorious chapter in your family's history.

A great deal has been said in praise of your father and grandfather. I think we could also mention your maternal grandfather. If I am not mistaken, he was a Conservative minister in the cabinet of Sir Robert Borden during the First World War. Is that right, Senator Flynn?

Hon. Jacques Flynn: Yes, and I suppose that probably had some effect on the Prime Minister!

Senator Riel: I think the Prime Minister must have laughed when he read my latest speech, because he has managed to appoint people, at least in this particular case, with a reputation for being independent.

In concluding, Doctor David, I may say that although your family had made quite a name for itself in Quebec, you have been successful in your own way.

You were never involved in politics. You were dedicated to your profession, to your art at the Montreal Institute for Cardiology of which you are the founder and guiding spirit. Among our politicians from Quebec, you are probably one of the most famous, on an equal footing with people like Trudeau, Mulroney, Drapeau and even Gilles Vigneault and Jean Béliveau. You are one of the most highly respected Quebecers in Quebec and across Canada.

We are therefore delighted and proud to have you in the Senate. You will find some excellent colleagues, but you yourself are bringing something unique and valuable to the Senate. I am referring to the tremendous prestige you enjoy in Quebec, among Canadians and internationally, a prestige that you have earned on your own merits.

Welcome, Doctor David.

[*English*]

CRIMINAL LAW AMENDMENT BILL, 1985

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-18, to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other Acts and to make other consequential amendments.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next.

CUSTOMS ACT
SPECIAL IMPORT MEASURES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-40, to confirm certain acts or things done on behalf of the Deputy Minister of National Revenue for Customs and Excise and to amend the Customs Act and the Special Import Measures Act.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next.

RESEARCH AND DEVELOPMENT

SUPPORT AND GOVERNMENT POLICY—NOTICE OF INQUIRY

Hon. Lorna Marsden: Honourable senators, I give notice that on Tuesday next, April 30, 1985, I will call the attention of the Senate to the importance of research and development in every province and territory and the need for caution and sensitivity in the realignments of support, and of policy by government, which relates to research and development.

Some Hon. Senators: Hear, hear.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. C. William Doody (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit at three thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1420)

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

Some Hon. Senators: Explain.

Hon. Jack Marshall: Most honourable senators are aware that, through the co-operation of the chairman of the Standing Senate Committee on Social Affairs, Science and Technology, we now have authorized under that committee the Subcommittee on Veterans Affairs. Today at 3.30 p.m. we have as witnesses representatives of the Prisoners of War Association, and the women veterans of that association will be presenting a brief. The reason we would like the meeting to be held at 3.30 is one of timing; the witnesses are driving here.

I would also like to mention that there are 29 members of this chamber who are veterans. I extend an invitation to all of them to come, either while the meeting is in progress or afterwards—it should end by about 4.30 p.m.—to meet some of these veterans and to show them that we recognize their good work over the years.

Motion agreed to.

ADJOURNMENT

Hon. C. William Doody (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g) moved:

> That when the Senate adjourns today, it do stand adjourned until Tueday next, April 30, 1985 at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF LEADER OF THE GOVERNMENT

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I should mention the obvious, that Senator Roblin is unavoidably absent this afternoon—

Hon. Royce Frith (Deputy Leader of the Opposition): How can you tell?

Senator Doody: —because he has been called to a meeting. It was the "unavoidable" part that I wanted to stress and the fact that he is not merely in the next room but is in another building. In his absence I would be pleased to take notice of questions, or perhaps honourable senators might wish to wait until Tuesday. I am at the disposal of the Senate.

EXTERNAL AFFAIRS

PAYMENT OF PARKING TICKETS BY CANADIAN DIPLOMATS ABROAD

Hon. John M. Godfrey: Honourable senators, this morning's *Globe and Mail* contains an interesting article by John Fraser.

Senator Flynn: Not the *Globe and Mail* again!

Senator Godfrey: Yes, the *Globe and Mail*. The article is headed "British plan to impose curbs on diplomatic corps abuses." It says, in part:

> . . . what annoys most Londoners is the parking scandal. As they drive blocks away from their destinations to find parking spaces, the sight of gleaming, high-priced cars with diplomatic licences parked in illegal spots draws instant ire.
>
> The five worst offenders were Nigeria, Egypt, Saudi Arabia, Brazil and Iraq, which together accounted for nearly 25,000 unpaid tickets last year. Canada had 42 unpaid tickets, but Australia, New Zealand, the Grenadines and St. Lucia had none.

My question to the acting leader is: Would he bring this matter to the attention of the Secretary of State for External Affairs and see that in the future any Canadian diplomats who receive parking tickets for illegal parking are told that they should pay those tickets so that we can reach the height of purity of Australia, New Zealand, the Grenadines and St. Lucia in that respect?

Hon. C. William Doody (Acting Leader of the Government): By a happy coincidence, even as I speak, the Leader of the Government in the Senate is attending a meeting at External Affairs. If we could get that message down to him by hand, he might be able to return with the answer for the next sitting. In the unhappy event that that is not possible, I will certainly undertake to get the information to my colleague.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—HON. FLORENCE BIRD

Hon. Dalia Wood: Honourable senators, my question today is for the Acting Leader of the Government in the Senate.

Since the unwarranted dismissal of Florence Bird, I have had a great many people call and ask what the Senate is doing with regard to having Florence Bird reinstated as a member of the Refugee Advisory Council. This dismissal is not only a reflection on this chamber but a reflection on the qualities of an extraordinary woman who, because of her long experience in world affairs as a CBC producer and delegate to international conferences, has accumulated a fund of knowledge on refugee problems—

Senator Asselin: Senator Wood, Senator Marsden has already asked that question.

Senator Wood: I am not concerned about that. I wish to put my question today.

The Minister of Employment and Immigration, Flora MacDonald, said that the government—

> . . . has decided to bring in some new people who would keep up the high standards and would appoint persons who have humanitarian concerns at heart.

Does this mean that Florence Bird could no longer keep up the standard, or that she has become less qualified or less concerned about people?

Therefore, my question to the Acting Leader of the Government today is this: Can we not unite, both sides of this chamber, and recommend, through you, to the Prime Minister that Florence Bird be reinstated in her position?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, that question is very similar to a question asked of the Leader of the Government in the Senate yesterday, and to which he replied. I think he spoke for all of us when he said that the Honourable Florence Bird was, indeed, a distinguished ex-member of this chamber, and he expressed our admiration for her work and ability.

With regard to the preamble to your question, Senator Wood, as to her dismissal being unwarranted, obviously I am not in a position to comment on that. I have no idea what the grounds were. I know that the minister has been quoted as saying that she has tremendous admiration for the work that Senator Bird has done. To say that she was "replaced," I think, would be a kinder word to use than "dismissed." I do not think that a dismissal was ever in the mind of the minister. The word "dismissal" has a certain unpleasant connotation in the circumstances. I appreciate the sentiments of Senator Wood, and I will certainly make what inquiries I can.

SENIOR GOVERNMENT APPOINTMENTS—DR. URSULA FRANKLIN

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate, and today I would be very happy to have my question taken as notice. I think the situation to which my question relates is getting more and more confused. Yesterday I asked a question about Professor Ursula Franklin and her appointment to the AECB. In response to that question, Senator Roblin said:

> The fact appears to be, however, that she never was appointed, but she was advised of the probability, it appears, incorrectly.

I phoned Professor Franklin this morning and she read to me a letter dated 15th April, postmarked April 16th received Monday the 22nd of April 1985 under the signature of what was very clearly the Minister of Energy which was delivered to her home. In this letter, it is said by the minister to Professor Franklin:

> We are delighted to confirm your appointment for two years effective immediately.

Shortly thereafter, Professor Franklin was telephoned by someone from the AECB to arrange meetings and briefings. So, as far as they were concerned, she was now a member of this board. Of course, hitherto, she had not known anything about this appointment except from a comment that had appeared in the Ottawa *Citizen*. This is, therefore, all very confusing.

Today, we read in the *Gazette* that the assistant to the minister, Mr. Hutton, is quoted as saying that Professor Franklin was not aware of her proposed appointment when Mr. Mulroney and his cabinet scuttled the appointment last Friday.

[Senator Wood.]

My questions are: Who was right? Was the minister right? Was there ever an order in council? Were there two orders in council? What exactly happened in the case of Professor Franklin, who has not yet had an opportunity to say whether she would or would not like to serve on that board?

• (1430)

Hon. C. William Doody (Acting Leader of the Government): I can certainly take the question as notice and undertake to obtain information. As the honourable senator presents the situation, it certainly does sound quite confusing.

THE SENATE

JURISDICTION OVER SERVICES

Hon. Hartland de M. Molson: Honourable senators, my question is for the Acting Leader of the Government in the Senate. I have heard—and I do not know whether what I have heard is accurate or not—that the Chief of the Senate Security Service has been ordered to report to the Chief of Security in the House of Commons. I do not understand what that means. I wonder if that is a fact and, if so, if that means the services of the Senate are going to be under the heads of the services in the House of Commons.

I have noticed that the Restaurant of Parliament is being run by the staff of the House of Commons. Is this going to be the pattern in the future? Is the Senate going to be subservient to the other place?

Hon. C. William Doody (Acting Leader of the Government): To answer the last part of the question first, I think I speak for all honourable senators when I say that the Senate has no intention of being subservient to the other place now or at any other time.

Hon. Senators: Hear, hear.

Senator Frith: Doody for leader!

Senator Doody: Where were you in '79?

Senator Frith: You never asked for my support.

Senator Flynn: We supported you often enough.

Senator Doody: With regard to the part of the question respecting the Chief of the Senate Security Service, I have not heard anything of that nature. I shall certainly pass the message on to the Honourable the Speaker. I am sure that in one of his various capacities he will be only too pleased to look into the matter for us.

EMPLOYMENT AND IMMIGRATION

LONG-TERM ILLEGAL MIGRANTS REVIEW COMMITTEE—POSSIBLE INVESTIGATION OF CONDUCT OF CHAIRMAN

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, questions were asked yesterday about the Greenbaum Toronto immigration matter. The answer that was given was that Mr. Greenbaum had resigned, and that has been confirmed by subsequent reports.

My question is: Does the government consider that the end of it? Have the whole exposé and information and sins disclosed now been purged by the resignation of Mr. Greenbaum, or are there other investigations under way?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I note with interest the chronology of the discourse; the announcement was made yesterday by the Leader of the Government and subsequently confirmed by the *Globe and Mail*.

Senator Frith: I did not mention the *Globe and Mail*.

Senator Doody: I just wanted to give the *Globe and Mail* a plug, too, since everyone else does that here once a day.

With respect to the rest of the question, I will have to take it as notice. I have no idea, quite honestly.

Senator Frith: Perhaps at the same time the Acting Leader of the Government will take into account another aspect to this affair, or another dimension to it. I raise this because, in spite of the resignation of Mr. Greenbaum, the minister has said that she had been assured by Mr. Greenbaum that there had been no impropriety in his actions, but that she felt the nature of his position was such that any hint of impropriety or controversy would undermine confidence in the process.

FINANCE

SUGGESTED IMPROPRIETY OF MINISTER

Hon. Royce Frith (Deputy Leader of the Opposition): The government is taking the position with respect to certain statements that have been made regarding the budget and advertising contracts that there was no impropriety. I am thinking particularly of some aspects relating to conflict of interest raised by the Leader of the Opposition yesterday. Since I do not think anyone could say there is no hint of impropriety in those cases—we think there is more than a hint—will the Acting Leader of the Government, when taking up this question, ask whether the principle which was applied in the case of Mr. Greenbaum will be applied equally in the case of the Minister of Finance?

Hon. C. William Doody (Acting Leader of the Government): That is really stretching it.

Senator Flynn: This is not the first time he has done that.

Senator Doody: I have great difficulty in accepting that parallel with as much ease as the honourable the Deputy Leader of the Opposition accepts it. To say that "nobody could say that there was not a hint" is obviously wrong. Somebody has obviously said that there was a hint of impropriety.

In any event, I have difficulty with the question. Perhaps the honourable gentleman will give me an opportunity to read the proceedings before I pursue it. The tie-in between Mr. Greenbaum and the other incident is tenuous, at best.

Senator Frith: Let me spell it out more clearly in case the record of the proceedings is not clear enough to the acting leader. The principle that was applied in the case of Mr. Greenbaum was that, although the government was satisfied, apparently, that there was no impropriety, the possibility of there being any hint of impropriety was such that Mr. Greenbaum ought to resign.

Now, there have certainly been hints of impropriety and conflict of interest with reference to the matters raised in this place regarding the budget and advertising contracts. I am simply asking if that same principle—that which was applied to Mr. Greenbaum—is going to be applied by the government to the Minister of Finance, and if not, why not?

Senator Doody: I am beginning to think that I am glad you were not around in 1979.

Senator Frith: But I was.

Senator Flynn: It did not show.

Senator Frith: You're the last to be able to say that, Senator Flynn.

Senator Doody: In any event, I shall attempt to find out what I can for the honourable gentleman. I do not accept the premise on which he has based his question, but I will certainly attempt to obtain whatever information I can.

CANADIAN PENSION COMMISSION PENSION REVIEW BOARD

VACANCIES

Question No. 6 on the Order Paper—**By Hon. Jack Marshall:**

11th December—Are there any vacancies on the Canadian Pension Commission and the Pension Review Board and if so, (a) when are they expected to be filled, and (b) how long have they been vacant?

Reply by the Minister of Veterans Affairs:

Yes.

(a) These positions have been filled;

(b) Canadian Pension Commission: one vacant since October 24, 1984.

Pension Review Board: one vacant since July 20, 1984.

• (1440)

[*Translation*]

CROWN ASSETS DISPOSAL CORPORATION DISSOLUTION BILL

THIRD READING

Hon. Jacques Flynn moved the third reading of Bill C-43, an Act to dissolve the Crown Assets Disposal Corporation and to amend the Surplus Crown Assets Act and other Acts in consequence thereof.

He said: Yesterday, honourable senators, I promised Senator Graham to answer a question he had directed to me concerning the savings of about $600,000 which seem to have resulted, so far anyway, from the transfer of responsibilities of

the Crown Assets Disposal Corporation to the Department of Supply and Services.

I now have the answer. Producing the financial statement represents savings of $10,000. The reduction in overlapping duties amounts to 16 person-years, or $670,000. The salary of the five members of the board of directors who have been dismissed—public servants are now acting directors and receive no salary in that capacity—is a saving of $6,500. Another $10,000 comes from eliminating the distribution of the financial statement. There is a saving of $2,000 concerning liability insurance coverage for members of the board of directors, I imagine. All that adds up to $698,000. That is the information I have about the $600,000 figure I gave yesterday.

I would like to apologize to the Senate. Yesterday, in answer to Senator Graham's question concerning assets and liabilities of the corporation dissolved by this bill, I quoted figures taken from the *House of Commons Debates*. I said that it was the minister's reply, but I was wrong. It was the speech of Mr. Jim Fulton, the Member for Skeena, in which he quoted the latest annual report of the Crown Assets Disposal Corporation. I should think that the figures were accurate since they came from the annual report, but my mistake was to attribute the comments to the minister rather than to Mr. Fulton. I apologize.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if I am not mistaken, Senator Graham also raised in his speech yesterday a question concerning the employees. If I remember well, Senator Flynn also stated some facts on the same matter in his introductory remarks. Owing to Senator Graham's absence today, I should like to obtain further deails. Was Senator Graham pleased with the reply he was given on the career and situation of employees affected by that change?

Senator Flynn: Yes, he was pleased. Moreover, I spoke to him after the sitting. The information which I provided during the debate yesterday comes this time from the minister's statement. It is clear that only two former employees of the corporation were not happy about their new duties in the Department of Supply and Services. Their case was submitted to arbitration, in accordance with the Public Service procedure which is now under way.

Senator Frith: Was Senator Graham pleased with that explanation?

Senator Flynn: I think that no other explanation could be provided at the moment.

The Hon. the Speaker: Honourable senators, do you support the motion of senator Flynn?

Some Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

NATIONAL SOIL CONSERVATION

MOTION TO URGE GOVERNMENT TO SET ASIDE SPECIAL WEEK CONCURRED IN

On the Order:

[Senator Flynn]

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Molgat:

That the Senate urge the Government to declare a special week for soil conservation in 1985 and every year threafter;

That it be called National Soil Conservation Week;

That it be declared for the week May 12-19 in 1985, in conjunction with the Manitoba Soil Stewardship Week; and

That it be declared at a suitable period in subsequent years.—(*Honourable Senator Corbin*).

• (1450)

Hon. Eymard Corbin: Honourable senators, I am happy to join with Senator Sparrow and other senators who have supported his motion to establish a National Soil Conservation Week. Some senators will know that, during its study, the Committee on Soil Conservation visited my native region of New Brunswick, which is famous for growing potatoes of unequalled quality in Canada.

However, potatoes are grown in extremely delicate soil. We have been aware for many years of the need to find foolproof methods to eliminate or reduce as much as possible the disastrous effects of soil erosion.

The Senate committee mentioned this fact. Senator Sparrow asks now and rightly so, that the public be made aware of the need to act more quickly in order to conserve our soil in Canada, whatever problems might cause its degradation.

In passing, I should say that the previous government under the Right Honourable Pierre Elliott Trudeau and his Minister of Agriculture, the Honourable Eugene Whelan, had recognized the seriousness of soil erosion in the potato producing region of New Brunswick. We had indeed negotiated with the province of New Brunswick a development agreement under which considerable amounts, millions of dollars, had been allocated to help and encourage farmers to use improved methods and the best technology available to eliminate the harmful effects of erosion.

Naturally, this was only a beginning. I do not intend to claim that we had dealt with all the problems at the time. It was a beginning. I sincerely wish that this and future governments, in cooperation with the provincial administrations, will be able to build on what has already been done. At least, such is the wish of the farmers concerned.

The notion of putting aside a week to educate the public about the need to conserve our soil has a mostly symbolic value. In fact, I do not think that it will really change, anything. At the most, it could justify in the eyes of the Canadian taxpayers the allocation of funds by the various government levels wishing to deal seriously with the problem of soil degradation in this country.

The recommendation of the Committee to establish a Soil Conservation Week is No. 17 in a long list of recommendations. I agree with previous speakers that the 16 recommenda-

tions before No. 17 now under consideration are much more important. They require more urgent attention than they have been given so far.

Recommendation No. 1, which urges the federal, provincial and territorial governments to get together and join their efforts in addressing that problem in a more direct way than in the past has not been heeded to date.

Some time ago I rose in this chamber and asked that the item be placed on the agenda for the next first ministers's conference. I think this request just went unnoticed. The conference was held, but no one raised the issue. Almost a year after the committee report was tabled, there is still no agenda before us to indicate the direction in which the government wants to go to tackle that problem of soil degradation.

At any rate, farmers are not going to wait indefinitely for the government to show some leadership. Admittedly there are programs in place in each of the provinces, programs in conjunction with the central administration. But the Senate committee study did lay emphasis on the enormousness of the problem. This is why all levels of government are urged to consult with the main parties involved with a view to launching an emergency program. We must go on repeating this if we are to get the government to finally consider the matter.

It is not enough to ask officials at the various levels of government to discuss the matter. There must be a positive and deliberate will of the governments themselves to alert the bureaucrats, the farming community and Canadians as a whole, and to exercise leadership and deal with this matter once and for all.

The process of erosion started the day the first settler set foot in this country. Certainly native peoples, Indians or Inuits, cannot be blamed for degrading our soil. The first settlers and all the generation that followed brought about the problem of soil degradation. We, the white people, have practically exterminated the Atlantic salmon. That extermination is not due to the native peoples.

It is about time we showed a positive will to tackle that problem, not in any casual way, with a bandaid here and a bandaid there, a few million dollars in one year and then nothing, with the excuse that all the governments have huge deficits.

The motion now before us is somewhat of a symbol. I support it. It certainly is not enough in the eyes of our farmers. If we are to avoid having some day to import food from abroad or from developing nations or from our neighbours down south, it is high time we woke up. Our total development potential has not even reached its cruising speed. While we reclaim new soils, others that have been farmed for a few centuries already are laid fallow.

This is what I had to say, honourable colleagues. I would like to join Senator Sparrow, and also—in a non-partisan way—all other senators (especially Senator Bielish) who are most concerned about this problem. They are calling for a greater effort with respect to soil problems in the prairies, with which I must say I am less familiar. I am very well aware of the soil degradation problems in the maritimes. I can tell you and repeat what others are saying, that this is urgent.

However, I am pleased today to call your attention on the fact that the New Brunswick Agronomists' Institute recognized, no later than 15 days ago, the merits of the Association for Soil and Farming Improvement of the Grand-Sault area, which has been the leader in soil conservation in New Brunswick. The Agronomists' Association has recognized the merit of that farmers' association this year by giving them an award for their meritorious work accomplished in the area of erosion abatement, and therefore soil conservation.

It is the first time that such a group has been given credit in New Brunswick. The committee contacted that group when they travelled to New Brunswick last year.

Honourable senators who were on that trip will be happy to hear that indeed positive, creative things are being done in New Brunswick, the province I am first and foremost concerned with.

I am afraid however that if we are to expect a greater effort still, that group will need the support of the central government, and more significant help from the provincial administration.

I therefore support the concept of an environment week, I am all for it. Let us not forget however the 16 critical and even more serious resolutions that stand before resolution No. 17 in the committee report. Let us go forward, let us promote public awareness. God knows we do not have to promote awareness among farmers who are the most concerned. What they want is sound technical support, because too often in the past they have had to listen to pseudo-experts who have led them into dead-end mazes with sometimes the loss of precious monetary resources. Let us talk about soil conservation, but above all let us act. I thank you, honourable senators.

The Hon. the Speaker: Honourable Senator Sparrow has moved, seconded by Honourable Senator Molgat:

> That the Senate urge the Government to declare a special week for soil conservation in 1985 and every year thereafter;
>
> That it be called National Soil Conservation Week;
>
> That it be declared for the week May 12-19 in 1985, in conjunction with the Manitoba Soil Stewardship Week; and
>
> That it be declared at a suitable period in subsequent years.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, do I understand that Senator Sparrow does not wish to close the debate on the matter? Do we have information to that effect?

The Hon. the Speaker: Senator Sparrow has not indicated that he wanted to speak on the matter.

Senator Frith: We have had no indication to that effect.

The Hon. the Speaker: Yes, that is correct.

• (1500)

[*English*]

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, the indication I received from Senator Sparrow, when he introduced the resolution, was that he was anxious that the debate be concluded as quickly as possible. He was hoping to catch up with the time frame set by the minister for the specification of the date suggested in the motion. I suspect that the sooner the debate is completed, the happier he will be.

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

Hon. Senators: Agreed.

Motion agreed to.

THE SENATE

MOTION TO AUTHORIZE COMMITTEES TO INVITE PROVINCIAL REPRESENTATIONS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Hicks:

That whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the committee as to whether or not they wish to make written and/or verbal representations to the committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

And on the motion in amendment thereto of the Honourable Senator Phillips, seconded by the Honourable Senator Macdonald (*Cape Breton*), that the motion be withdrawn and that the subject-matter thereof be referred to the Standing Committee on Standing Rules and Orders.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this motion has been stood to await a ruling from His Honour the Speaker on a point of order.

The Hon. the Speaker: Honourable senators, I wish to inform you that the ruling requested by Senator Frith on Senator Phillips' motion in amendment will be given on Tuesday next.

RECEPTION FOR NEW SENATOR

The Hon. the Speaker: In accordance with tradition, honourable senators are invited to my quarters to toast our new senator, Senator David.

The Senate adjourned until Tuesday next, April 30, 1985, at 2 p.m.

THE SENATE

Tuesday, April 30, 1985

The Senate met at 2 p.m., the Honourable Rhéal Bélisle, the Acting Speaker, in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—REPLACEMENT OF FEMALE APPOINTEES

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. Last week I raised a number of questions concerning the dismissal—I think that is the correct word—of Betty Hewes from the chair of CN and that of the Honourable Florence Bird from the Refugee Advisory Council and the cancellation of the appointment of Professor Ursula Franklin. If the leader has delayed answers to those questions, could we have them now?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think my colleague, Senator Doody, took those questions as notice last Thursday, and when the reply is available I will be glad to produce it.

Senator Marsden: Last week the government leader said that he shared our concern about the circumstances under which the Honourable Florence Bird's appointment was not renewed. I wonder if over the weekend he had an opportunity to talk to her and clarify that situation.

Senator Roblin: I am not sure that I did exactly what my honourable friend has said I did. I certainly made known my high opinion of Senator Florence Bird, but I doubt that I said anything about the other aspects surrounding the point that my honourable friend raised, simply because I do not know them. When I do know them, I will be glad to report further.

Senator Marsden: May I ask him, then, what steps he will take to discover these circumstances; that is, could he please tell us whether he is planning to talk to Senator Bird or whether he is planning to take some other approach?

Senator Roblin: My honourable friend will have all the information I am able to provide when the reply to the question is made available.

ECONOMIC SUMMIT

BONN, WEST GERMANY—UNITED STATES INTEREST RATE POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wonder whether the Leader of the Government can tell us what position the Prime Minister and his ministers will be taking at the Economic Summit, particularly with respect to the interest rate policy followed by the United States.

Hon. Duff Roblin (Leader of the Government): I do not think I would like to scoop my leader by sharing with my honourable friend any information I have about what form his activities will take at the summit. He has made certain statements himself about some of the matters which he expects to raise at the summit, and I really have nothing further to add to those. I expect that when he returns to Canada, or perhaps as the meetings progress, we will have further information.

Senator MacEachen: Can the Leader of the Government tell us whether the Prime Minister will be making any criticisms of the interest rate policy being pursued by the United States?

It is stated publicly that European governments will be asking the President of the United States to take steps to reduce interest rates. That has been the position taken at previous summits. In those summits, the Canadian government, along with the European governments, took precisely the same view, that being that the interest rate policy of the United States was misguided. Now it is stated publicly that Canada will line up totally with the United States.

Can the Leader of the Government set our minds at ease on this point and tell us that the Prime Minister will indeed be urging the United States to moderate its high interest rate policy?

Senator Roblin: I am sure that a recurring theme at this summit will be the desire of everybody—and I imagine that that includes the President of the United States as well—to see some improvement in the situation respecting interest rates. We all want to see interest rates lowered; but I think we have to take into account that one of the factors—perhaps not the only one—that bears on this situation is not only the economic strength within the United States itself but the budgetary situation. It would seem a little difficult for the Prime Minister of Canada, who is now faced with a budget deficit proportionally larger than the budget deficit of the United States, to tell them how to handle their deficit, which is part of the problem with interest rates.

So, I think that you may expect that the Government of Canada will align its policy closely with that of the United

States, insofar as it suits the interests of Canada to do so, but no further than that.

Senator MacEachen: I take it, then, that the Prime Minister will indeed be condemning the high interest rate policy of the United States, because such a policy is certainly not in the interests of Canada.

I must say, I disagree with the Leader of the Government when he states that because we have a high deficit, we ought to be mute with respect to the budgetary position of the United States government. The fact of the matter is, the size of the Canadian deficit does not impinge upon other countries of the world, whereas the size of the American deficit, along with the resultant high interest rates, has a profound effect on the economies of other countries, including Canada.

The reason I thought the Prime Minister would be vigorous in his appeal to the United States to reduce its interest rates is that the Prime Minister said that he intended to be the spokesman for the poor nations of the world at the summit, and of course we all know that the heaviest burden that the poor countries carry is the debt burden, which is in large measure caused by the very high American interest rates.

Will the Prime Minister be appealing to the President of the United States, if he is speaking for the poor countries, to take some additional measures to ease the debt burden? Or indeed, does the Canadian government have measures that it will be proposing to assist the poor countries in meeting their very heavy debt burden?

Senator Roblin: I agree with a good deal of what my honourable friend has said about the problems that face the world on account of high interest rates. I do not think for one minute that the Prime Minister of this country is himself happy about the fact that that is so. But my honourable friend is really asking me to second guess what the Prime Minister may say, or, failing that, to tell him in advance what the Prime Minister is going to say, and those are things that I cannot do. If my honourable friend will wait for a little while, the full position of the Government of Canada, as expressed by the Prime Minister, will be revealed for his examination, and for the examination of others.

• (1410)

Senator MacEachen: Just on that point, which has not been held secret by the Prime Minister, namely, that he intended to speak to the summit on behalf of the poor countries, in view of the fact that the government in its economic statement last fall reduced substantially its support for the poor countries, does this new view taken by the Prime Minister mean that we can expect the restoration of the aid that was cut by Mr. Wilson in the economic statement?

Senator Roblin: If the honourable senator takes note of the total amount of aid being provided by the Canadian government to Third World countries, he will find that it has not been reduced, but that it has, in fact, been increased substantially, mainly on account of the famine in Ethiopia but also for other reasons. I believe my honourable friend will find that the Canadian government will discharge its undoubted obligations to the Third World countries in a manner acceptable to the public.

Senator MacEachen: Honourable senators, I disagree with the Leader of the Government. If he looks back to the statement made by Mr. Wilson, he will realize that in that statement the amount of aid to the poorer countries of the world was cut by about $1 billion, with effect from the time of the statement to 1990, because the target figure of reaching .7 per cent of the GNP was extended, and the new target set for 1990 reduced the amount of aid in that period by, in my estimation, approximately $1 billion. I was very unhappy about that, and I wondered, in view of the statement made by the Prime Minister that he was to speak at the summit for the poorer countries, whether he would put his own house in order and restore that lost aid.

Senator Roblin: If my honourable friend will cast his mind back a few years, he will find that the setting of goals for the achievement of targets in connection with aid to Third World countries has been subject to variation over time. He will recall that in his own administration a similar rescheduling of this obligation was proposed and carried out. Therefore, it should come as no surprise if he finds that we vary it from time to time.

Senator MacEachen: It did come as a surprise, because the Secretary of State for External Affairs, just a few weeks before Mr. Wilson's announcement, told the United Nations that the target set by Canada would be honoured. Therefore, I was surprised that Mr. Wilson should have dishonoured it, but I was somewhat heartened by the Prime Minister's new-found interest in the Third World, which led me to believe that he might be ready to reverse Mr. Wilson in this case. But the Leader of the Government tells me that is not the case.

Senator Roblin: I tell my honourable friend that he will have to wait until the Prime Minister has made his statement about Third World countries to know what the facts are.

CANADIAN NATIONAL RAILWAYS

BOARD OF DIRECTORS—REPLACEMENT OF MEMBERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a series of questions for the Leader of the Government. I am seeking information concerning the CN board. My first question is: Has the government asked for the resignation of all or some of the members of that board? If so, can he tell us why such resignations have been asked for, in view of the fact that those appointments are term appointments? Have the resignations been forthcoming, or are negotiations proceeding with reference to those resignations? Also, have any Canadian persons who are eligible been advised that they will be appointed to replace that board if the resignations are forthcoming?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am afraid that what my honourable friend reports to me comes as speculation. I have no information on the matter whatsoever. If there has been any newspaper specula-

tion on it—and if there has been, then I must admit that I have missed it—I know of no facts at the present time that would support it. However, I will make some inquiries to see if there is anything that I can tell my honourable friend.

Senator Frith: I was not meaning to inform. I was asking for the information. As I understand it, the Leader of the Government will try to get that information for us.

Senator Roblin: Yes. To the extent that I am able to do so, I will report.

SCIENCE AND TECHNOLOGY

CANADA-ALBERTA MEMORANDUM OF UNDERSTANDING

Hon. H. A. Olson: Honourable senators, a few days ago I asked the Leader of the Government if he could provide us with a copy of the Canada-Alberta memorandum of agreement on technology, and he undertook to do so. He undertook to do so and to give an expanded explanation of what activities could be expected as a result of this memo. I think we have received the actual wording of the agreement but an expansion of what it will lead to did not accompany the agreement. Since there are a number of people from Alberta who are asking me what the response to my question was, I wonder whether the Leader of the Government would give an undertaking, now, that a response will be provided reasonably soon.

Hon. Duff Roblin (Leader of the Government): I must say that my honourable friend is one up on me if he has a copy of the document because I do not have one. However, I intend to answer the question, as was my undertaking.

Senator Olson: Could the government leader give us some indication of when we will get the reply?

Senator Roblin: I think the customary answer is "with all convenient speed."

Senator Frith: I think we used to say "due speed".

FOREIGN AFFAIRS

VISIT OF PRESIDENT REAGAN TO CEMETERY AT BITBURG, WEST GERMANY—PRIME MINISTER'S VIEWS

Hon. Joyce Fairbairn: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. Could he tell us whether or not the Prime Minister communicated to the President of the United States his views concerning the proposed visit to the military cemetery at Bitburg, West Germany, inasmuch as the Prime Minister told journalists in London yesterday that in his view the President's decision was clearly unwise?

Hon. Duff Roblin (Leader of the Government): I am not sure that my honourable friend has reported the full context of the statement made by the Prime Minister. I think he made some reference to the fact that sometimes hindsight is a little more precise than foresight in dealing with these questions. On the question of whether or not the Prime Minister has made any statement to the President of the United States in respect to the matter, I cannot undertake to provide an answer because it would be a matter of confidence insofar as the Prime Minister is concerned.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I disagree with the stand taken by the Leader of the Government, that he cannot answer the question because it involves the element of confidence. Surely, in the case of the transmission of a message from one head of government to another, such a message should be made available to the Parliament of Canada.

Senator Roblin: Perhaps you are right.

Senator MacEachen: I shall not debate the matter but I shall ask the Leader of the Government to consider it.

Senator Roblin: In response to my honourable friend's comment, he may be right because he has had considerable experience in the transmission of messages between heads of state. Although I decline to answer the question, I do not decline to investigate it because it may be that the situation is more fluid than I think.

DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

POSSIBLE NEGOTIATION OF SALE—GOVERNMENT POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Would the Leader of the Government inform us whether or not the government is negotiating for the sale of de Havilland Aircraft to any other interests, particularly to a foreign interest? If the government is contemplating a sale to a foreign interest, could the leader tell us whether the government has developed any criteria which would establish for Canada a net benefit arising from any such sale?

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is true that a number of crown corporations have been publicly advertised as being for sale. However, I do not know of any information that I can disclose at the moment as to the state of such negotiations or the terms and conditions under which they are being considered. I think the disclosure of such information would have to await the outcome of continuing negotiations and until such time as some decision has been reached.

Senator MacEachen: Honourable senators, I was wondering whether in the case of de Havilland there were active negotiations and whether the government is clearly of the view that it wishes to dispose of this corporation.

Senator Roblin: The latest statement of the government of which I am aware is that it wishes to dispose of the crown corporation. It may be that negotiations in this respect are in progress but at the moment they are not matters on which I feel I can undertake to give an answer.

Senator MacEachen: Would the minister consider letting us know at some future time whether the government has established any criteria that would come into play if the sale of de Havilland to a foreign interest were contemplated? For example, there is some concept, I believe, of benefit to Canada or

"net benefit" in the Investment Canada Bill, and I wonder whether a similar standard applies or is under consideration in the case of the disposition of a crown corporation to a foreign interest.

● (1420)

Senator Roblin: I will undertake to consult my colleague, the minister in charge of that particular matter, and to find out from him whether he is able to oblige my honourable friend with that information.

EDUCATION

POST SECONDARY—AVAILABILITY OF REPORT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have several delayed answers and, if no one objects, I propose that they be taken as read.

The first answer is to a question raised in the Senate by the Honourable Senator Stewart on February 18, 1985 regarding the availability of a report on post-secondary education.

(*The answer follows:*)

The report prepared by Mr. Al Johnson on the financing of higher education and research was tabled in the House on March 14 and all senators received copies at that time.

To respond to the second part of Senator Stewart's question, the Secretary of State is actively consulting with provincial ministers and representatives of the post-secondary sector.

The Secretary of State has met twice already with the full Council of Ministers of Education, Canada, and plans further meetings in coming weeks. The major item on the agenda of these discussions is the arrangements under which the federal government transfers resources to the provinces for support of colleges and universities. This pace of consultation on education support matters is unprecedented and is certainly in line with both the government's commitment to consultation on major policy issues and with the spirit of those portions of the legislation that call for regular consultations on "the relationship between the programs and activities of the governments of Canada and the provinces that relate to post-secondary education."

REGIONAL INDUSTRIAL EXPANSION

ATLANTIC PROVINCES—GOVERNMENT ASSISTANCE TO INDUSTRY

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question from the Honourable Senator Corbin regarding regional industrial expansion in the Altantic provinces and government assistance to industry.

(*The answer follows:*)

With respect to the statement that "government is backing out of a commitment made by the previous government to help the Domtar Company in modernizing its establishment in Windsor, Quebec", it is my understanding that no such commitment was made.

An agreement was reached with Repap and providing the terms of the agreement are met the government will honour its obligations.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—ABSENCE OF GOVERNOR GENERAL

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator MacEachen on March 19, 1985, regarding the Summit Meeting in Quebec City and the absence of the Governor General.

(*The answer follows:*)

The Governor General was consulted throughout by the Prime Minister and she very kindly offered the use of the Citadel for a signing ceremony during what was a working visit, not a state visit. Her staff, headed by Mr. Butler, were in attendance.

SUMMIT MEETING IN QUEBEC CITY—DECLARATION ON INTERNATIONAL SECURITY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator MacEachen regarding the Summit Meeting in Quebec City and the declaration on international security.

(*The answer follows:*)

The declaration contains no new concepts or commitments. It is intended to reinvigorate the defence and security partnership between the two countries, including with respect to the Defence Development and Production Sharing Arrangements, and to reaffirm the commitment on both sides to consult closely on security and arms control issues.

The agreement on modernization of North American air defences and on the North Warning System contains no new obligations, and reaffirms the long-standing joint relationship underpinning NORAD. The only new "commitment" relates to increased sovereignty for Canada in that we will pay a substantial portion of the cost for, and will manage and operate, those parts of the North Warning System located on Canadian territory.

Canada continues to consult closely with the United States, and with other allies, on the Geneva arms control negotiations, in view of the importance of these negotiations to all of us. Recognizing that the recently resumed negotiations represent a new departure from the time when the INF and START negotiations were broken off by the Soviet Union, we are, as a result, consulting extensively with the United States, both bilaterally and in NATO forums, permitting us clearly to make known Canadian views and positions.

The need for close consultation on security and arms control matters has been endorsed, not only in the Quebec Declaration, but also in the December 1984 communiqué from the NATO foreign ministers' meeting, and in the March 1985 communiqué from the Nuclear Planning Group (NATO defence ministers) ministerial meeting.

NATIONAL HOUSING PROGRAM

EFFECT OF CUTBACKS ON NATIVE POPULATION

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on March 21, 1985 by the Honourable Senator Marchand regarding the effect of cutbacks in the National Housing Program on the native population.

(*The answer follows:*)

At present, the overall allocation for 1985 to rural and native housing is under review and no final decision has been taken. However, 1,240 units have been provided for on-reserve housing through Canada Mortgage and Housing Corporation and 1,000 units are available under the urban native program, which provides assistance to low-income natives in urban areas. There has been no reduction in these two programs for 1985.

Under the rural and native program, assistance is provided to homeowners and tenants of native and non-native origin in rural areas off reserve. In this respect, the previous government introduced a new program which called for unilateral action by the federal government. On the other hand, we are seeking open and strong cooperation with provinces to address housing concerns, including those in rural areas. Most provinces have indicated a strong desire to continue with complementary funding and delivery in some form. Through federal-provincial cooperation, we are confident that a significant number of units will be made available under the program this year.

In his consultation process, the minister is also addressing the concerns of improved targetting and program efficiency, including support for natives. The process involves discussions with provinces and a wide range of housing interest groups, including native groups. The minister is confident this will provide useful input to efforts by this government to improve targetting of resources to those in need, and to do more with the funds available.

THE ECONOMY

NATIONAL CONFERENCE

Hon. Duff Roblin (Leader of the Government): Honourable senators, the next delayed answer I have is to a question raised in the Senate on March 26, 1985 by the Honourable Senator Sinclair with respect to the National Conference on the Economy.

(*The answer follows:*)

136 people accepted invitations to attend the National Economic Conference held on March 22 and 23, 1985. Four of those were unable to be present. In the period leading up to the conference, approximately 19 persons were unable or declined to accept invitations.

The government offered to pay the expenses (within Treasury Board guidelines) incurred by participants, as well as those incurred by the 36 observers who wrote issue papers for the conference or chaired the workshops at the conference. Each of these persons is free to submit a claim or not. As of April 17, 70 persons had submitted claims.

FOREIGN AFFAIRS

SHOOTING DOWN OF SOUTH KOREAN AIRCRAFT—SOVIET COMPENSATION FOR NEXT-OF-KIN OF CANADIAN VICTIMS

Hon. Duff Roblin (Leader of the Government): The next delayed answer is to a question raised in the Senate on April 2, 1985 by the Honourable Allan J. MacEachen regarding compensation from the Soviet Union for next-of-kin of Canadian victims in the shooting down of the South Korean aircraft.

(*The answer follows:*)

During the visit to the Soviet Union, the Secretary of State for External Affairs raised the question of KAL in a forceful and direct manner with Mr. Gromyko.

Mr. Gromyko, for his part, declined to discuss the issue.

In response, the Secretary of State for External Affairs stressed that Canadian lives were lost as a result of Soviet use of force, and that Canada would continue to raise this issue until it was resolved.

Hon. Royce Frith (Deputy Leader of the Opposition): Since some of the answers relate to events that have taken place long since, I am wondering if the answers are also not a little dated.

Senator Roblin: I would say that is the case with most delayed answers to questions.

CUSTOMS ACT
SPECIAL IMPORT MEASURES ACT

BILL TO AMEND—SECOND READING

Leave having been given to proceed to Order No. 2:

Hon. R. James Balfour moved the second reading of Bill C-40, to confirm certain acts or things done on behalf of the Deputy Minister of National Revenue for Customs and Excise and to amend the Customs Act and the Special Import Measures Act.

He said: Honourable senators, this bill has an important bearing on the capacity of the Department of National Revenue to carry out effectively its responsibilities in respect of the Customs Act, and to facilitate the efficient operation of the Department of National Revenue on behalf of the government and those members of the public which the department serves, particularly Canadian importers.

Essentially, Bill C-40 deals with the authority of persons authorized by the Deputy Minister of National Revenue for Customs and Excise to exercise or perform any of his powers, duties or functions under the Customs Act and the Special Import Measures Act.

Specifically, subsection 46(4) of the Customs Act authorizes the deputy minister to redetermine the tariff classification or to re-appraise the value for duty of goods imported into Canada. This is an important function of the department, both to ensure that legitimate duties due to Canada are collected, and to ensure that importers are fairly dealt with.

The present Customs Act does not specifically authorize other persons to perform the functions of the deputy minister to make decisions under subsection 46(4). In practice, however, as the volume of such decisions has grown, the deputy minister has directed the appropriate assistant deputy minister, and officials working under his supervision, to make such decisions in his name. With the current volume of cases—an estimated 5,700 in the fiscal year just ended—it would be utterly impossible to do otherwise.

However, a serious difficulty has arisen as a result of a decision handed down by the Federal Court of Appeal on February 22.

In the fall of 1984, the Tariff Board, which hears appeals against decisions made under subsection 46(4) of the Customs Act, questioned whether it could legally hear appeals when the decisions appealed from were not made personally by the deputy minister. The board referred the matter to the Federal Court of Appeal which, in its February 22 judgment, agreed that the board lacked such jurisdiction, and further that the Deputy Minister of National Revenue for Customs and Excise had no legal right to delegate his authority.

The department, of course, respects the court's decision and currently, aside from some cases of critical importance which are being made personally by the deputy minister, no action is being taken under the section. As a consequence, cases requiring decision are piling up. It is unfair to Canadian taxpayers and unsatisfactory to Canadian importers to allow this state of affairs to continue.

I might point out, honourable senators, that the situation created by the court's decision points up clearly the need for a completely revised and modernized Customs Act geared to the realities of business conditions as they now exist. The present act is more than 100 years old, and while it has been amended many times, it is simply not geared, in many of its provisions, to the volume and complexity of administering customs matters today.

The Minister of National Revenue has announced in the other place that he will bring forward a new bill which in turn will become a totally revamped and modernized Customs Act and which will deal with many of the archaic and outdated provisions of the current act, including the one before us today. In the meantime, however, speedy passage of Bill C-40 will restore the capability of the department to administer its responsibilities effectively.

[Senator Balfour]

Honourable senators, the recent ruling of the Federal Court of Appeal also has implications for decisions made under the former Anti-dumping Act. Although this act was repealed in December, 1984 and replaced by the Special Import Measures Act, many of the deputy minister's functions and duties under the former act, including making decisions appealable to the Tariff Board, were carried out on his behalf by other officials. By implication, the Federal Court's judgment also invalidates such decisions made under the Anti-dumping Act. It is important that we now validate the functions and duties performed by subordinate officers in the past or to be performed in the future under the terms of this act as well.

I should point out that the Special Import Measures Act, which is now the instrument for dealing with anti-dumping matters, is also being amended to clarify the authority of persons authorized by the deputy minister to exercise or perform his powers, duties and functions. Essentially, the bill accomplishes the following: It recognizes that the Deputy Minister of National Revenue for Customs and Excise may authorize other persons to exercise or perform any of his powers, duties or functions under the Customs Act and the Special Import Measures Act; it validates acts done in the past by persons purporting to act on behalf of the deputy minister in exercising his powers or performing his functions or duties under the Special Import Measures Act and the Customs Act; it validates acts done in the past and in the future by persons authorized by the deputy minister to exercise his powers or perform his duties or functions under the Anti-dumping Act.

Honourable senators, the job of ruling effectively and fairly on the thousands of complex tariff cases that come before the department each year requires many highly trained specialists supporting the deputy minister. The provisions authorizing persons to carry out the deputy minister's powers, duties and functions will be dealt with clearly in the new Customs Act when it comes before the Senate. In the meantime, in the interests of getting on with the job, I ask the support of honourable senators in giving speedy passage to this legislation.

Hon. John M. Godfrey: Honourable senators, this bill, resulting from the decision of the Federal Court, points out the conditions which exist more in the regulatory field than in the field of acts, and that is the question of the legality of subdelegation. It is quite clear that something has to be done to legalize subdelegation in the matters dealt with in this bill. This bill went through second and third reading last Wednesday in the House of Commons on account of the urgency of its passage, but when I look at the date on which the decision of the court came down, which was February 22, and the date first reading was given to this bill, which was April 17, I am not impressed with the speed and urgency with which the government proceeded before introducing the bill in the other place.

• (1430)

I recall that I used to give a talk to students when they arrived in our law firm and I entitled it "Sense of Urgency," and I must say that the government has not shown any sense of

urgency since the decision of the Federal Court. However, this bill should receive the approval of this chamber and I do not see any necessity for it to be referred to committee. When I read the bill I also read the speech of the Honourable Perrin Beatty in the House of Commons in which he said:

> . . . it validates acts done in the past and in the future by people authorized by the Deputy Minister to exercise his powers or perform his duties or functions under the Anti-dumping Act.

I looked at the bill itself and I could not see any reference whatsoever in clause 1 or clause 2 to any questions of validating acts authorized by the deputy minister. Clause 1 of the bill reads:

> Every act or thing done before the coming into force of this Act by a person purporting to act on behalf of the Deputy Minister . . . in the exercise of a power . . . shall be deemed for all purposes to have been done by the Deputy Minister at the time it was done by that person.

It seemed to me in reading that that anybody could come along and say that he was purporting to act on behalf of the deputy minister whether or not the deputy minister actually had authorized him. Therefore, it occurred to me that that clause should have included the words "authorized by and" before " purporting to act on behalf of the Deputy Minister."

I spoke to the official in the department who is in charge of the bill, and he pointed out that the word "authorized" in the dictionary means "give authority to" and the fact that the court has decided that the deputy minister cannot authorize, because he cannot "give authority to" anyone else, does create a drafting problem, and that my suggested amendment would not be technically correct. I agreed.

While I am not entirely happy with the way those two clauses are drafted, I could not come up with anything better myself, so that I cannot object to them. Therefore, I support this bill and, as I said before, I do not think it needs to be referred to committee.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before Senator Balfour closes the debate on second reading of this bill, I have a question. If I understood the judgment of the Federal Court of Appeal, it decided that the delegated authority did not exist because of a general principle of law dealing with delegation of authority. Before we move to third reading, I wonder if Senator Balfour would ask if the Department of Justice is concerned about this same principle applying in other statutes, because there are other statutes where the deputy minister is given authority to do something and where he, in turn, has perhaps delegated, as he did here. That did not occur to me until I heard the lucid speech given by Senator Balfour in explaining the necessity for this bill. It seems to me that if the principle that was used is as wide-ranging as I suspect it is, then it might apply to some other departments and is something that the Department of Justice should look at. Perhaps he could give us that information when he moves third reading.

Senator Balfour: Honourable senators, I would be happy to direct that inquiry to the Department of Justice. I assume that that is a matter of some concern and I will make further inquiries and report to the Senate on third reading.

Motion agreed to and bill read the second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

CRIMINAL LAW AMENDMENT BILL, 1985

SECOND READING—DEBATE ADJOURNED

Hon. Martial Asselin moved the second reading of Bill C-18, to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other Acts and to make other consequential amendments.

He said: Honourable senators, some of you may be surprised to see the Speaker *pro tempore* sponsoring a Bill, since Speakers usually refrain from taking part in debate, and when they do, they do so very discreetly. However, since our rules allow the Speaker of the Senate to take part in debate, the Speaker of the Senate *pro tempore* certainly has a right to do so.

You will understand that our splendid isolation in the Chair coupled with our experience of parliamentary debate, makes it extremely difficult for us to remain silent in the heat of debate. While practising this serene impartiality, I have noticed since the beginning of the session that I liked the style of some senators far better when they were in the Opposition. Senator Flynn, for instance, was far more aggressive in the Opposition than he is now on the government side.

On the other hand, I think Senator Frith's style has become quite admirable since he took his seat on the opposition side. I think this style fits him like a glove. Of course, it is much easier to judge style from the Speaker's chair than when we are involved in the debate itself.

I agreed to sponsor Bill C-18 because I remembered the time when, as a young lawyer, I practised criminal law for several years. I did so because criminal law usually concerns the freedom of the individual. It is a law made by man which has some extremely important consequences for the individual involved in the lengthy judicial process.

My last appearance before a jury dates back to 1970 when I was defence counsel for a young man accused of murder. Thank God I was fortunate enough to have him acquitted and today I am proud to see him doing fine in life, raising a family as an outstanding citizen.

That is the kind of reward defence counsel enjoy now and again when they defend the rights of individuals who have to answer for their crimes.

Today, honourable senators, we are considering Bill C-18 which was first introduced under the previous administration. As you may recall, former ministers of justice in the preceding government had proposed this omnibus bill to amend certain Criminal Code provisions to make them consistent with those of the new Charter of Rights. You will note in Bill C-18 a good many provisions which the legislator sought to amend to bring them in line with the provisions of the Canadian Charter of Rights.

It is a huge bill, an important legislative "brique" as we say in French. This being the second reading stage, I have no intention of going into minute details, for I must explain the principles of the new legislative provisions. Just the same, I would be remiss if I failed to mention the main points of this measure, just so you will have some idea of the amendments proposed by the legislator in Bill C-18.

The main purpose of the amendments is to improve the administration of justice. Some provisions are aimed at speeding up the mechanism of justice. We all know that the justiciable have long been complaining loudly about slow criminal proceedings, huge numbers of cases pending, judgments giving rise to sharp criticisms from the public, the bench and the legal professions as a whole. It is intended to correct those delays by first holding pre-hearing conferences. Those who are in law practice know that in Quebec we already have had pre-hearing conferences for a number of years. The judge asks counsel for the prosecution and the defendant to appear before him and discuss matters on which they can agree, in order to solve such matters before the hearing can open. This speeds up the judicial process and is more satisfactory to those who appear before the courts.

All matters that may promote fast and fair proceedings are examined. Preliminary matters will now be settled. You know that often in criminal law practice, a jury is asked to pass judgment on the accused.

Oftentimes, during the proceedings, points of law are debated. Those points introduce tremendous delays. In the future, instead of calling the jury immediately, swearing them in and having them sit and listen to lawyers debating points of law, such points will be settled between counsel for both sides and the judge before the jury is sworn in. This in my view, will be a significant improvement in the process of trial by jury.

There are also provisions dealing with people released on bail. These new provisions amend the bail procedure and avoid useless proceedings. The bill would allow a superior court judge to release an accused on bail with respect to the charges laid against him. An accused often appears before the court on a series of charges. He must appear before the court in the district where the offences were committed. Afterwards, he is brought before another court to appear on a charge for an offence committed in that other court's district. This bill will allow a judge to hear all the charges against an accused so as to rule on his release on bail.

• (1440)

With regard to the review of an order for release on bail, the judges will be granted greater powers in order to expedite proceedings. Thus, the judges reviewing the order for release on bail under Section 459 will have more discretion in setting the conditions pertaining to these orders. A greater number of accused could therefore be released. Under the present legislation, the judges had to choose from a list of conditions they could impose on the accused applying for a release on bail, which entails a risk. The judge will now have a wider assortment of conditions to choose from.

Evidence obtained by wiretaps will be admitted verbally and unofficially at the hearing of the application for release on bail. As you are aware, under Section 459 of the Code, application for the release of a person in custody cannot be made on the principle of *habeas corpus*. It is proposed to repeal this section because it goes against the Canadian Charter of Rights and Freedoms.

Another provision deals with the powers of judges and justices regarding the administration of justice. A judge will be able to preside at a preliminary hearing already started by another judge. We all know that, under our Criminal Code, when an accused is brought before a judge, this particular judge must hear the case. If the proceedings start before that judge, another judge cannot take over. If that judge takes sick or dies during the proceedings, the whole case must be retried. The bill will allow another judge, with the help of the transcript of evidence, to take over if the first judge takes sick or is incapacitated.

Appeal procedures will also be simplified. Some of the amendments proposed would allow one judge of the appeal court to hear applications for appeal and applications for review of orders for release on bail made by superior court judges. At the present time, the court sits with three judges in such matters. To speed up the proceedings before the appeal court, a single judge will be able to hear appeals to the appeals jurisdiction.

Let us now consider indictments. Under the law as it exists now, when an accused is discharged following a preliminary inquiry, the prosecutor can either refer the matter directly to the court or lay new charges. In the first case, the prosecutor must seek the consent of the Attorney General or the judge who has to deal with the accused. In nearly all provinces, we know that the practice is to seek the mandatory consent of the Attorney General. The fact that a judge can authorize such an action could create an apparent conflict of interest, since the judge is, under these circumstances, carrying out duties associated with the executive rather than the judiciary. Yet, the bill before us will reserve either to the Attorney General or his substitute the power to authorize the prosecutor to refer directly the matter to the court.

Concerning the protection of individual rights, we know that police officers have the right to seize documents. In this respect, there is the question of privileged communication between a lawyer and his client. As far as the seizure of documents is concerned, proper rules should be clearly estab-

lished to protect both the interests of law enforcement people and those of the people needing legal counselling. Such rules are particularly evident whenever documents are likely to be covered by the provisions governing privileged communications between a lawyer and his client. We know that this topic has been much debated before our courts. The proposed amendments would establish procedures which would guarantee the respect of these privileges.

From now on, whenever the issue of professional secrecy is raised, the police officers involved in the seizure of documents will have to put these documents in an envelope, properly sealed and clearly identified, and entrust it to the custody of a sheriff.

Following a request to that effect, the envelope would be turned over to a judge of the Superior Court, a criminal jurisdiction, who would determine whether the enclosed documents are in fact privileged communications between a lawyer and his client. If he should decide in the affirmative, the sealed envelope with the documents would be returned to the lawyer or his client. I think this very important provision would protect the steady communications which a lawyer has with his client and which take the form of documents kept in the lawyer's office.

Another provision will forbid the publication of certain information concerning searches. Some searches may be in vain. However, revealing that a police officer has carried out a search may cause irreparable prejudice to the reputation of an individual or a corporation. In order to protect the innocent, it is proposed to forbid the media to reveal either the identity of a person whose premises have been searched or the location of these premises, unless charges have been laid, the accused is facing the courts, or the person involved agrees to the publication of such information. The proposed measures would in no way restrict the public's right to see the charge submitted to the court, with a view to obtaining a copy of the search warrant.

Another provision refers to the restitution of seized goods. When property is seized by the police to serve as evidence of an offence, it will be necessary to consider, at every stage of the case, whether it is necessary to detain the property. If it is found that the property in question is no longer needed, the proposed amendments will ensure the speedy return of such property to its owner.

Quite often, cars are seized by the police when a crime or an offence is committed. Occasionally, the police have had the right to detain a car or property for months because it was being used as evidence. Even when petitions were made to the court, asking the judge to release the property because it was indispensable or in any event useful to its owner, the police always gave the same answer. They said that the investigation was not completed and that it was a vital part of police evidence. Occasionally, the accused was acquitted after five or six months, which meant that the owner of the seized property had been deprived of it during all that time.

The bill also refers to measures to deal with new forms of crime. These measures deal with modern crime, that is, computer crime. The amendments relating to computer crime arise from a growing concern caused by people interfering with computer data, more specifically by destroying or falsifying such data and by the unauthorized use of computer systems.

There are three basic aspects to the problem. First of all, we have cases of unauthorized appropriation or destruction of equipment, including the computers themselves, instruments, magnetic tapes or print-outs. Then we have unauthorized appropriation and destruction of computer data, and finally, unauthorized use of computer services.

At the present time, the Criminal Code does not provide adequate protection for the victims of a criminal act covering the two latter categories.

The proposed amendments make it a criminal offence to deliberately destroy or falsify computer data, and to deliberately prevent, interrupt or hinder the legitimate use of computer data.

A new section would make it a criminal offence to use a computer without authorization for the purpose of modifying, destroying or unlawfully using data, to obtain computer services fraudulently and deliberately or to intercept any of these functions.

The bill interpretation raises a number of questions.

● (1450)

These amendments would make it possible to adapt the Criminal Code to new developments in computer science and the sometimes extremely important and delicate applications thereof.

I may add that if you read the reports of the committee of the House of Commons that examined this bill, you will find that there was some difference of opinion about including in the bill a legal definition that is so controversial.

Witnesses appearing before the Committee on Legal and Constitutional Affairs may be able to provide some clarification as to the significance of the provisions of this bill with respect to computer systems. There is also an important common law clause on credit card thefts.

The definition of weapon has been broadened to include any object used to threaten or physically injure someone. The possession of incendiary materials such as Molotov cocktails will also be banned.

The question of drugs is an important part of the provisions of this bill. In recent years the Department of Health and Welfare has uncovered evidence which strongly indicates that the use of medical prescriptions for therapeutic purposes is growing. This clause is of great significance for practitioners and pharmacists.

Each year close to 200 physicians come to the attention of the department because they are suspected of having prescribed drugs for illegal purposes.

We know that each year more than 3,700 persons seek or illegally obtain prescriptions to purchase drugs. Under existing

legislation, both a practitioner who knowingly prescribes narcotics or controlled drugs—those included in Schedule G of the Food and Drugs Act—for nontherapeutic purposes, and a person who seeks or obtains such a prescription without telling the practitioner that other prescriptions were obtained within thirty days preceding the request are liable to a $500 fine, or six months in jail, or both.

People seeking narcotics or drugs visit many institutions in an attempt to obtain prescriptions from different practitioners in different localities to purchase drugs in pharmacies. It has become an uncontrollable problem.

Perhaps I ought to point out two other problems in this field. All a physician does is give the patient a piece of paper. He cannot be accused of drug trafficking. He simply tells his patient to use that piece of paper to get the drug. Since such infractions generally come to light only after the Department of Health and Welfare has checked the reports filed by pharmacists, a process which takes months, not only is the evidence destroyed, but most often the prescription's six-month limitation period has expired. With respect to drugs or drug trafficking, a six-month limitation period applies. As a result, most of the time the offenders are beyond the reach of justice.

Before coming to grips with the growing problem of drug use for non-therapeutic purposes, the bill amends the drug legislation so that it will be an offence to seek or obtain a prescription for drugs without disclosing any such prescription issued within the preceding thirty days. In other words, anyone who goes to a pharmacist or a physician to get a prescription and fails to tell the pharmacist or the physician that he did get such a prescription in the preceding thirty days is already guilty of an offence and will be prosecuted under the new provisions of the Act.

Offenders under this new provision will be liable to the same penalties now applicable to persons found guilty of possession of narcotics. Second, the Food and Drugs Act will provide that it is an offence to seek or obtain a prescription for controlled drugs without disclosing prescriptions already issued within the preceding thirty days. The penalties applicable to this new offence will be the same as those faced by people who are now found in possession of restricted drugs.

The idea is to broaden the concept of traffic so as to include the prescription of narcotics and controlled drugs as defined in Food and Drugs Act Section 33.

The other place was the scene of lengthy debates leading to serious controversy and amendments were made. I did not check to see whether those amendments had been accepted or rejected by the committee or by the House on third reading. It will have to be clarified. It must be added that it is not required in order to say that there is traffic in controlled drugs, that a commercial intent be proven. Today's jurisprudence is not clear in this regard. It is said that the intent must always be proven. As far as drug use or drug traffic are concerned, some courts and some jurisprudences claim that such an intent has not to be proven.

This is a piece of legislation in which repression will be more stringent concerning the use of drugs and especially the way prescriptions are obtained for getting drugs.

Another provision concerning corruption in municipal affairs will increase sentences from two to five years.

We have certain provisions concerning forcible confinement, extortion and conspiring to commit murder.

With respect to air safety the regulations are going to be made more stringent. There are people who own and use lighter airplanes, and they take chances when flying. They will have to fly more properly. Anyone flying an aircraft in such a way as to create a hazard for the public by flying too low will be committing an offence, that is a violation of the regulations established by the Department of Transport.

There are also provisions concerning hostage taking under the international convention signed by Canada in 1980. There are also offences with respect to nuclear materials. I do not have to provide details, because these will be considered in committee, when the bill is discussed clause by clause.

I would like to deal with the writ of assistance, rather the telewarrant. The Minister of Justice has tabled in the House of Commons a bill providing for the abolition of writs of assistance and the establishment of a system of telewarrants. That provision is aimed at regulating police authority with respect to the search of premises.

Currently, under a writ of assistance a small number of RCMP officers responsible for enforcing of the Drugs Act, Customs and Excise, may enter homes without warrants.

Some people feel that writs of assistance may infringe upon basic rights recognized by the Canadian Charter of Rights and Freedoms, including that to be secured against unreasonable search or seizure.

The telewarrant is nothing more than a standard warrant that is given over the telephone or other means of communication. As in the case of a standard warrant, the peace officer must submit information on oath to a justice official.

This means that if a police officer sees a crime being committed and there is a delay in making the search, bits of evidence will be forever destroyed. He will call a justice official over the telephone. He states under oath that a crime is being committed or has been committed and that evidence may be lost if a search is not done immediately. Under the new provisions, following the oath taken by the police officer and the information received by the justice official, the latter may authorize the police officer to issue telewarrant. The police officer does not have to appear before the justice official. He is sworn in over the telephone. Pursuant to the authority given by the justice official to use the telewarrant, the police officer may search and make whatever seizures he deems reasonable to try and prevent the commission of a crime or save evidence that would otherwise disappear if the seizure were not to be proceeded with immediately.

Telewarrants will be extremely useful in cases where RCMP or police officers are working in remote areas, for instance in the Canadian North. The police officer cannot go down to

Edmonton to get a warrant from a justice official. He can be sworn in over the telephone, and he can tell the justice official that he has reasonable grounds to believe that a crime has been or is being committed and that if a seizure is not made immediately, important evidence will be lost.

The justice official allows him then to execute the warrant and to proceed with the search and seizures just as if he had a warrant from a justice of the peace in the performance of his duties.

I think that the key element in Bill C-18, honourable senators, is that part that deals with driving of a vehicle while under the influence of alcohol or drugs. I will conclude with that chapter of Bill C-18. So that you will better understand the provisions of this bill which deal with impaired driving, I am asking the Senate pages to distribute a comparative chart of the existing and the new legislation, which will enable you to follow the explanation I shall give you of these particular provisions of Bill C-18.

With your permission, honourable senators, I would like this chart to be printed in today's official report as part of my presentation. Is it agreed, honourable senators?

● (1500)

Hon. Royce Frith (Deputy Leader of the Opposition): Senator Asselin, could we examine it before we agree?

Senator Asselin: Very well.

Senator Frith: Am I to understand, Senator Asselin, that you will refer to it and not read it?

Senator Asselin: Exactly.

Senator Frith: Very well in that case.

The Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*For text of document, see appendix, p. 830.*)

Senator Asselin: It would be difficult to draw a complete picture of such a bill. I could always try to imitate someone who is a bit drunk, but it would not be appropriate today. Perhaps another time, but not today.

An Hon. Senator: Are they in both languages?

Senator Asselin: I have about one hundred copies available in English and in French.

Senator Frith: Are they available in English and in French?

Senator Asselin: I asked the department for both English and French versions. I hope that my instructions have been followed.

The purpose of the provisions on impaired driving is:

First, to extend application of the Criminal Code in cases where an impaired driver has caused bodily harm or death.

Second, to provide harsher penalties for the offences of dangerous driving and impaired driving.

Third, to facilitate application of the provisions on impaired driving by allowing the courts to authorize blood tests.

Fourth, to make the provisions on impaired driving applicable to airplanes and boats as well as to motor vehicles.

Honourable senators, if you follow your chart, you will find, first, dangerous driving or impaired driving causing death.

Those who commit such an offence are liable to a maximum penalty of 14 years imprisonment.

Dangerous driving or impaired driving causing bodily harm is punishable by a maximum penalty of 10 years imprisonment.

The law will be harsher than before for people who drive when impaired by alcohol or drugs, or with a blood-alcohol concentration exceeding 80 mg. in 100 ml. of blood.

I remember that when we were young lawyers, the limit was 1.5 per 100 ml. of blood. Today, it is .08.

In this case, the limit has not been set higher, but the penalty has become much harsher.

A new provision aims, on the one hand, at making the penalties applicable harsher and, on the other, at leaving more discretion to the courts to adjust the penalty according to the circumstances of the offence and the characteristics of the offender. The minimum penalty in the case of a first offence of impaired driving or refusal to provide a blood sample will be increased from $50 to $300.

The minimum penalties would be the same for minor offences punishable on summary conviction for serious crimes, that is: For the first offence, there would be a $300 fine. For the second offence, a 14-day jail term. For the third and any subsequent offence, a 90-day jail term.

With respect to offences punishable on summary conviction, the maximum sentence would be a six-month jail term and a $2000 fine or one of those two penalties alone. With respect to indictable offences, the maximum penalty would be raised to five years in jail while at present it is only two years. As for the fine to be levied, there would be no ceiling. The judge could impose anything.

The maximum term imposed for dangerous driving would be increased from two to five years in jail.

Always as a deterrent, the bill provides other penalties which could be added to the fine or jail term.

The court would automatically sentence an individual found guilty of impaired driving or with a concentration of alcohol in his blood exceeding .08 or for refusal to provide breath or blood samples to a three-month minimum prohibition from driving for a first offence, six months for a second offence and one year for a third or subsequent offence with a maximum prohibition of three years in all cases.

Thus the court could also disqualify a driver for a maximum period of one year. This is a new provision.

The court could also order for a maximum period of a year the impounding of a vehicle used to commit one of the offences concerned, if the accused is the owner of the vehicle or its main user. When the accused is not the owner of the vehicle involved, its owner would be advised of the situation and could make some comments to the court before the impounding is

ordered. In such a case, the accused could ask that the order be amended if new facts seem to warrant it.

The bill is also aimed at facilitating the enforcement of the law. At present, the Criminal Code allows the use of breath samples to determine whether the driver is impaired or the concentration of alcohol in his blood is over .08. To make sure that the breath samples are correct, a proposed amendment to the Criminal Code would require in all cases a previous test to make sure that the instrument used for the analysis is effective.

I think that criminal lawyers who are called in the early hours of the morning to help someone who has been arrested for impaired driving closely watch the breathalyser test to see that it is adequately administered. The officer taking the sample is required to check that the instrument has not been tampered with and is working properly. The lawyer trying to get his client off the hook will suggest that the instrument may have been tampered with.

● (1510)

It is sometimes impossible to carry out a breath analysis because of the physical or mental state of the individual involved. The famous blood sample is then taken. A great many things have been said before the courts about this. For instance, taking a blood sample under these conditions might be considered as an assault. A number of physicians have been taken to court for taking unauthorized blood samples for analysis purposes.

A number of them have had trouble because of this procedure. Taking blood samples will be made legal and such samples will become admissible evidence in court whenever it is felt that a conviction for impaired driving would be difficult or almost impossible to get for all sorts of reasons. Under such circumstances, a police officer could demand a blood sample as additional evidence.

However, to protect as much as possible the rights of the alleged offender, there are the following safeguards:

The taking of blood samples would be authorized only when breathalizers are impossible. First of all, a breathalizer test must be attempted. Of course, when a person impaired is involved in a serious accident, special steps will be taken to reinforce the evidence. Under such circumstances, blood samples would be required. If the individual is conscious, a blood sample could be taken only with the consent of the individual.

In cases where people have been killed or injured and where the individual who is allegedly impaired is not in a position to agree to the taking of a blood sample—for instance if he is unconscious—it will be possible to take such a blood sample without the individual's consent, provided a judge has issued the necessary authorization.

From now on, a justice of the peace will have the power to authorize a police officer or a physician to take a blood sample even while the individual is unconscious.

When necessary, it will be possible to obtain this judiciary authorization through a telewarrant. This involves calling an officer of the judiciary or a justice of the peace and saying: "Here are the facts. I am prepared to swear that a blood sample is required to complete our case."

The accused could demand that another blood sample be taken for independant analysis. Obviously, a person who has a blood test done can have it double-checked by asking another physician of his choice to check the blood samples taken by the physician designated by the police officer.

A blood test can be done only by a duly qualified physician or person working under his direction. There will be no blood sample taken whenever a physician believes that the life or the health of the accused would be jeopardized.

Since physicians will take the blood sample with the consent of the accused or under a legal authority, they will be protected by law unless they act in a careless manner, of course. Therefore, the law will protect him *ipso facto* and the physician could not be prosecuted. Should there be any prosecutions, the Crown will defend the physician who was asked to take a blood sample.

The same provisions will also apply to a person driving a boat or a plane while being impaired.

In his statement, when he introduced the legislation concerning impaired driving, the minister said, of course, that all these measures are negative and punitive. He added that society had an important role to play as regards the education of people who insist on driving when impaired by alcohol. Let me quote the minister's words:

> In order to complete the proposed legislation, I also intend to introduce, in close co-operation with the provinces, a legal system for the treatment of those responsible for serious alcohol-related offences.

Then, he added:

> Members of all segments of society, particularly citizens' groups, must take part in the fight against impaired driving. Therefore I have authorized the preparation and distribution of an information kit within the coming months. Designed for the community, this kit will include various documents on impaired driving, as well as a guide designed to help citizens' groups to organize local campaigns to fight this plague. Only through close consultation between all Canadians shall we be in a position to reduce the number of human life losses and suffering induced by impaired driving.

In addition, having practised criminal law, we know to what extent some families have been afflicted by those deadly accidents caused by an impaired driver. Allow me to tell you this anecdote. I had to defend a client arrested for impaired driving. The police officer asked if they could take a blood sample. I gave my consent, and so did my client. Looking at him, I thought he was walking real straight. He had no problem walking. The next day, however, I was discouraged when I saw the blood analysis result. That same afternoon, I was even more discouraged when the medical practitioner from Quebec City who had taken the blood sample called me and asked at what time my client had died. He was so drunk according to medical standards that the physician wanted to

know at what time he had died the day before. I thought he was a little tipsy but still able to walk straight and drive his car. I was somewhat surprised. I went to my client's home and asked him whether he was a heavy drinker. "Well," he told me, "I drink a 40-ounce bottle a day." Then I was no longer amazed at the high level of alcohol in his blood sample.

So, as you can see, when investigating, police officers must be able to verify in what condition the accused is. Oftentimes, someone can drink a 40-ounce bottle and his constitution can take it.

In Quebec as in every province, efforts are being made to try to improve public education. During the holidays, in my city, a few Laval University students set up what they called the "Red Nose Operation." About twenty students were gathered together. When someone found he was in no condition to drive his car, he just had to call someone from the "Red Nose" organization to drive him home for a ten dollar fee. The day after, our man found he had had no problems with the police and only a severe headache to take care of. This way of doing things is one of the solutions society has to consider to prevent this impaired driving plague.

Honourable senators, that is all I had to say on this bill. I apologize for having taken so much time. I will not be here to move that it be referred to committee, because I have to be away tomorrow and the day after tomorrow. I will ask one of my colleagues, Senator Nurgitz or Senator Flynn, to move the motion to refer this bill to committee.

On motion of Senator Frith, debate adjourned.

[*English*]

THE SENATE

MOTION TO AUTHORIZE COMMITTEES TO INVITE PROVINCIAL REPRESENTATIONS—MOTION IN AMENDMENT—STATEMENT BY THE ACTING SPEAKER

On the Order:

> Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Hicks:
>
> That whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the committee as to whether or not they wish to make written and/or verbal representations to the committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.
>
> And on the motion in amendment thereto of the Honourable Senator Phillips, seconded by the Honourable Senator Macdonald (*Cape Breton*), that the motion be withdrawn and that the subject-matter thereof be referred to the Standing Committee on Standing Rules and Orders.—(*Honourable Senator Frith*).

• (1520)

The Hon. the Acting Speaker: Honourable senators, last Wednesday during debate on Senator Godfrey's motion, Senator Phillips moved that the motion be withdrawn and that the subject matter thereof be referred to the Standing Committee on Standing Rules and Orders. Senator Frith then rose on a point of order and asked the Speaker to make a ruling on whether it was out of order to refer the motion to the committee. However, that was not the question before the Senate at that time, and I am reluctant to rule on a question in anticipation. In this regard, I would like to quote from *Beauchesne's Parliamentary Rules and Forms*, Fifth Edition, citation 239(1), which reads in part:

> The Speaker decides questions of order only when they actually arise and not in anticipation.

While I do not want to set a precedent by answering queries on procedure, nevertheless in order to assist the Senate in making a decision in this matter, I wish to inform the Senate that there are a number of precedents for referring the subject matter of motions to committee. The latest precedent, which occurred this session, was Senator Sparrow's motion respecting the printing of an additional 10,000 copies of the report intituled "Soil at Risk", and can be found at page 115 of the *Minutes of the Proceedings of the Senate.*

This has been the practice for many years. However, there is nothing in our rules to prohibit the referral of a motion to a committee, and in this regard a precedent can be found at page 77 of the *Journals of the Senate*, 1944-45.

There are therefore two ways of proceeding. In my opinion, the less cumbersome procedure would have been to simply move a motion, not an amendment, to refer the motion to a committee. Since such a motion was not proposed and instead Senator Phillips' amendment is before us, therefore, we will proceed with the debate on the amendment of Senator Phillips and it is up to honourable senators to decide on the amendment.

MODIFIED MOTION IN AMENDMENT AGREED TO AND MAIN MOTION REFERRED TO STANDING RULES AND ORDERS COMMITTEE

Hon. John M. Godfrey: Honourable senators, I am a little baffled by the last statement in view of the fact that I did move that the motion be referred to the committee. It was after I made the motion—which seemed to be presumed to be out of order—that Senator Phillips then proceeded. I did not object because I did not know which was the correct procedure at the time.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the main purpose of my point of order was to establish whether or not it was possible to refer a motion to a committee rather than just the subject matter of a motion. That has now been clarified. Therefore, I do not think it really matters which way we proceed.

I suppose we could accept His Honour's recommendation if Senator Phillips wants to withdraw the amendment, but I am

not urging him to do so. If he did, I suppose we could then refer the motion to the committee. I leave it to him to decide as to whether he wants to do that, because one way or another we want the motion to go to the committee. All I really wanted clarified was whether it was possible to refer a motion and not just the subject matter of a motion. That has been clarified. How we proceed from here depends on Senator Phillips. If he wants to withdraw it and we proceed to refer the motion, that is in order also.

• (1530)

The Hon. the Acting Speaker: Honourable senators, it was moved by the Honourable Senator Godfrey, seconded by the Honourable Senator Hicks:

> That whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the committee as to whether or not they wish to make written and/or verbal representations to the committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

In amendment, the Honourable Senator Phillips, seconded by the Honourable Senator Macdonald (*Cape Breton*), moved:

> That the motion be withdrawn and that the subject-matter thereof be referred to the Standing Committee on Standing Rules and Orders.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Frith: Honourable senators, I do not want to be too nit-picking about this, but can it be right that the motion in amendment is that the motion "be withdrawn" rather than "not proceeded with"? Surely only the mover withdraws a motion. You do not move that somebody withdraw a motion.

Hon. C. William Doody (Deputy Leader of the Government): You cannot amend it if it is gone.

Senator Frith: You cannot amend the motion if it is withdrawn. I wonder if Senator Phillips would like to reconsider and let us just refer the motion to the committee, since it is now clear that we can do that.

The Hon. the Acting Speaker: I waited for a reply to my query.

Senator Frith: I am not quarrelling with anything that Your Honour has done but I am wondering, in view of the wording as it has been put, if the appropriate course would be for Senator Phillips to withdraw the amendment, and then we could just refer the motion to the committee.

Hon. Orville H. Phillips: Honourable senators, perhaps Senator Frith's objection could be met if the wording of the amendment were such that the motion would be withdrawn.

Senator Doody: Withdraw the word "withdrawn."

Senator Phillips: Yes.

[Senator Frith.]

Senator Frith: And just show it as the motion being referred to the committee.

Senator Flynn: As amended?

Senator Frith: As amended, yes.

Senator Phillips: If that will serve the purpose, yes.

Hon. Senators: Agreed.

Motion agreed to.

RESEARCH AND DEVELOPMENT

SUPPORT AND GOVERNMENT POLICY—DEBATE ADJOURNED

Hon. Lorna Marsden rose pursuant to notice of Thursday, April 25, 1985:

> That she will call the attention of the Senate to the importance of research and development in every province and territory and the need for caution and sensitivity in the realignments of support, and of policy by government, which relates to research and development.

She said: Honourable senators, of all the many subjects upon which one might launch an inquiry in this chamber at this time, let me explain why I have raised the issue of support in policy and funding of basic research in Canada. This inquiry has been inspired by the impact of the government's November cuts on research projects, researchers and Canadian research reputations, and by the approaching federal budget which we can anticipate will have further consequences. I trouble my honourable colleagues with this subject in the Senate because, while it is a matter of national concern, it is only through provincial initiatives with the national government that Canadians will ever see an improvement in our situation with respect to research.

While there are many important and distinguished federal research institutions, most notably the National Research Council laboratories, the agricultural research stations, Statistics Canada and the various councils and agencies in which research is carried forward, the vast amount of research and scholarship and the responsibility for the education and preparation of future scientists, scholars and researchers is carried at the provincial level. Although the private sector plays a role, universities across the country and their related hospitals and institutions are the backbone of the system. While the provincial jurisdiction is important in policy and decision-making, most of the money—59 per cent—comes from the federal rather than the provincial purse. This situation is most recently presented by A.W. Johnson in his February, 1985 report entitled "Giving Greater Point and Purpose to the Federal Financing of Post-Secondary Education and Research in Canada" presented to the Secretary of State recently.

My purpose in raising this inquiry, therefore, is to invite honourable senators to bring forward the important questions from the provinces and territories which they represent. I believe that there is a number of honourable senators who wish to speak during this inquiry.

It is unnecessary to review in detail for the Senate the reasons why Canada must give importance to the subject and support basic research and development.

A great deal has been written on this subject by scholars, scientists, public figures and senators over the years. Professor Paul Axelrod reminds us in his book *Scholars and Dollars, Politics, Economics and the Universities of Ontario, 1945-1980* how precarious has been support for research and scholarship in the humanities and other fields not directly linked to the labour market or defence or economic priorities. Nonetheless, the Government of Canada has been directly involved in the funding of research since the National Research Council was established in 1916. Soon after, the NRC was providing research grants and fellowships to universities and there soon followed the forerunner of the Medical Research Council in 1938, the Canada Council in 1954, the Economic Council in 1963, the Science Council in 1966 and the separate Social Sciences and Humanities Research Council and the National Science and Engineering Research Council spinning off in 1977. The justification for all this research support has been well established in the Rowell-Sirois Commission report in 1940, the Massey Commission in 1951, the Bladen Commission in 1965, the MacDonald Report and the Lamontagne Report, the Symons Commission and several subsequent reports and commissions, some of which I will refer to later. I assert that there is widespread agreement in Canada that research is important and necessary but the questions remain: How is it to be funded? What standards of quality are to be induced? In which areas, if not all, should public funds support research? What is the role of the private sector in research and development? What is the federal-provincial relationship to be in research, in funding and in training? What are the conditions under which research in Canada will thrive and contribute to the national good?

In a booklet prepared for the March 22-23 National Economic Conference, the Minister of State for Science and Technology documented the necessity for research and the inadequacy of current funding and research effort in Canada. His booklet establishes the fact that: one, the ratio of gross expenditures on research and development to gross national product was 1.2 per cent in Canada in 1981, less than half the value for Germany, the U.S.A. and Japan; two, Canadian industry invests significantly less than industry invests in other major economies and the rate of increase in research and development funding by Canadian industry has dropped significantly; three, Canada imports most of our high and medium technology goods and the trade deficit in these goods is increasing; four, it is in the high and medium technology intensive industries that employment growth is fastest in Canada as is the real output growth; and five, although world demand is greatest for high technology goods, Canada has fewer research scientists and engineers per 10,000 in the labour force than most other major countries.

The minister rests his case on the need to spur the economy through the technology intensive industries. He states that "new technologies depend on continuing scientific research and their development and application require long-term investments including funding for education and academic research to meet our future needs for highly qualified people." Consistent with the history of how research and education are justified in this country, that is, through an appeal to the market implications of knowledge, the minister has focused on the benefits to the economy. However, that is not to say that he does not recognize the essential importance of basic research whether or not it appears to have market value or immediate application.

• (1540)

The day after the Economic Conference, the Toronto *Sunday Star* published an editorial on the need to boost university research. It was pointed out that there is no stability in the current funding arrangement and that stability is crucial; that there is no long-term plan for the support of university research; that the problems of overhead costs for sponsored research in universities mean that student support is beggared by university managers, to the detriment of both research and teaching.

The editorial went on to say:

> Last August the Tories promised to double research and development in universities, federal labs and industry to 2.5% of gross national product . . . the Tories should back up this promise with swift action.

Some Hon. Senators: Hear, hear.

Senator Marsden: What is the swift action by the Conservative government? Let us consider why one might be concerned in April of 1985 about the coming federal budget and the attitudes and policies of this government toward basic research and researchers in Canada.

I have several considerations to put before you, all of which impinge significantly upon researchers in Ontario but which affect all Canadian researchers.

My first concern is the instability and uncertainty. For years, reports on research have indicated that the research community requires stability of funding once a project is approved in order to carry out efficiently organized and scientifically excellent research. The previous government had promised supplementary grants to the federal granting councils, which the new government, on taking power, indicated it wished to review. That is quite understandable. But the government came to power in September, and by February, 1985, those grants were still under review; that is, six months later.

What is the consequence? On February 5, 1985, the Ottawa *Citizen* reported that about 200 young scientists whose projects had been approved by the MRC and then deferred were still waiting to get their work going. Furthermore, about 1,400 other scientists were still awaiting new laboratory equipment through grants which had been promised from NSERC.

All of these scientists were left to cool their highly and expensively trained brains for month after month, while in the real world of science other scientists in other countries scooped the ideas, published the research and scientific papers, and

made the medical and scientific applications, with all of the economic and industrial ramifications thereof.

The message to those young researchers is that Canada is not a good place in which to work; that it is more like a developing country than a scientifically developed environment.

But was that temporary chaos? Is that instability to be over now that the government has settled into power?

The 1985-86 estimates show that the government is planning to continue the uncertainty and the instability shown over the past months.

As *Social Sciences in Canada*, volume 13, No. 1, reports in April of this year, the 1985-86 estimates are the minimum allocation to the councils, pushing the councils into appeals for supplementary funding. I quote from that publication:

> NSERC will need to receive an additional $16 million in order to preserve the level of activity attained last year . . . The financial situation facing MRC is dramatic: the 1985-86 estimates represent an actual decrease of $26.4 million or 16.8 per cent compared to the 1984-85 budget . . . SSHRC also faces a real budgetary decrease ($1.9 million).

This instability, then, is government policy; it is planned to continue. Despite the promises and despite the appearance of understanding, this area of work in Canada, which all experts agree has great importance, especially in the current circumstances, is not to be recognized by stability in 1985-86.

I call on the government to recognize the intrinsic nature of basic research, whether in universities, government agencies, or the private sector, and to recognize the need for long term planning and stability in both human and financial forms.

My second concern is with the arbitrary and ignorant interference in research which is taking place. Last November, all Canadians expected the new government to make budget cuts and to realign programs and priorities. After all, that is one of the reasons why there is a new government. No one in the research community expected to be untouched by these changes—and, after all, many members of that vast community must have voted for the new government. But the science and research community was not prepared for the manner in which the November cuts were carried out.

While the Minister of Finance did not refer to those cuts in his statement, we read about them in the Expenditure and Program Review tabled by the President of the Treasury Board at the same time. His cuts, totalling $4.244 billion over all, are listed in such a way that the effect on research is difficult to recognize in most instances.

As I will document, those cuts were made without consultation and in considerable and frightening ignorance of the linkages between research and the economy, research and the national interest.

As the AUCC has said in its recent report on the impact of the cuts based on responses from universities across Canada,

[Senator Marsden.]

> the announced budgetary cuts, many of which would mean cuts to support of university research, were received by the university research community with feelings which ranged from disappointment to dismay.

The report goes on to say:

> A common concern, expressed by many, was that there had not been sufficient awareness of the impact on research activities of the cuts. There seemed to be no logic, in scientific or economic terms, nor an appropriate awareness of the cost-benefit consequences of the cuts.

Why do I assert that the cuts were arbitrary? The *Globe and Mail* reported, in March 1985, what happened in the National Research Council as a result of those November cuts. Three regional research centres and five continuing programs were forced to close, laying off 80 NRC employees—and all of this before the government got involved in the U.S. space station program, which is leading to a further diversion of $8.8 million from NRC's program budget.

Presumably programs are cut from time to time and people are laid off; but this government did not consult the scientists about which programs to close.

Dr. Locke, the former director of the Herzberg Institute, was quoted in the *Globe and Mail* as saying that the "cuts were dictated to the council."

This was justified on the basis that no one was to know what was in the November economic statement.

Given the secrecy which surrounds budgets in this country, what type of arbitrary consequences in important areas of research can we then expect in the May budget?

There are other examples of these arbitrary moves, which I shall list later.

Why do I assert that the government displayed unusual ignorance in the November cuts? The pièce de résistance in that regard was, of course, the elimination of the 1986 census. This was to save $100 million between 1985 and 1988. But, of course, the 1986 census was restored on November 21, as soon as we all left for the Christmas break. The government had discovered that provincial governments, business people, as well as researchers, could not do without that census. What is more, the government itself discovered that it could not arrange transfer payments or carry on with other important federal business without that census.

It is difficult to believe that the minister responsible for the census, himself a former professor of mathematics at the University of Calgary, knew so little about the census that he could allow such a cut to pass.

It is evident that he did not consult his own officials, since they, or any one of the significant communities—business, provincial governments, researchers, universities—could have outlined for him, at a moment's notice, the consequences of such an arbitrary and extraordinary move.

This suggests to me that, like the Minister of State for Science and Technology, who appears to truly understand the importance of research, the Minister of Supply and Services

has little to say in government, and certainly not in terms of the importance of the work which has gone on for so many years in Statistics Canada.

My third concern is that there appears to be no understanding of the nature of scientific standards and quality. This other attitude, revealed by the government in its November cuts, is equally troublesome. The government seems to believe that the considerable reputation built up in this country for high quality research and standards which are internationally recognized, is worth little. One example will suffice.

In November, the Toronto-Guelph Toxicology Centre, a project upon which a great deal of public money had already been spent, with the support of the Ontario government, since being conceived several years ago was cancelled. This saved $5.4 million in 1985-86. Before and since we have read daily in our newspapers about toxicological disasters, and this has been reflected in the dismay heard among members of Parliament, both Progressive Conservative and opposition members.

The Toronto-Guelph Toxicology Centre, which had been developed between the University of Toronto and the University of Guelph, would have brought together a great deal of scientific strength; but above all, it would have ensured the maintenance of very high standards and inspired confidence in the public about the results of their work.

This was not to be simply a testing laboratory, although it would have done testing, but a research project important to forestalling these recurring and very worrisome environmental and health hazards.

• (1550)

Other cuts in environmental, ecological and biological research had led to a public outcry, particularly in the wildlife service. So on February 8, 1985, the Minister of the Environment announced that $1 million had been put aside "for use by private sector organizations doing wildlife and toxicology research". That money, the release stated, was available because of the administrative cuts of the minister last fall. I read that on April 22 the minister answered a question from a member of Parliament for Saskatchewan who, alarmed by what was going on, asked for support for toxicological research in Saskatchewan. The minister replied

> Any proposal concerning private sector participation in our toxicology research will be carefully and gratefully considered.

Evidently this is now government policy and not simply a ministerial error.

I will put aside the question of what kind of research would be done by private interests, or how it is to be controlled and assessed; who is to give out this support; and whether or not any of the results will be made public, although these are, of course, all important issues, and I will raise only the question of public confidence. As a citizen, who will be satisfied to discover that toxicology research is to be done by chemical or pharmaceutical companies? As a medical or toxicological researcher, would you want to have to take a piece of contract research from a company with an apparent vested interest in order to carry on your work? As a university administrator, how much contract research for the private sector would you want your faculty working on in such sensitive fields? As a citizen, or as a transport driver, possibly affected by PCB spills, chemical fumes or drug testing, would you have confidence in this research? Of course, this is not the only research funding in toxicology, but the government's approach reflects an attitude and a policy which indicates that this government fails to understand the need for high quality to be real, and to be seen to be real, in order for Canadian citizens to support this kind of funding. It is that kind of openness and that kind of high quality that, of course, universities pledge themselves to maintain.

My next concern is the lack of commitment to the future. The cancellation of the Toronto-Guelph Toxicology Centre illustrates another major problem. That centre has, or had, a graduate program established to draw efficiently upon the resources of two big universities, rather than to replicate them or compete for them. Graduate students from a variety of fields were being encouraged to work together and benefit from that interaction. Both universities have spent a considerable amount of time and effort to develop and improve the program. That program is now crippled. It means that the kind of public identification which is needed to recognize the crucial nature of toxicological research, and to attract bright and promising scholars to that field, will not be present.

Who does the government think is going to carry out toxicological research in Canada? Who is going to do the work for the private sector? I presume that this government is content to have researchers recruited from outside our borders, and I do not agree with that attitude at all—nor, I believe, will most Canadians.

Privatization sounds a bell in the hearts of many from the new right. Enterprise, entrepreneurs, investors and the "discipline of the market" are all very well until you find yourself with a drug reaction, or an environmental or wildlife disaster, or some new unknown sickness or other catastrophe; also when you find that the research is all from outside Canada, that the standards are not tested or known in Canada, the research has not been done here or is not available, or, worse, the results of research are proprietorial; or when you find that your daughter or son cannot follow a career in this area of national interest because there are no spaces in Canada's universities. I regard this cut as a short-term affront and a long-term catastrophe for Canada, and it is only one of many.

Finally, I should like to raise the question of the wastage of public funds. The November cuts had another feature which indicated that the government suffered not only from lack of thought or ignorance of results, not only from little understanding of research standards and from arbitrariness in its approach to research support, but also that these characteristics have resulted in a massive wastage of public funds. I offer only two examples here to be added to what you have already heard about the wastage in time and talent of young scientists and researchers.

The first is a list from the National Research Council Environmental Secretariat, which shows, by subcommittee, the impact of those cuts on a long list of projects which were under way. Some were cancelled at the design stage, some were cancelled at the early stages, and some are to be published anyway. But we find several projects in which we read that 90 per cent of the scientific analysis had been completed and the work was cancelled; or projects on "the relative importance of various routes of human exposure to dioxins and related compounds", of which the scientific analysis was complete which "may be published by another agency".

But if you go to your local university and ask the head of botany, or biology, or health sciences, or zoology, or development economics, or organizational sciences, you will find example after example of graduate students cut off in mid-thesis because the supervisor's research grant was cancelled or dreadfully curtailed, so that those students, having invested several years of their life and public moneys, have to retool, redesign and prepare again for their thesis—or drop out, or leave for a university elsewhere in which such wastage is not likely to occur.

A nearly completed report on "Laser Radiation and Human Health Effects" was cancelled, according to this list. But would you not like to see that report, for which the work had been prepared with tax dollars and which potentially is of great significance? The granting councils and the scientific panels which judge the funding of these research projects, large and small, are the proper judges of where cuts should be made, when they should be made and how they should be made. To do otherwise is to waste everything.

But there are indirect effects also. We read, on March 31, in the Toronto *Sunday Star*, about the death of the publicly-funded high-tech teletext service, called IRIS, Information Relayed Instantly from Source, as a result of the cuts in communications. Seven million of your dollars and mine had already been spent on this project and the field trials which had tested the results. According to the President of Norpak, Inc. of Kanata, the U.S.A. will benefit greatly from that development which Canada funded and created and which the Americans will exploit.

But the government does not have to behave in the way in which it has and in a way that has these effects on research. The research community is not a publicity-conscious lobby; it does not have the economic clout of the business community; it does not have an interested public hanging on its every move. You can disrupt, underfund, berate and ignore the research community and get away with it in the short run, but in the medium and long run it is Canada and every Canadian who feels the consequences in the quality of their life, in their opportunities in life and in the labour market, in Canada's situation nationally and internationally, and in their pocketbook.

I would like to conclude by speaking specifically about the province of Ontario. In Ontario, we have the largest university system of any province, involving over 180,000 full-time and 105,000 part-time students in 19 universities. Furthermore, the

[Senator Marsden.]

Bovey Commission reports that in 1982 Ontario had 35 per cent of the Canadian population but accounted for 41 per cent of all sponsored university research. Ontario has some of the finest research universities in Canada and, indeed, anywhere. The quality of the research achievements is internationally recognized. The University of Toronto is the largest research university in Canada and is working hard, against considerable odds, to maintain standards and the extent of basic research in this country. In this we have the support of the private sector and alumnae to some great extent. It is tempting to read into the record all of the important projects that have been done or are under way, for which visitors arrive from all over the world. But I will not take the time to do that now.

As I said earlier, the impact of the November cuts is still being worked out as grants and projects are not renewed and programs are ended. I cannot yet produce the list of research projects cancelled, of researchers, both faculty and student, cut off in the middle of an important project, nor can I calculate the wastage of public investment. It is precisely because the impacts and results cannot be easily assessed that the government must show more sensitivity and concern for the nature of basic research.

The Bovey Commission on the future development of the universities of Ontario, which reported in December, 1984, had a great deal to say about the importance of research, excellence in research, innovation and the future of the province and the nation. They make a distinction between "resource-intensive" research and "core university research." The latter refers to the university research and scholarship which must accompany all disciplines, while the former refers to those research fields which demand a great deal of "highly qualified manpower, physical facilities, sophisticated equipment and efficient information retrieval systems."

● (1600)

Among other points in their discussion they emphasize:

> . . . the Commission has become convinced that the research funding arrangements under which Ontario universities operate are no longer adequate. They were not designed to meet the requirements of the kind of research development which has taken place over the last decade and which shows signs of further acceleration.

They document in this report the special disadvantages which are found in Ontario in, for example, infrastructure costs where most other provinces lead Ontario. Support is being siphoned off from other areas to support research overheads.

In their recommendations the Bovey commissioners make some proposals for changes to tax measures which I strongly hope the federal government will pay attention to in the coming budget. But their overall recommedations have to do with support for the resource-intensive research areas. Here they make a number of calculations about the costs of this type of research which are found in their recommendation No. 40. The Bovey Commission is only one in a series of examinations of the province's post-secondary system, all of which regard research as important. But the capacity of universities

in Ontario to support research has actually declined over the years, as the Bovey Commission illustrates in its Appendix 6, and is lower in Ontario than in Canada as a whole.

This subject of research, its importance and its financing, is taken up as well in the recent Johnson Report to which I have already referred. After a penetrating and lucid analysis of the role of the post-secondary system as viewed by the Parliament of Canada, Johnson strongly recommends two changes in the funding of research—a funding of the indirect costs of sponsored research in the universities and the development of a long-term plan for the support of research through funding to the granting councils. Furthermore, Johnson recommends the development of world-class centres of excellence to ensure the national and international competitiveness of research in areas of key scope and importance in Canada.

The areas with which the Minister of State for Science and Technology concerns himself are similar to the concerns of both Bovey and Johnson. In Ontario, although all areas of research are encouraged and important, nonetheless our scholars and researchers are well placed to carry out the research in high technology areas and high scholarship which will make the province a centre for development in Canada. This is true not only in universities but through the Canadian Institute of Advanced Research. It appears that researchers, government commissions, both federal and provincial, and the relevant ministers recognize the crucial importance of this issue. That being the case, one is left bewildered by the actions of the federal government in November last and in the Estimates for 1985-86, and depressed by the prospects for the coming budget.

For researchers in Ontario and other researchers across the country I ask the government for: first, no cuts or program changes or realignments without consultation with those involved; second, a recognition of the long-term nature of much research and the need for stability of support once a project has been approved and begun; third, the need for arm's-length, independent decision-making by the granting councils in the support of research to maintain the interest in science and not in meeting particular political objectives—for which contract research is an easily available route; fourth, the early implementation of the recommendations for increased support and pursuit of the means by which excellent research may be continued and enhanced in Canada; and, fifth, an examination of the Bovey Commission recommendations with respect to tax changes, private sector support of research and involvement in research.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 821*)

BACKGROUNDER

This chart outlines the proposed new legal regime for dealing with impaired or dangerous driving offenders

OFFENCE	PENALTIES
Manslaughter	Maximum life imprisonment Maximum life prohibition from driving
Criminal negligence causing death	Maximum life imprisonment Maximum life prohibition from driving
Criminal negligence causing bodily harm	Maximum 10 years imprisonment Maximum 10 years prohibition from driving
Dangerous or impaired driving causing death (new offences)	Maximum 14 years imprisonment Maximum 10 years prohibition from driving
Dangerous or impaired driving causing bodily harm (new offences)	Maximum 10 years imprisonment Maximum 10 years prohibition from driving
Dangerous driving	Maximum 5 years imprisonment Maximum 3 years prohibition from driving
Impaired driving* and "over .08" driving** — These offences can be prosecuted in one of two ways: relatively minor cases by summary conviction; the more serious case by indictment. *driving while one's ability to do so is impaired by alcohol or drugs **driving with a blood-alcohol concentration exceeding 80 mg. in 100 ml. of blood	Minimum a) 1st offence: fine of $300; 3 months prohibition from driving b) 2nd offence: 14 days imprisonment; 6 months prohibition from driving c) each subsequent offence: 90 days imprisonment; 1 year prohibition frome driving Maximum a) on summary conviction: 6 months imprisonment and/or $2,000 fine b) on indictment: 5 years imprisonment; unlimited fine c) 3 years prohibition from driving
Failure or refusal, without reasonable excuse, to provide a breath sample	Same as for impaired driving and "over .08" driving
Failure or refusal, without reasonable excuse, to provide a blood sample (new offence — only where a breath sample is unobtainable)	Same as for impaired driving and "over .08" driving
Driving a motor vehicle while prohibited by the court or while one's licence is suspended (new offence)	Maximum 2 years imprisonment Maximum 3 years prohibition from driving
Failing to stop at scene of accident	Maximum 2 years imprisonment Maximum 3 years prohibition from driving

THE SENATE

Wednesday, May 1, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

VISITORS IN GALLERY

Hon. Leo E. Kolber: Honourable senators, I should like to take this opportunity to greet two distinguished physicians and their wives from Montreal, Dr. and Mrs. Sheiner and Dr. and Mrs. Gelfand.

Dr. Nathan Sheiner is Chief of Surgery and Dr. Morrie Gelfand is Chief of Gynaecology and Obstetrics at the Jewish General Hospital. They are both marvellous fellows and fine physicians. In fact, Dr. Gelfand delivered one of my children.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY CONSULTATION PAPER ON TRAINING AND DOCUMENT ENTITLED "EMPLOYMENT OPPORTUNITIES: PREPARING CANADIANS FOR A BETTER FUTURE"

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Wednesday next, May 8, 1985, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future," tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th February, 1985; and
>
> That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.

QUESTION PERIOD

CANADA POST CORPORATION

LIMITED CANCELLATION OF DOOR-TO-DOOR DELIVERY SERVICE

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether the federal government has taken any action in connection with the Canada Post announcement that it will cancel door-to-door mail delivery in the region from Oakville to Port Hope and north to Richmond Hill, where there will be new subdivisions built.

Hon. Duff Roblin (Leader of the Government): I have no positive information on the point my honourable friend raises. I can only say that, as he knows, Canada Post is now an independent corporation and, as such, has some latitude in deciding how it will operate. I recognize, however, that this is a matter of great public interest, and I shall find out what I can for my honourable friend.

AIR CANADA

STRIKE OF TICKET AGENTS

Hon. Robert Muir: Honourable senators, today is May 1, commonly called "May Day," a day on which leaders of governments all over this country pay tribute to the workers and the trade union movement. Those very people have many tributes paid to them by the leaders of all political parties and all candidates every time there is an election.

On that note, I would ask the Leader of the Government if he can bring us up to date on what is transpiring concerning the Air Canada strike. I realize that the mediator has withdrawn, but what is happening now?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I wish I could give my honourable friend an optimistic report on this matter. I have to tell him that, to the best of my knowledge, the two parties have agreed to disagree and, unless there has been some development in the very recent past, I do not believe that any further arrangements have been made by the mediator to bring the parties together in order to obtain a settlement.

I am hopeful, however, that the present situation will not last for very long, that both parties will meet around the bargaining table at an early date. I shall make some inquiries for my honourable friend to see if I can be more explicit in my reply than I have been so far.

Senator Muir: I thank the Leader of the Government. As a supplementary, may I ask him whether, when he is making those inquiries, it would be possible for him to suggest to the government that the Minister of Labour become involved. This has happened, during my 28 years on the Hill, on quite a number of occasions, and has resulted, quite a number of times, in achieving a successful outcome, whether that intervention was by the Minister of Labour of a Conservative government or a Liberal government. It would be a good thing for the minister to become involved, although some people might not agree with it. It would show initiative on his part. Others have done so in other labour disputes and have worked

with both parties in hotel rooms night after night until a settlement of the problem has been reached.

I do not believe that the present Minister of Labour is a Solomon, but he is a pretty good gentleman and he may be able to do something along those lines. The stated purpose of this government is to get the country moving. I believe it is starting to move, and for that reason we should not allow this strike to continue indefinitely. I am not sure if the Leader of the Government is aware of the entire situation pertaining to this matter. I am sure the public would like to know what has transpired. There are undoubtedly faults on both sides. The Leader of the Government's view of the situation may be somewhat different from that of the government.

Senator Roblin: I agree with my honourable friend that the government has available to it the services of a number of skillful mediators in this labour dispute. The minister himself is no slouch. I believe the government's present position is that the stage has not been reached that would justify the government's intervention. It is the government's hope that the matter will be settled between the parties, as such disputes normally are under the collective bargaining system.

I can tell my honourable friend that I will make sure that his recommendation is passed on to the minister for his attention.

Senator Muir: I again thank the Leader of the Government for his kindness. As a further supplementary, may I ask him whether the government would be interested in contacting Mr. Claude Taylor, who is a very fine gentleman and who ran the airline for many years with great success? Mr. Taylor is respected by the airline workers, and it might be possible for him to become involved.

Senator Roblin: Honourable senators, I will pass that proposal along.

PARLIAMENT

STAFF RELATIONS—DENIAL OF RIGHT TO STRIKE

Hon. Stanley Haidasz: Honourable senators, in joining with Senator Muir in paying tribute to Canadian workers on May 1, the traditional workers' day throughout the world, I should like to ask the Leader of the Government why his government is denying the full collective bargaining rights given to employees under the Canada Labour Code by introducing legislation in the other place denying 3,000 messengers, drivers, cafeteria and maintenance workers on Parliament Hill the right to strike.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should report that the bill which has been referred to is the result of an all-party agreement reached in the time of the former government. The intention to introduce such legislation was announced, I believe, during the election by one of the members of that government. Its background is well known.

With respect to the question concerning the right to strike, we must remember that in dealing with this matter we have to determine the nature of the services provided by those who are affected. In industrial areas where the fiat of the federal government is in force, the Canada Labour Code applies which, of course, provides for the right to strike. In the case of the Public Service, the Public Service Staff Relations Act applies. Under that act great strides have been made towards reaching a position where industrial action in the form of a strike will not be contemplated, even though it may be allowed. Better methods of arriving at understandings are employed. I think this is a helpful development.

The employees on Parliament Hill are closer to the employees in the Public Service than they are to those in the industrial sector who are covered by the Canada Labour Code. It was decided that, as they were not specifically covered by the labour laws of the country, it would be wise to underline their position and to accord to them certain rights which it is questionable that they now have. That is the basis of this bill. I shall not get into debating the bill because it is a long one and has many interesting clauses which expand employees' rights beyond those which are provided in the Public Service Staff Relations Act. However, that is another question.

With respect to whether or not employees should have the right to strike and whether or not arbitration should be used instead, the government had to weigh the desires or feelings of employees against the necessity of ensuring that Parliament could function without fear of interruption. It was decided that arbitration was a fair balance, because it not only binds the employee but it also binds the employer. There is no reason to think that under compulsory arbitration the employer will get everything he wants, any more than there is reason to think that the employees will get everything they want. In the case of the employees covered by this bill, it could be argued that some of their activities are not essential to the functioning of Parliament. I do not intend to get into that matter. I think that, on the whole, the government felt that the people expect Parliament to be allowed to continue to function without being interrupted by labour disputes. It is for that basic reason that it was decided to proceed in the way to which my honourable friend has referred.

Senator Haidasz: Honourable senators, I have a supplementary question. In view of the fact that the right to strike is now guaranteed by the Constitution, can the Leader of the Government state here, this afternoon, that his government has obtained an opinion or advice from the Department of Justice as to whether or not this legislation that is now before the House of Commons is constitutional?

Senator Roblin: I think my honourable friend has been reading a different Constitution from the one I have read. As I read it, the right to organize is enshrined in the Constitution, but I am not satisfied that the right to strike is. I would have to look at that document again before I could accept the premise of my honourable friend's question.

Senator Flynn: You can make your speech in due course.

Senator Haidasz: You are against the spirit of the Constitution.

CANADIAN NATIONAL RAILWAYS

BOARD OF DIRECTORS—REPLACEMENT OF MEMBERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to refer to a question I asked yesterday with regard to the board of directors of Canadian National Railways. I see that part of my question has been answered because three new appointments to the board have apparently been made. I merely want to indicate to the Leader of the Government in the Senate that, although my question has been partly answered by those appointments, I would still like answers to the other parts.

● (1410)

Hon. Duff Roblin (Leader of the Government): I can assure my honourable friend that I would not consider a report in a newspaper to be an adequate answer to any question he has asked me in this chamber. I will see that he gets a full answer in due course.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—HON. FLORENCE BIRD

Hon. Lorna Marsden: Honourable senators, I would like to go back, if I may, to a question I asked previously concerning the circumstances under which Senator Florence Bird was not re-appointed to the Refugee Advisory Council.

My question today is to the Leader of the Government in the Senate. You will recall that yesterday I asked you a further question concerning this matter and your response was that you had not undertaken to look at the circumstances surrounding this matter. However, on April 24, at page 789 of *Debates of the Senate*, you said:

> I will try to find out what the circumstances were.

That answer was given a full seven days ago, and I am wondering whether your lack of response means that you have become indifferent to the fate of our mutual friend.

Hon. Duff Roblin (Leader of the Government): I do not think my honourable friend should charge me with that discourtesy. I am not indifferent; in fact, I am very "different". I am very interested in the question, as I am interested in all of the questions that I receive from my honourable friend, and if on a previous occasion I undertook to answer it in the way that she suggests I did, I will see that she gets such an answer.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—DECLARATION ON INTERNATIONAL SECURITY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I refer to a delayed answer given yesterday by the Leader of the Government in the Senate to my question with respect to the Summit Meeting in Quebec City. I am grateful to the minister for the information, including the fact that the declaration issued following the Quebec Summit contains no new concepts or commitments. I think it is helpful to know that Canada did not undertake any new commitments or adopt new concepts at that meeting.

However, I would like to inquire further with respect to the paragraph relating to Canada's consultations with the United States on the Geneva arms control negotiations, and my question is in two parts. The first part has to do with the statement made by the minister that Canada is making known Canadian views and positions on arms control. Would the minister undertake to tell us, at some future time and in some detail, what views Canada is expressing and what positions it is taking on these particular arms control negotiations? In other words, what is our view and what are we saying to the United States on this important matter?

The second part of my question may be more difficult, but I would like to know whether the United States has made known to its allies the negotiating stance it is following at the Geneva conference. If so, is it possible for the Government of Canada to tell us in any detail what the position of the United States is on the various baskets that are under negotiation in Geneva?

Hon. Duff Roblin (Leader of the Government): With respect to the first question, which relates to a statement by the Secretary of State for External Affairs as to what he has been doing in this matter, I will consult with him and see whether there is any statement he can authorize me to give to the house.

On the second matter, I should think that it would not be possible for me to answer in any detail, because any information that the United States may have given us concerning its negotiating stance in Geneva is naturally information which they would regard as confidential insofar as it does affect the course of what they are trying to do there. Therefore, it would not be in their best interests, I suspect, to disclose their intentions to the world before they were compelled to do so in the course of negotiations. For this reason, I rather doubt if that information could be obtained.

Senator MacEachen: I would respect that stand if, indeed, the United States had not disclosed publicly what it is doing at the Geneva arms talks and if it had told its allies that it wants its position kept in confidence. However, I would draw to the attention of the Leader of the Government in the Senate the fact that, from time to time, the United States itself has made public the positions it has taken at Geneva. Therefore, I really find it rather odd that this veil of silence should be cast over these all-important negotiations, the importance of which is testified to in this answer. If the United States has said that its allies should not reveal information, that is fine, but I should like to know if that is what the United States has said.

Senator Roblin: Honourable senators, it is one thing for the United States to leak its own position to the public, and when the officials there do so, they probably have a purpose in mind. However, it is quite another thing for their allies to take upon

themselves the task of disclosing that information if they have been requested not to do so by the United States.

I am sure that anything that has been made public in the United States has been made public because it is their policy that that should be so. I am equally sure that they do not expect their allies to do that job for them.

Senator MacEachen: Can the Leader of the Government find out whether the United States has informed any of its foreign relations committees in Washington as to what it is going to do at Geneva, and if so, why can the Parliament of Canada not be told that position?

Senator Roblin: I cannot undertake to find out what the American government has done in terms of its relations with Congress. That is not within my sphere of responsibility or authority. So, I suppose I will just have to read the *New York Times*!

CUSTOMS ACT
SPECIAL IMPORT MEASURES ACT

BILL TO AMEND—THIRD READING

Hon. R. James Balfour moved the third reading of Bill C-40, to confirm certain acts or things done on behalf of the Deputy Minister of National Revenue for Customs and Excise and to amend the Customs Act and the Special Import Measures Act.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday at the conclusion of second reading debate I asked Senator Balfour if he would obtain some information and provide it at the third reading stage. I do not intend to hold the bill up until we have received that information, but, if he has the information, would he let us have it?

Senator Balfour: Honourable senators, I have made the inquiries I undertook to make. I have been advised by the Department of Justice that the case that was before the Federal Court of Appeal—which really precipitated this legislation—is under appeal to the Supreme Court of Canada. Should the Supreme Court of Canada sustain the judgment of the Federal Court of Appeal, then, indeed, I think other deputy ministers will have problems similar to that which the Deputy Minister of National Reveune for Customs and Excise had. I think we will have to await the outcome of the appeal to the Supreme Court of Canada to determine that.

Senator Frith: With leave, honourable senators, since I am speaking again—

An Hon. Senator: You do not need leave.

Senator Frith: That is right; I only need leave at the second reading stage.

Senator Flynn: You have said nothing up to now.

Senator Frith: That is right; I did not intend to say anything up to now. I only intended to ask questions.

Then, to put that into the context of this bill, this is one area in which it is felt, even pending the appeal to the Supreme Court of Canada, that an interim remedy in the form of legislation is necessary.

Senator Balfour: Honourable senators, because of the interference with commercial transactions involving importers, that is precisely the situation.

Motion agreed to and bill read third time and passed.

CRIMINAL LAW AMENDMENT BILL, 1985

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Asselin, P.C., seconded by the Honourable Senator David, for the second reading of the Bill C-18, intituled: "An Act to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other Acts and to make other consequential amendments".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am going to request that the order stand until tomorrow. I simply want to explain that it is Senator Asselin's intention to move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs after second reading has been given. Therefore, I just want to be sure that honourable senators know that I have no intention of slowing that process and that I will support such a suggestion tomorrow when I have made an intervention briefer than Senator Asselin's—although that is not meant to criticize the excellent speech that Senator Asselin made yesterday.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 2, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INVESTMENT IN CANADA

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-15 TABLED AND PRINTED AS AN APPENDIX

Hon. Lowell Murray: Honourable senators, I have the honour to present the sixth report of the Standing Senate Committee on Banking, Trade and Commerce respecting the subject matter of Bill C-15, an Act respecting Investment in Canada.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix "A", p. 848*).

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, May 7, 1985, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

FISHERIES

OVERFISHING BY WEST GERMAN FLEET IN WATERS UNDER CANADIAN JURISDICTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, yesterday in the House of Commons the member for Gander-Twillingate raised the case of overfishing by the West German fleet in waters under Canadian jurisdiction. I understand that there has been serious overfishing, and I wonder whether the Government of Canada has had discussions with the German authorities or with the authorities of the European Economic Community about what appears to be a violation of the arrangements between Canada and the European Community on fisheries under Canadian jurisdiction.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is correct that the question was raised in the other place yesterday, and the Minister of Fisheries and Oceans at that time replied that he had made some preliminary inquiries with respect to the matter but intended to report to the house more fully today. I expect that when he does so he will be able to deal with the question raised by my honourable friend. If his reply today does not cover the point in question, I will make some inquiries.

Senator MacEachen: Would the minister consider the possibility that the occasion of the Bonn Summit where the Federal Chancellor and Foreign Minister Genscher are meeting with the Canadian Prime Minister and other ministers might provide the opportunity to raise this matter? I know that it might not be agreeable to the Prime Minister to raise rancorous subjects, but it seems to me that Canadian interests are so directly involved that it might be appropriate for the Canadian government to make the West German ministers aware of the concern that is expressed. I can assure my honourable friend that there is deep concern in the Atlantic provinces about this particular incident.

Senator Roblin: My honourable friend is right again. I believe that the Minister of Fisheries and Oceans has acknowledged the importance of the matter and the seriousness of the concern expressed by some. I think it is necessary to be sure of our position before we take any action in this matter. In other words, we must make sure that the facts are clearly established, and if there has been a breach of the agreements we have made, it must be carefully identified before further action can be taken.

Senator MacEachen: I do not think there is any doubt, honourable senators, about the breach. I understand that the overfishing has been very substantial; that the licence given to the West German fleet is for seven to nine thousand tonnes; that the fleet has taken in excess of an additional twelve thousand tonnes, and that the fishing is continuing. I am not complaining, but I really would like to know whether the Canadian government has made any protest or representations to the authorities. I cannot believe that it has not, but I think that it ought to be strengthened by further pressure on the German authorities, perhaps at the Summit, to inject a note of realism into the deliberations.

Senator Roblin: I have to say that I have full confidence in the zeal of the Minister of Fisheries and Oceans to protect our interests and our rights in this matter. I am perfectly sure that,

if he is convinced there has been a breach of the regulations—and *prima facie*, on the information received, it would appear that that is so—he will certainly take the most vigorous action in respect of it.

I rather doubt that it would be appropriate or timely, in view of what is going on in the next day or two, to refer the matter to Bonn, since there are matters of substance being discussed there. Speaking purely off the cuff and giving a private opinion, which I am really not allowed to do, one must be careful to preserve one's bargaining power for issues which require maximum support. I by no means minimize this problem, because it is very important to those whose livelihood is concerned, but I believe that the Minister of Fisheries and Oceans is an active and energetic man, and I am sure he will take the necessary steps.

Hon. Roméo LeBlanc (Beauséjour): Honourable senators, I have a supplementary question. There are really two precedents, which I find very interesting in the light of Senator Roblin's answer. First of all, under the agreement with the EEC, it is obvious that under no circumstances can overfishing be accepted and countenanced. In fact, there are precedents where vessels of certain countries—and I am thinking of Spain in particular—have been arrested and taken to port and charged. This is an obvious, serious breach of contract, especially since the West Germans are members of the North Atlantic Fisheries Organization, and the matter should not be treated lightly.

I am wondering whether the Leader of the Government in the Senate knows that during the Helsinki Conference in 1975 or 1976 we were having difficulty with the Soviet Union. The then Prime Minister did not think it beneath his dignity to raise the issue with Premier Kosygin and even Secretary Brezhnev, and the matter was sorted out during that meeting in Helsinki in a matter of hours. I am wondering why this government is not moving as quickly as that government did.

Senator Roblin: Honourable senators, I think my friend has correctly informed us with respect to what happened in the past. I would be unhappy if my response to this question has indicated that I am not fully convinced of the seriousness of the matter, and indeed, in spite of what I have said, it may be desirable to take the step that has been proposed to us. However, I think I must leave it to my colleague, the Minister of Fisheries and Oceans, to advise further on this matter. When he was spoken to about this matter yesterday, he said in the house:

> I will take very careful notice of the representation of the honourable member. I hope I will be able to give him a response by at least this time tomorrow.

—which is, of course, Question Period today. Therefore, I really must wait until I hear what my colleague has said before I can answer questions on the matter with any degree of accuracy.

However, if it will make the Leader of the Opposition in the Senate feel any better, and I hope it will, I will make sure that his comment is conveyed to the minister, in case it should be possible to take advantage of it.

TRADE

IMPORTS FROM THIRD WORLD COUNTRIES—GOVERNMENT ATTITUDE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. It relates to an item of continuing importance for Canada, and that is, of course, trade, and to a continuing problem that we have with reference to imports. This problem has been highlighted recently by the Prime Minister's volunteering to be the champion for Third World countries at the Bonn Economic Summit. He will champion their cause specifically by trying to persuade his colleagues in the rich nations to open their doors to exports from Third World countries.

• (1410)

At the same time, the Honourable Sinclair Stevens is suggesting that he will protect key domestic industries against imports. There is evidence that in implementing that policy, attempts have been made to persuade Third World countries to limit their exports to Canada.

Will the Leader of the Government try, some time between now and next week, to reconcile those two positions and let us know whether, in fact, the Prime Minister will attempt to persuade his colleagues to open their doors to more imports, and whether he will, at the same time, be supporting his minister's attempts to close the doors?

Hon. Duff Roblin (Leader of the Government): I will do my best to reconcile those two positions right now.

Senator Frith: Good luck!

Senator Roblin: I should point out that products from Third World countries, particularly textiles, shoes and similar products, enter Canada under regulations that were in effect before this government came to power; in other words, the regulations are the ones that were deemed advisable by our predecessors.

Senator Frith: Are you renouncing them?

Senator Roblin: What has happened now is that the Prime Minister has said in Bonn that he is conscious of the problems Third World countries have in finding export markets for their products in view of the general protectionist trends there are around the world these days.

The report I have received is a press report, so I do not think I should be too positive about it, and it says that the Prime Minister intends to make representations on that matter.

What my colleague, the Honourable Sinclair Stevens, has said, again as I read from press reports—and I will be glad to talk with him directly about this—is that he intends to see how we should re-organize the system of protection we now have with respect to textiles and other commodities in which Third World countries might be interested. His suggestion is that, instead of quotas—and it is only a suggestion, it does not

represent policy; it has not been placed in concrete form—it might be useful to look at a different method of allocating the market between domestic producers and those who wish to receive exports from Third World countries. He has suggested that it might be useful to do it on a percentage-of-the-market basis. One will see that there will be two different amounts when these two methods of control are compared.

What the minister has said so far represents, in a sense, a trial balloon as to what he thinks might be useful to consider. That is as far as he has gone. I think it would be useful to consider that proposition.

That proposition will have to be examined with those concerned in Canada and in light of the attitude of the Department of External Affairs to the question of trade with Third World countries. It may be that we can come up with an improved situation. That is the aim of the government.

Senator Frith: As a supplementary, honourable senators, perhaps when having a closer look at the suggestions, and even the trial balloons, the Leader of the Government will keep in mind that the essence of the question is, put very simply, whether we are going to be talking about opening doors and persuading others to open doors in Bonn, when, whatever we are doing ourselves—whether it be re-organization or something else—will have the effect of closing doors here.

Senator Roblin: I do not think my honourable friend would suggest for a moment that we do not have some controls in respect of imports from Third World countries that affect significant Canadian economic interests which are having a hard time competing. I do not think he would say that we should abandon all efforts to adjust that situation.

It would be highly desirable, in my opinion, if some method could be found to phase out our interest in those non-competitive industries, if such they are, to provide greater space. However, I think one has to strive for a balance between providing the maximum room we can for imports from Third World countries while avoiding doing a serious injustice to Canadian workers.

Senator Frith: Honourable senators, I believe that the Leader of the Government knows that he and I share some views on that subject. I want to be sure that when looking into whatever proposals are being made and what the policy is we will not be asking our Summit colleagues to, in effect, open certain doors while we will be closing the same doors.

Senator Roblin: I can give my honourable friend the assurance that we will certainly be guided by common sense and good judgment in dealing with our values.

Senator Frith: That would be a refreshing change.

Senator Flynn: You are hoping that we will make a mistake.

FOREIGN AFFAIRS

IMPOSITION BY UNITED STATES OF ECONOMIC SANCTIONS AGAINST NICARAGUA

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to ask the Leader of the Government about the situation that has been created by the announcement by the President of the United States that economic sanctions are to be applied against Nicaragua. In view of the intimate relationship that allegedly exists now between Canada and the United States and the commitment to consultation between the two countries that has emanated from successive meetings between ministers, can the Leader of the Government explain why the Canadian government received no advance notice and why no consultation was entered into by the Government of the United States with respect to the imposition of these sanctions?

Hon. Duff Roblin (Leader of the Government): No, I am not able to explain why the Canadian government was not consulted. The reason for that is that the motives for the actions, or the inactions as the case may be, were American ones. They were not within our control.

Senator Frith: Can we say that you are damned mad and that you are not going to take it any more?

Senator Roblin: No, because I think that our relations with Nicaragua will remain unchanged in spite of the American action. Normal diplomatic and economic relations between Canada and Nicaragua are not changed by the American policy in this respect, nor, indeed, have they asked us to change them.

Senator MacEachen: Does the leader not think that it might have been courteous of the American government to advise the Canadian government and its allies of its intention to impose these sanctions? It looks to me like business as usual, Grenada re-enacted, which caused so much concern among allies of the United States. Apparently nothing has changed even though the Prime Minister has put a great deal of stock in "refurbishing" the relationship. The relationship seems to be the same. In other words, the Americans act and the allies are told later.

Senator Frith: He even sings in duets!

Senator Steuart: Those Irish eyes are crying.

Senator Roblin: I fully expect that from time to time the governments of other countries will take actions without consulting us, no matter how close our relationship to them may be. It is fruitless to complain, in one sense, because they are the masters of their fate in that respect. I fully expect that the Government of Canada will take actions in matters which some of our associates and allies might consider affect them, without consulting them in advance. That happens to be one of the hazards of international communication.

For myself, I must say frankly that if the Government of the United States had told us in advance, I would have considered it a reasonable thing to do. However, since they decided not to do so, we have to establish our own position and stick with it.

Senator MacEachen: I agree with Leader of the Government that we must establish our own position, and I am pleased to notice that the Canadian government has disagreed, at least insofar as its own policy is concerned, with the action of the United States government. Have any representations been made by the Government of Canada to the Government

of the United States with respect to the status of Canadian subsidiaries of American firms in doing business with Nicaragua? Have we stated our opposition to any effort by the United States government to control the conduct of such subsidiary firms in making sales of parts and so on to Nicaragua?

Senator Frith: As they did with Cuba.

Senator Roblin: My honourable friend places me in a difficult position in that sometimes he criticizes me because we agree with the United States and sometimes he criticizes me because we do not agree with the United States. On this occasion he praises us because we do not agree with the United States. At least we have that little plus mark to lay on our conscience.

• (1420)

I can tell my honourable friend that to the best of our knowledge there is no extraterritorial reach in the embargo that the United States has announced. It does not affect American subsidiaries in Canada, or, so far as I know, elsewhere. So it is entirely a domestic matter for the Americans and it does not affect Canadian interests in any sense in which territoriality is attempted to be exercised with respect to our economy.

Senator MacEachen: Is the minister giving us an assurance that that will be the policy of the United States government in the implementation of the embargo?

Senator Roblin: I can give no assurances whatsoever about the policy of the United States government. But I can tell my honourable friend that our interpretation is that the measures they have taken—and we believe it to be correct—exclude any extraterritorial reach in respect of this embargo.

Senator MacEachen: Have you asked the United States what its intention is?

Senator Roblin: With respect to extraterritoriality?

Senator MacEachen: Yes.

Senator Roblin: No, because it does not affect us.

Hon. Royce Frith (Deputy Leader of the Opposition): What will the policy be if they attempt to extend it in that way, as we know they have done in the past?

Senator Roblin: I do not deal with hypothetical questions; but I hazard a guess the policy would be the same as that of any other government.

Senator MacEachen: A year or so ago there was a bill before the American Congress in which the President and officers of his administration clearly stated their intention to achieve foreign policy objectives through control over re-export of goods, and the movement of goods from third countries. That is embedded in their policy. I am wondering if in this case they have said "No, we will not apply that policy."

I understand that the Leader of the Government is saying "We do not think it will affect us," and I hope that is the case; but I believe it would be prudent to ask the United States about this and to make strong representations, because we are quite familiar not only with the policy but also with the activities of the United States government in the exercise of extraterritorial jurisdiction.

Senator Roblin: My honourable friend will not get me into any debate with him concerning the principle of extraterritoriality, because I think it is a principle which Canadian governments do not accept. I can tell my honourable friend that the terms of the President's order have been carefully studied here, and, as I have stated, there is no extraterritorial application in those terms. If the terms change at some time, then we shall look at it.

Senator Frith: Does that mean that there is no reference in the President's order to extraterritoriality, one way or the other?

Senator Roblin: I will not enlarge on my statement, because it covers all of the facts about which I am authorized to assure the house in respect of this matter. The terms have been considered and they do not have extraterritorial application to Canada.

Senator Frith: To get back to the essence of the question asked by the Leader of the Opposition, do I understand that the Leader of the Government will inquire further on this question of extraterritoriality?

Senator Roblin: I believe I have made all the necessary inquiries and I am able to give my honourable friend the assurance I have given him. If circumstances change, we will talk about it again.

Senator Frith: The assurance is given on the basis of the President's order. When the Leader of the Government is asked whether the order deals with extraterritoriality either way—so that we can move from there to finding out something about our concerns—he says "I am not going any further."

That is what I would like some assurance on. Given the many concerns that quite naturally arose as soon as the announcement was made, because of our experience in the past, we should be given some assurance about the situation. That is all that we are asking for. I understand and accept what the Leader of the Government has said, namely, that on the information he has so far he is unable to give us that assurance. I am simply asking: Can he tell us on what that assurance is based and will he make some further inquiries?

Senator Roblin: I must tell my honourable friend that I regard his question as superfluous and redundant. I have dealt with the question to the best of my ability. There is nothing further that I can add. If circumstances change, then I will make a further statement. But there is nothing further that I can add at the moment. Our government is of the opinion that there is no extraterritorial application of this embargo. If we are wrong, we shall soon hear about it; but we do not think we are wrong.

Senator Frith: Honourable senators, I consider that answer quite unacceptable. It is a question of the verb that is being used. The Leader of the Government has said that there is

nothing more that he can add. If he examines the questioning and the debate in the Senate, it is quite clear that there is something more that he can add. What he is really saying is what he says so often on these occasions, namely; "There is nothing more that I will add." He is just stonewalling.

Senator Flynn: He could very well say that of you.

Senator Frith: If that is what he is saying, then we are becoming used to that.

Senator Roblin: Part of the traditions and customs of the house with respect to the Question Period is that ministers answer questions as best they can, if they feel they are able to do that job properly. But they are under no obligation to answer any question that members might consider to be appropriate *ad infinitum,* as my honourable friend seeks to do.

I cannot make any further statement than the one I have made. I think that will have to be accepted by my honourable friend.

Senator Frith: We might as well get this straight, because it happens always—

Senator Flynn: It is not because you don't understand? You are—

Senator Frith: Just relax, Senator Flynn, and listen for a minute, and then start your shouting.

Senator Muir: You are now taking over the role of Senator MacEachen also, are you? You will never catch up with him.

Senator Frith: Are you now taking over for Senator Roblin, Senator Muir? Or perhaps you are taking over from Senator Flynn.

Senator Muir: I am afraid I would be an awful lot tougher with you than Senator Roblin. He is a gentleman; I am not.

Senator Frith: Perhaps I might continue.

What happens on occasions of this kind is that the Leader of the Government says that he is under no obligation to give any further answer to the question. Sometimes that is what he says. And when he says that, he is correct as far as *Beauchesne* or any other authority is concerned.

I do not mind him saying that. I like it to be on the record, if that is his view. He could simply say, "I just don't want to give any more information." Therefore, if he says, "I will not answer any more," then he is simply saying that he is not going to answer any more questions.

Senator Flynn: Is this a point of order or a question?

Senator Frith: But instead of saying that he says that he "cannot." The fact is, he can make inquiries and he can get more information, if he wants to.

I think he should simply come clean and say, "I will not, I won't," instead of trying to say "I can't."

Senator Roblin: Of course, that is not my position at all—

Senator Frith: Well, read *Hansard.*

Senator Roblin: My position is that my statement is clear and that my honourable friend's question seeking further information is not one that I have to answer. First of all, I do not have the information here now—

Senator Frith: I am asking you to get it.

Senator Roblin: I do not think I have to keep on responding positively to every suggestion for further action outside this house that my honourable friend suggests I should do.

Senator Frith: Of course, you don't.

Senator Roblin: I am not going to do it.

Senator Frith: You don't have to.

Senator Roblin: What I am going to do is to give all of the information that I have at my disposal. I think I have given a perfectly satisfactory answer. If my friend is not satisfied with the answer, that is fine with me; but I believe that I have discharged my obligation.

Some Hon. Senators: Hear, hear.

Senator Frith: That's better. All right. Just so that we can close this matter, it is now quite clear that the Leader of the Government believes his answer to be satisfactory, and he is entitled to that opinion. He refuses to make any more inquiries—and that is clear. He is now, in effect, saying, "I am just not going to do it."

I said that if he were to do that, it would be acceptable.

Senator Roblin: My friend is raising a number of hypothetical points which have not arisen so far—

Senator Frith: I am asking you to get information. There is nothing hypothetical about that at all.

Senator Roblin: He is asking me to get information with respect to a hypothetical event, an event which I do not believe will happen, based on the information that I have. No one in a parliamentary assembly operates on a principle like that.

The principle that my honourable friend really operates on is that of having the last word. Well, he is welcome to it.

Senator Frith: Fine; I will take it. Thank you for the offer. Let me make it clear that it is not a hypothetical question. I am not asking a hypothetical question. I am asking the Leader of the Government to give us more information on a part of his answer. His answer was, "We have examined the President's statement, and I, the Leader of the Government, am satisfied that there will be no extraterritorial application to this policy." Then the question, which is not hypothetical, was—

• (1430)

Senator Flynn: We heard it.

Senator Frith: Perhaps you did; apparently Senator Roblin did not.

The question then is—

Senator Flynn: Try to explain to yourself what you are trying to say. I'll bet you won't be able to.

Senator Frith: The question that was asked was put this way: Since the Leader of the Government in the Senate has said that he has looked at the President's order and he is

satisfied that there will be no extraterritorial application—and the question, which was not hypothetical, was: Will he tell us whether there was any reference, one way or another, in that document? That is not a hypothetical question.

Senator Flynn: Round and round—

Senator Frith: You are giving me the last word and I will take the last word. That was not a hypothetical question. The leader was saying that he refuses to get that additional information.

All right; he is entitled to that refusal. But do not try to con us with talk about its being hypothetical—it is not. It is just further information we are requesting that he is refusing to provide.

Senator Roblin: I am not sure that I should really respond to that because I have answered the same question three times, but I am going to do my honourable friend a great big favour, just to show him that my heart is in the right place. I am going to send him a copy of the President's statement and he can read it himself.

Senator Frith: Hear, hear! That is the answer.

Hon. Roméo LeBlanc: Honourable senators, I have a supplementary question.

Having observed some events from the Press Gallery quite a few years ago, I should like to ask the Leader of the Government in the Senate whether he has recommended that the Department of External Affairs produce the file—the memoranda, etc.—exchanged between Washington and Ottawa at the time of Mr. Diefenbaker's decision not to follow the American lead with respect to the interruption of trade with Cuba. Similarly, with respect to an incident where extraterritoriality was more at issue—an incident concerning the sale of grain-drying equipment to Red China—I wonder whether the Leader of the Government in the Senate would recommend that that file, as well, be made available to the Department of External Affairs duty officers who might be drafting the memos for cabinet these days.

Senator Roblin: I do not think it is necessary for me to do that. I think that the ladies and gentlemen responsible for furnishing the documentation in respect of these matters are well acquainted with the documents referred to by my honourable friend. It is certainly not a question that I think should be posed to me in Question Period.

Should my honourable friend wish to read those documents, he can table an order for return and we will see what is available. Apart from that, I have no comment.

Senator LeBlanc: I should like to make a suggestion. It has been my experience, reading the memoranda that come to cabinet, that there is quite rarely an historical reference going back a good number of years, especially in the spirit of non-partisanship in which external relations should be governed. I thought that the example of Mr. Diefenbaker would be extremely useful reading to the members of the present cabinet.

Senator Frith: I think I would find it boring.

[Senator Frith.]

Senator Roblin: I think my honourable friend is right and I thank him for his suggestion. I am sure that those in the department are not ignorant of Mr. Diefenbaker's position.

TRANSPORT

TRANSPORTATION OF DANGEROUS GOODS REGULATIONS

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question concerning the new regulations on the transportation of dangerous goods across Canada which, as you know, will come into effect on July 1.

The subject is of great concern to Canadians because of recent incidents that have occurred. This week, the President of the Canadian Trucking Association said quite flatly that those he represents will be unable to comply with these regulations by the July 1 date, in terms of training the people who, in the course of their daily work, have to comply with the regulations. Indeed, he suggested three rather distressing options. The first is that the training could be "fudged," which was his word, not mine. The second is that operators might operate illegally. The third one is that they might refuse to transport things classified as dangerous goods altogether.

My question is: Could the Leader of the Government in the Senate indicate to us how the Minister of Transport and the government might assist in trying to solve this dilemma over the deadline without at the same time sacrificing the urgency of bringing these regulations into effect, which is an urgency which we are all very conscious of?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not think my honourable friend would expect me to accept any responsibility for the statement made by the gentleman she quoted. That happens to be his opinion and it certainly may not be the only opinion on the subject. The government's position is that the regulations are to come into force on July 1 and we are going to do our best to see that they come into effect on that date and are adequately respected by those in the industry. We have every confidence that, despite the statement read, there is a reasonable prospect that that will, indeed, take place.

Senator Fairbairn: I have a supplementary question. Could the Leader of the Government indicate whether any consideration has been given to the question of assistance to make that happen by July 1? Is there any such prospect in terms of that particular organization and also the Canadian Manufacturers' Association who had similar comments?

Senator Roblin: I am not aware of any proposal of that sort, but I do not rule it out. I think that if experience proves some further measures are necessary, they will certainly have to be considered, but I think that we will have to wait to see what happens.

PARLIAMENTARY SECRETARIES

SUGGESTED APPOINTMENT OF SENATORS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. I want to assure him that I am not going to engage in partisan disputations.

Some Hon. Senators: Hear, hear.

Senator Bosa: Earlier this year I wrote a letter to the Prime Minister, a copy of which I made available to the honourable gentleman, asking the Prime Minister if he would consider appointing parliamentary secretaries in the Senate so that honourable senators could get answers on a variety of subjects without expecting that the Leader of the Government in the Senate be informed on every possible issue likely to come before this chamber.

Senator Haidasz: They have only 25 senators but they have 45 cabinet ministers.

Senator Bosa: The Prime Minister replied that he had referred that letter to the Leader of the Government in the Senate. I am wondering whether the government leader has had an opportunity to review the contents of that letter and whether he has replied to the Prime Minister.

Hon. Duff Roblin (Leader of the Government): My honourable friend really knows how to hurt a guy, doesn't he? I regret that my performance in answering questions does not meet my honourable friend's high standards. I attempt to do my best with respect to answering questions.

Senator Doody: It is more than adequate.

Senator Frith: Watch it!

Senator Roblin: However, the question that I think he really ought to examine is whether the system that we have in the Senate of asking these questions is appropriate. I recall in the two previous Parliaments—the Parliament presided over by Mr. Clark and the last Parliament presided over by Mr. Trudeau—there were in the government ranks three and sometimes four cabinet ministers in the Senate. They were in the Senate because the party in question, both the Conservatives and the Liberals, lacked satisfactory regional representation in the House of Commons. In order to meet that defect, there were ministers appointed in the Senate, which has certainly not been the custom in the general way of speaking since the very early days of Confederation when we last had a Prime Minister in the Senate.

We had a situation in the last four or five years which was abnormal, I suggest, with three or four ministers in the Senate who had portfolio responsibilities. It follows that the only way in which they could be examined on their portfolios within Parliament was by being questioned in the Senate. Questions could not be posed to them in the House of Commons because they were not there. I think it was a natural development that during those two administrations—that of Mr. Clark and of Mr. Trudeau—with the portfolio-holding ministers here in this house a very brisk Question Period developed in order to examine them on the conduct of their departments. I have no fault to find with that because it is a logical and reasonable development.

Now that we have a different situation where the government does have adequate regional representation across the country in all respects, it is no longer necessary to appoint members of the Senate as cabinet ministers in order to have some kind of regional representation in the cabinet. Consequently, there is only one minister.

I suggest that perhaps we should give some consideration to the advisability of considering the nature of our Question Period here. I do not object to it because I have a lot of fun during Question Period.

Senator Frith: Good!

Senator Roblin: It is great exercise for the wits, so to speak. The point is that when asking questions, the rule that lawyers follow—and I am not a lawyer—is that you seek the best evidence. If you seek the best evidence about portfolio ministers' activities, you do not ask me the questions. You put the questions in the House of Commons to the minister who holds the portfolio.

I do not object to the fact that the Senate seems to have carried on with the idea of a vigorous Question Period covering the whole range of government activity simply because we no longer have the pleasure of having in our midst three or four senators in the cabinet with portfolio responsibilities. I do not object to that at all, but I think it is reasonable to consider whether our Question Period is as productive as it could be. I have to confess that when Senator Frith and I get engaged in an altercation like we did today, I do not think that that is really the most productive method by which questions could be asked.

Senator Frith: It is a search for the truth.

Senator Roblin: Perhaps the answers are not any more productive than the questions. I do not attach any particular odium to him because he is doing what comes naturally and I am doing what comes naturally, so there you are. I simply say that the whole idea of Question Period in the Senate is one that is, to say the least, debatable—let's put it that way. I think the view of the government is that under those circumstances, whatever burden it may place on the Leader of the Government in the Senate, he likes to roll with the punches—and I get a few from time to time—and we do the best we can. It would not be in accordance with our view of the correct operation of Parliament that there should be a proliferation of parliamentary secretaries outside the House of Commons.

That is a debatable proposition and my honourable friend has made an interesting proposal, but I do not really think it is going to fly at the present time. I do not think that one should rule out change—there is nothing wrong with change—because an adequate case could be made for it, but at the present time I have to say that the prospects of accepting the suggestion are somewhat less than bright.

Senator Bosa: I have a supplementary question. The honourable gentleman has stated that the Senate played a vital role at a time when the government did not have representa-

tion from certain parts of the country and, therefore, it used representatives of the Senate to fill that need. That was on the side of the government, and this is the point that the honourable gentleman has made. Now the situation is reversed and Her Majesty's Loyal Opposition in the other place do not have adequate representation, particularly in two provinces out west. Therefore, that function could be filled by the opposition in the Senate if there were some parliamentary secretaries here to answer questions that relate to those regions.

Senator Roblin: I think that there are numerous ways of getting information in the Senate. One is to ask me a question. Some people say that you do not get much information that way, but I do the best I can within my limits. There are also the Senate committees which are an ideal place for seeking information on all aspects of government policy. I recommend them to my friend.

Hon. H. A. Olson: Honourable senators, I have a supplementary question. I can accept the government leader's response respecting parliamentary secretaries because that is up to the government to decide, but there is more to his reply than that. It seemed to me that he wanted to change the function of the Leader of the Government in the Senate. He went on to explain that when there were ministers here who had specific portfolios, it was a right and proper thing to address questions to them, but that that changes significantly when there are not; in other words, there is only one minister—the Leader of the Government in the Senate. I know that the present leader has advocated or argued from time to time that it was the responsibility of the Leader of the Government in the Senate to receive and attempt to answer all questions regarding government policy. If he did not have the information, he was obliged to take notice of the question and to seek that information. Surely the Leader of the Government in the Senate is not suggesting that we change that now; that somehow members of the opposition or, for that matter, any member on either the opposition or the government side is to be denied the right and, in many cases, the obligation to the region from whence he comes to ask questions of the government. There is only one place where honourable senators can ask questions of him, and that is in this chamber. Therefore it is a little disturbing when the honourable leader takes the position, as has been pointed out, that he refuses to make the inquiry for whatever reason. He has done that a number of times, and I certainly would like to ask him if he does not intend to continue to perform the traditional role of the Leader of the Government in the Senate, one which he advocated so vigorously when he sat on this side as the deputy leader.

● (1440)

Senator Roblin: I am not complaining in any way about Question Period, honourable senators. As far as I personally am concerned, I will continue to do my best to answer any questions that members of this chamber put to me.

Hon. Finlay MacDonald: Honourable senators, I have a question for the Leader of the Government in the Senate. I wonder if you can provide us with the name of your predecessor who was in the same position as you are today? That is to say, the government leader in the Senate and the only member of the Senate in the cabinet. Further, I would like to ask whether the Leader of the Government in the Senate has done any research as to what the conduct of the chamber was at that time with respect to the obtaining of useful information?

Senator Roblin: I am not quite sure that I get the full thrust of that question.

Senator Frith: I can explain it to you. I know what he is saying.

Senator Roblin: I would simply be inclined to say that the records of the Senate will disclose who were cabinet ministers in any administration, and those records are available to my honourable friend.

As to the efficacy of Question Period at that time, it all depended on to whom you were addressing the question.

WORLD WAR II

40TH ANNIVERSARY OF SURRENDER OF GERMAN FORCES

Hon. Stanley Haidasz: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. This coming Saturday, May 4, will be the fortieth anniversary of the surrender of German forces in northwestern Europe to British, Canadian and Polish forces. Would the honourable leader inform this chamber what celebrations the federal government has organized in Canada, or agreed to participate in officially in other countries, to commemorate this historic event?

Hon. Duff Roblin (Leader of the Government): I will take the question as notice, honourable senators.

FOREIGN AFFAIRS

IMPOSITION BY UNITED STATES OF ECONOMIC SANCTIONS AGAINST NICARAGUA

Hon. Allan J. MacEachen (Leader of the Opposition): I have no complaints about the efforts of the Leader of the Opposition during Question Period—

Senator Flynn: The Leader of the "Opposition"?

Senator MacEachen: The Leader of the Government—and even less, the Leader of the Opposition.

Senator Frith: The minority leader.

Senator MacEachen: I know in some cases he is unable to provide answers, and we understand that. In other cases, he can provide answers, and I think that in those cases he should give us the full information he has.

Honourable senators, I would like to return to the question of Nicaragua and see if I can probe another aspect of Canadian policy. The United States has imposed an embargo against Nicaragua, and we are told that that subject will be raised at the Bonn Summit. Even though the United States did not see fit to advise its partners before it took this action, it is now prepared, presumably, to discuss it or to hear views on it at the

Summit. I would like to know whether the Government of Canada will say to the United States: "We think that is a bad policy; we think it is bad to isolate Nicaragua in this particular situation."

Hon. Duff Roblin (Leader of the Government): I think that the Secretary of State for External Affairs has expressed Canada's policy position with respect to Nicaragua after this recent embargo statement was made, and I think I am interpreting him correctly in saying that he said that, in his opinion, the proper way in which to approach the solution to that problem is through the Contadora process, and that is the policy that the Government of Canada intends to pursue.

Senator MacEachen: I take it, therefore, that the Government of Canada would deplore the action of the United States in imposing the embargo and would consider it not to be a constructive way to approach the solution to problems in Central America.

I am serious about this question, because surely we have learned what happens when a country is isolated, as happened in the case of Cuba. At a certain point, the United States took a particular attitude and the result is known to everybody. It seems to me that in this case history is repeating itself and we are likely to see the same consequences, and I wonder whether the Government of Canada will make that point to the United States at the Summit. Or will we just say nothing?

Senator Roblin: I think my honourable friend is right, if I am interpreting him correctly, in saying that the Contadora process is the best way to approach this problem. In other words, getting a regional agreement to reduce armaments, to withdraw foreign troops and to abandon economic sanctions of any sort. That is the Contadora process in a nutshell and Canada is, certainly in an advisory capacity with respect to Contadora, trying to advance that process, and up until recently there was some indication that perhaps there was a closer meeting of minds than ever before. What will happen under present circumstances, I really cannot say.

I think the position of the Government of Canada is clear. That is that in its opinion, the Contadora process is the way to go and, by inference, the American way is not. My friend is saying to me "What are you saying about it at Bonn?" I will inquire of the minister with respect to that and report to my honourable friend later.

THE SENATE

PAUL BOURASSA—TRIBUTE ON COMPLETION OF TERM AS PAGE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before Orders of the Day are called, I have been advised that today is the last working day for our senior Senate page, Paul Bourassa. Mr. Bourassa is senior not only in the supervisory sense but he is also the most experienced of our pages. I thought the Senate might want to note that he has been with us a long time. We wish him well in his career, as we do all of that distinguished alumni of Senate pages.

Hon. Duff Roblin (Leader of the Government): I am pleased to join in this expression of good wishes because I do not know where I have encountered a more agreeable group than the young men and women who act as pages in this chamber. We are well served in all respects in this chamber, but I think our pages certainly set an example of courtesy, good manners and cheerfulness of disposition which many of us would be well employed to observe and to follow.

CRIMINAL LAW AMENDMENT BILL, 1985

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Asselin, P.C., seconded by the Honourable Senator David, for the second reading of the Bill C-18, intituled: "An Act to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other Acts and to make other consequential amendments".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, in speaking to Bill C-18, I will cover four areas. First of all, I want to tell honourable senators about the legislative context of the bill. Secondly, I want to discuss those elements in the Criminal Code amendment that have been left out, or, at any rate, are not included, although there is good reason in some cases, perhaps, for them not to be dealt with here. Then I would like to say a word or two about what is included; that is, what might be of interest to honourable senators beyond what Senator Asselin has said. Finally, I want to speak about some amendments that were offered in the other place and which will, no doubt, play a role in our consideration—perhaps not at second reading but they might very well play a role at the committee stage and also at third reading stage.

Honourable senators, to understand the context of this bill, it is, very simply, a part of a much larger bill that has been the subject of study and also the subject of legislative, legal and, to some extent, judicial activity for many years.

● (1450)

The original bill presented by the former government attempted a major overhaul of the Criminal Code and the criminal law of Canada. In fact, I say "and the criminal law", because, as honourable senators realize, all criminal law offences are not in the Criminal Code. The current bill amends other statutes besides the Criminal Code of Canada. So, that is the context.

Honourable senators who had an interest in the previous bill will see that some of the provisions included in that bill—which I think was originally Bill C-19—and which dealt with subjects that were of great interest to those concerned with criminal law and those concerned with other social problems,

are not included in this bill. Some of those provisions related to a growing interest in the rights of victims from the social aspect and from the aspect of the administration of justice. That subject was dealt with in the previous bill, but is not dealt with in this bill. I understand that the government has taken the position that it intends to pursue an interest in that dimension to the problem and will bring forward legislation in that regard.

Prostitution is not included in this bill, although at one time it had been intended that that subject be included. There is an explanation for that policy because we now have the Fraser report and a promise that there will be legislation on that subject. The same policy applies to pornography, which is not a subject of this bill, but is, apparently, of continued interest to the government.

There is an aspect that seems narrow, and there is a group that is interested in an aspect that relates to the contempt of court provisions. Why I say the subject is narrow, while not being of narrow interest, or of narrow social importance, is that it deals with the subject of battered wives. A great deal of the pressure for different provisions relating to the contempt of court element came from those interested in that serious social problem. The reason it has any relevance to contempt of court is that occasionally—certainly too often for those interested in this subject—battered wives themselves are subject to contempt of court proceedings when they decide not to give evidence against the accused husband. Some of those wives have, in fact, been prosecuted and convicted under the present contempt of court provisions. That is the context for the contempt of court provisions, and I understand that that subject is still under investigation, and perhaps Senator Nurgitz will assure us that that is so.

There is also the large subject of sentencing reform, a very important part of the criminal process, that received a great deal of attention from the previous government, and I believe was a part of the previous bill, but I am not certain of that. Again, the Minister of Justice has said that there is a study under way on that subject and he has promised that legislation will come forward.

The other two subjects that have been featured—and honourable senators and others interested in criminal law reform who have read about the interest of those subjects over the years and would want to know whether they are included in this bill or not—relate to mandatory supervision, which is not a new subject to the members of the Standing Senate Committee on Legal and Constitutional Affairs.

The last element is the question of doing something about seizing profits from crime. I am not sure that that provision was contained in the previous bill, although I believe it was something that played a leading role in the consideration of the previous bill. Those are the subjects that the bill does not deal with.

The bill's star provision, so to speak, is that dealing with impaired driving, and those provisions dealing with the control of vehicles. In this bill, that provision is not limited to motor vehicles, but includes aircraft and vessels. That is the main feature and Senator Asselin dealt with that subject very well and produced an interesting chart, which was appended to the proceedings of April 30. That chart explains to honourable senators some of the provisions of the bill. Of course, at this stage we are only debating the principle of the bill. I suppose it is quite clear by now that we on this side are very much in favour of the principle of the bill. I have only referred to some of its stipulations to give honourable senators a feeling for the scope, nature and variety of subjects that are dealt with in the bill.

I believe we can say that the leading role in this bill is played by the type of legislation I have just referred to. However, there are three other supporting roles. They can be classified as that because they are new and because they have received a great deal of attention, and those relate to computer crime, the new concept of tele-warrants and the question of extraterritoriality. That latter provision relates to the trying in Canada of persons in Canada for offences committed outside of Canada. All four of those subjects were dealt with in the presentation made by Senator Asselin.

While on the subject of what is included and what is not included in the bill, I should inform honourable senators that there is good reason for some confusion about some of the provisions, because the previous bill was a much larger bill, and had attracted a great deal of attention, while the bill before us is a smaller bill. Therefore, as I have tried to point out, there are some rather important elements of the previous bill that are not contained in this bill. Because of developments that took place in the other place at the report stage and during the consideration in committee, certain provisions which had originally been included in the present bill have now been dropped. Some of those subjects were referred to by Senator Asselin. As I understand it, Senator Nurgitz will close second reading debate on this subject later today, and he and I have had discussions to clear up the small area of confusion, if one can call it confusion, resulting from the absence of certain provisions. Senator Nurgitz and I have agreed on certain points that he will put on the record so that the record is clear on all phases, namely, the items which had been left out of the bill, and the items which were dropped during the course of its legislative career in the House of Commons.

Having heard the principal features, honourable senators, I do want to say that I think this is an important and far-reaching bill. To get a sampling of some of the subjects that are dealt with quite beyond the subjects that I have just referred to, honourable senators might look at the marginal notes. I have made a summary of some of them. For example, just to give you an idea of how many more items are dealt with besides the ones I have referred to, and why it will be necessary for a Senate committee to consider this bill, although it did receive study by the committee of the other place, the bill deals with the following: Presumption of innocence, offences outside Canada, offences against internationally protected persons, the offence of counselling offences, false statements in passports, appearances by accused, forcible

entry, explosive substance and firearms, perjury, public mischief, compounding offences, escape, foreign lotteries, dangerous operation of motor vehicles, vessels and aircraft—Senator Asselin referred to this subject—operation of same while impaired, uttering threats, kidnapping, hostage taking and abduction, computer crime and extortion. I would say that a good half to three quarters of an inch of the thickness of this bill deals with some very far-reaching changes in procedures and jurisdictions of judicial officers including provincial court judges. That is jurisdiction in the sense of when such judges would have absolute jurisdiction, or when there is an election to take the matter to another court. A large section of the bill deals with procedure in jury trials by indictment and otherwise and also with the provisions for the enforcement of criminal law, including the questions of warrants, detention and so on. I know that I am repeating myself when I say that the bill is one of importance, but I say that because I introduced my comments by saying that it was a smaller bill than the previous one. But it is by no means a small bill.

● (1500)

The fourth and final subject that I wish to deal with is the question of war crimes and crimes against humanity. As I have already indicated, one section of this bill deals with offences committed outside Canada by people inside Canada. We are not dealing here with the problem of extradition. The problem of extradition occurs when a person is apprehended outside Canada for committing offences in Canada and we attempt to have them extradited and brought back to Canada for trial. Of course, the reverse is someone apprehended in Canada for an offence committed outside the country, in which case the country where the offence took place tries to obtain extradition from Canada to that country.

What we are talking about in this bill is really an extension because it raises a question that has been the subject of articles and entire sections in law texts on the subject of conflict of laws and so on, and that is the real question of extraterritoriality, where we charge someone in Canada with an offence that they committed outside the country. In my view, the pressure for such legislation came about as a result of the outbreak of hostage-taking incidents and offences against persons who are protected internationally. Often the person who commits such offences outside, for example, Canada, may try to find refuge in Canada. In many cases the extradition proceedings are unsatisfactory as a means of dealing with these people.

It is natural when a bill with such provisions comes along that another subject of great international interest, not to mention interest in that subject, is triggered and stimulated by the intention to provide for such offences in the Criminal Code, and I refer here to the continued interest in the subject of war crimes and crimes against humanity. There has been a good deal of interest in this matter because of the anniversary of the horror of the holocaust. As there has been continued interest in seeing that those persons who were engaged in what someone has called a blight on human history are brought to justice, it is understandable that this would seem to be the perfect occasion for adding those offences to the Criminal Code because they fall into that category. I warn honourable senators that this aspect will surface for consideration at some point here. A motion was introduced in the other place to add to clause 5, which is the clause that we are concerned with, a clause providing as follows, and I am quoting from the *Votes and Proceedings* of the other place of April 24, 1985:

> (1.9) Notwithstanding anything in this Act or any other Act, where a person has committed outside Canada, at any time before or after the coming into force of this subsection,—

Honourable senators will note the words "before or after" which would indicate that there is a retroactive aspect. The motion goes on:

> —an act or omission constituting
>
> (a) a war crime, namely a violation of the laws or usages of war committed during any war, whether the Second World War or any previous or subsequent war and whether Canada has or has not participated in that war;
>
> or
>
> (b) a crime against humanity committed in time of peace or war before, during or since the Second World War, namely murder, extermination, enslavement, deportation or other inhumane act committed against any civilian population or persecution on political, racial or religious grounds whether or not in violation of the domestic law of the country where perpetrated,
>
> and where the act or omission if committed in Canada would have constituted an offence under Canadian law, that person shall be deemed to have committed that act or omission in Canada if
>
> (c) the person who has committed the act or omission or a victim of the act or omission was, at the time of the act or omission,
>
> (i) a Canadian, or
>
> (ii) a person employed by Canada in a military or civilian capacity; or
>
> (d) the person who has committed the act or omission is, after the act or omission has been committed, present in Canada.

I shall not go into detail on that motion. I merely wanted to put it on record. In effect it does as I have suggested; namely, it extends this concept of extraterritoriality, and to some extent makes it retroactive to this principle. I am sure that when this bill is referred to committee, those interested in such amendments to this legislation will make representations in the hope that the committee will report the bill with such amendments.

To complete the story about this aspect of the bill, those amendments were ruled out of order in the other place as falling outside the scope of the bill. In my opinion—and I do not say this in criticism of the ruling because the jurisdiction to make the ruling was clearly in the other place and I am not arguing about that at all—having looked at the debates and at

the precedents, these amendments are in order in the sense that they do not fall outside the scope of the bill. The precedents indicate that where you have a general category of subjects you can add to the list of subjects without falling outside the scope of the bill. I merely flag this matter for honourable senators because I think the committee will be asked to consider such amendments, and questions may arise as to whether the amendments are in order. In my opinion, they are in order, but whether the committee will want to make such amendments or not will be a matter for the committee.

Those are the points I wanted to make. I have indicated that the bill is part of a larger one. I have listed some of the features of previous legislation and legislative intentions which are not in this bill. I have indicated its main features, its subsidiary features, and the breadth of its scope. I have indicated a possible amendment which may very well be made or which may at least attract the attention of the committee and may even form part of its report or be the subject of debate at third reading.

With those comments I suggest that the bill be given second reading and approval in principle and referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Nathan Nurgitz: Honourable senators, on behalf of my colleague, Senator Asselin, I urge that you give this bill second reading and that you refer it to the Standing Senate Committee on Legal and Constitutional Affairs. However, I should like to make a couple of comments regarding the matters raised by Senator Frith. I could deal with those points as well as clarify a couple of points raised by the sponsor of the bill.

● (1510)

I was pleased that Senator Frith referred to various aspects of the bill in terms of stars and supporting roles, because my colleague, Senator Murray, could not resist saying "There he goes, the singing senator from Perth." We all know that Senator Frith is a star of the Perth Opera Company.

Dealing first with some of the supporting players, namely, the question of pornography and prostitution, it is hoped that the committee, once it has dealt with some of the legislation currently before it, will commence a study of the Fraser report. Therefore more will be heard on that.

Concerning a couple of items raised by Senator Frith—namely, the contempt of court provisions, sentencing, and mandatory supervision—those are all matters which, from my reading of the proceedings of the House of Commons committee, are receiving further study from the government.

I will comment briefly on the last item raised by Senator Frith concerning the question of war crimes and whether there could be an appropriate amendment to Bill C-18. The Deschênes Commission, under the chairmanship of the distinguished Quebec jurist, Mr. Justice Deschênes, is currently undertaking a review of this subject. In any event, I can report that the steering committee of the Senate committee has met and has determined that we should at least hear some formal representations very soon.

[Senator Frith.]

I should now like to deal with a couple of other matters. Senator Asselin referred to the bill as being an improvement on the administration of justice, and I am sure we would all agree that modifications such as this always have an impact on the administration. However, one should not lose sight of the fact that a major portion of the bill deals with what has become a major problem in Canada. There probably is not a community that has not been badly hurt from the loss of lives due to impaired driving. I am sure that many of us have friends or relatives who have suffered as a result of such tragedies. In the course of my comments on the Throne Speech I said that I thought there was impatience on the part of Canadians who wanted that serious problem dealt with. I am pleased that we now have in Bill C-18 provisions to deal with it.

There were a couple of other matters on which I wanted to ensure there was some clarification. While the government is committed to broadening the concept of trafficking and certain drug offences, Senator Asselin might have left the impression that the bill contains such clarification. There was reference to further expansion of the trafficking provisions under the Food and Drugs Act and the Narcotic Control Act. Because of questions raised, principally by the opposition in the other place, the committee decided to take a further look at it. However, Bill C-18, now before us, does not contain specific provisions with respect to that.

Senator Asselin referred also to concerns expressed in the committee in the other place—and I am sure they will be expressed in our own committee—dealing with air safety regulations, and the concern on the part of the public to make certain regulations more stringent. I understand that the government is committed to further study of that matter and it is hoped that we will soon have legislation dealing with that. But, again, the current bill does not contain those provisions.

There has been much said about a provision in a bill which, if I recall correctly, was called the Opium and Narcotic Drug Act. That provision dealt with the seizure of vehicles. It was felt by many that it was an effective way of cutting down on certain aspects of trafficking. If one's vehicle was used by those caught in the drug trafficking business, notwithstanding that it was lent innocently to a friend or someone else, the vehicle was automatically impounded. Under the old provisions there was the loss of the vehicle. Unlike other instances similar to this where there is an onus on the Crown to prove that one knew something, that one had some guilty intent, under the old provisions the onus was on the owner of the vehicle to prove that he had no way of knowing, suspecting or believing that that could happen. In any event, all questions concerning the impounding of vehicles, particularly with respect to impaired driving matters, are being further considered by the government and we hope there will be a clearer definition on that a little later on.

Finally, in the original draft of Bill C-18 some consideration was given to providing some protection for medical doctors. As I look around the chamber, I see there are a couple of senators who might have an interest in this. There was a view expressed

that medical doctors, provided they were not acting recklessly, would be protected under the bill, when engaged in the removal of a blood sample from a person who was unable to give consent. It was finally decided in the debate in the House of Commons committee that such protection would not be available, that the law would provide for it and that the bill would be silent with regard to protection. I should mention, therefore, that there is no criminal or civil protection for medical practitioners removing blood samples from persons who are unable to give consent.

Senator Murray: Would they be obliged to take the sample?

Senator Nurgitz: I might give this to Senator Murray to take home tonight for his bedtime reading. The law now provides that consent is not required, that a sample can be drawn from such a person.

Senator Murray: But is a practitioner obliged to take the sample?

An Hon. Senator: It is in the book.

Senator Frith: It may be that the Canadian Medical Association will wish to make some representations on that.

● (1520)

Senator Nurgitz: Yes, they may well want to do so, and I certainly invite them to appear before the committee.

With that, honourable senators, I ask for your support for second reading of this bill.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

The Senate adjourned until Tuesday, May 7, 1985 at 2 p.m.

APPENDIX "A"

(*See p. 835*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON THE SUBJECT MATTER OF BILL C-15
"AN ACT RESPECTING INVESTMENT CANADA"

THURSDAY, May 2, 1985

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SIXTH REPORT

The Standing Senate Committee on Banking, Trade and Commerce to which was referred the subject-matter of the Bill C-15, intituled: "An Act respecting investment in Canada", in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of March 13, 1985, examined the subject-matter of the said Bill and now reports as follows:

On March 20, 1985 the Committee heard from the Honourable Sinclair Stevens, Minister of Regional Industrial Expansion, accompanied by Mr. Paul Labbé, Commissioner; Ms. Ruth Hubbard, Deputy Commissioner; Mr. G. H. Dewhirst, Director General, Policy, Research and Communications Branch; and Mr. T. S. Barton, Senior Legal Advisor, all from the Foreign Investment Review Agency. On April 17, 1985 the Canadian Manufacturers' Association made representation at a public hearing before the Committee. On May 1, 1985, Mr. Clancy Delbarre, from the Scarborough Business Association, appeared in support of a brief from the City of Scarborough.

Written briefs were submitted to the Committee by the Aluminium Company of Canada Limited and The Canadian Advanced Technology Association.

The proposed Act will replace the *Foreign Investment Review Act*. It will create a new agency called Investment Canada to which it gives a legislative mandate to encourage and facilitate investment.

The new agency replaces the present Foreign Investment Review Agency.

Investment by non-Canadians in new businesses will be subject to notification, but in most cases is exempt from review. Direct acquisitions by non-Canadians of businesses in Canada with assets of $5 million or more, will be reviewed by the agency. Indirect acquisitions, resulting from the acquisition of parent companies outside the country, will be reviewed if the Canadian subsidiary so acquired has assets of $50 million or more.

Below these thresholds, the new agency will have authority to review acquisitions or investments to establish new businesses in areas that are "related to Canada's cultural heritage or national identity", if the Governor-in-Council considers a review to be in the public interest.

Clauses 15 and 35

Concern was expressed to the Committee that business activities intended to be covered by the phrase "Canada's cultural heritage or national identity" will be defined by Regulation. Some witnesses suggested that Parliament should attempt to define these activities in the Act. The Committee would not go so far, but agreed that Parliament should have some opportunity to consider these regulations.

The Committee considered recommending that the regulations should be subject to a negative resolution provision similar to that found in sections 6 and 7 of *The Canada-Germany Tax Agreement Act, 1982*, c. 156, *Statutes of Canada 1980-81-82-83*. Meanwhile the government had agreed, during consideration of the Bill by a House of Commons Committee, to amend sub-clause 35(3) to require that such regulations be referred to a Commons Committee. The Minister has also tabled a list of those culturally sensitive industries that he intends to specify in the regulations.

The Committee believes that this action, and the proposed amendment to sub-clause 35(3) should prove to be an adequate response to the concerns mentioned above.

Clause 14

Concern was also expressed to the Committee that the $5 million threshold in respect of direct acquisitions is too low. It was represented to the Committee that the threshold should be increased to $10 or $15 million.

Some support for these views was expressed by members of the Committee.

It was noted, however, that the government was being urged with at least equal vigor to reduce the threshold. While it was represented to the Committee that $5 million acquisitions are not significant in practical business terms, this perception is more valid in some regions of the country than in others. Finally, the Committee noted that the $5 million threshold would have exempted some 80 per cent of the direct acquisitions reviewed by FIRA in 1983. The Committee concluded that the $5 million is appropriate at least for the present.

Clause 26

Certain provisions of this clause were criticized in briefs to the Committee. Concern was also expressed by some Senators, and various remedies were suggested.

If less than a majority of shares in a company are owned by Canadians, and the company is not controlled through ownership of its voting interests, the company would be considered Canadian-controlled if two-thirds of its directors are Canadians.

It was pointed out that other legislation (*Ontario Business Corporations Act* and the *Canadian Business Corporations Act*) have as a criterion a majority Canadian board. It was represented to the Committee that this criterion should be sufficient for the purposes of Bill C-15.

It was also represented to the Committee that the provisions of Bill C-15 in this respect are more restrictive than those under the existing (FIRA) law. Under the existing law such a corporation passes the test if the number of non-Canadian directors does not exceed 20% of the total number of directors. Even if it does exceed 20%, but is less than 50%, the company can still "obtain" an opinion from the Minister that it is not a non-Canadian person, if it can be shown that certain non-Canadian directors do not act in concert.

Although some members of the Committee favoured an amendment which would define as Canadian a company a majority of whose directors were Canadian, this proposal was not acceptable to most members of the Committee. The Committee also noted that the government had responded to concerns expressed by various companies on this matter, by proposing amendments to clauses 26 and 45 which would have the effect of broadening the criteria to make the "special status" attainable by more corporations; and of conferring transitional "grandfather" rights on companies enjoying "Canadian" status by virtue of a minister's opinion under the FIRA Act.

The Committee has reviewed Bill C-15 in accordance with its terms of reference and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

LOWELL MURRAY,
Chairman.

THE SENATE

Tuesday, May 7, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PIONEER TRUST PAYMENT CONTINUATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-50, to provide for the continuation of payments under certain guaranteed income averaging certificates issued by the Pioneer Trust Company.

Bill read first time.

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

On motion of Senator Phillips, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on National Finance have power to sit at three thirty o'clock in the afternoon tomorrow, Wednesday, 8th May, 1985, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

GOVERNMENT OF CANADA

POLICIES AND PERSONALITY OF FORMER PRIME MINISTER TRUDEAU—GOVERNMENT ATTITUDE

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. Based on the early reports of the Bonn Summit, is it now the policy of the Mulroney government to deliberately undermine and belittle the policies and personality of former Prime Minister Trudeau in front of the world press as a major plank in this government's foreign policy?

Hon. Duff Roblin (Leader of the Government): Honourable senators, if my honourable friend looks at *Hansard* of the other place he will find that the Prime Minister dealt with that question by pointing out his appreciation of the leadership given by the former Prime Minister in the field of foreign affairs and his intention to do what he could to carry on that good work.

Senator Grafstein: I have a supplementary question. Were the officials in the Prime Minister's Office or officials in the office of the Secretary of State for External Affairs instructed to criticize the personality and policies of former Prime Minister Trudeau?

Senator Roblin: I have no means of knowing the answer to that question as it is certainly internal to the activities of the government with respect to what it says to those who are its advisers, but I should be very surprised if there were any concerted campaign to belittle the achievements of the former Prime Minister of this country.

Senator Grafstein: If instructions were not given to so criticize former Prime Minister Trudeau, would the Leader of the Government in the Senate assure us that those officials who made those comments to members of the press will be reprimanded?

Senator Roblin: I find it exceedingly difficult to comply with that request. I do not know who the people are or what they said, and I have no knowledge whatsoever of the circumstances. I think it is wiser to check the assurances of the Prime Minister that he respects the achievements of the Right Honourable Pierre Elliott Trudeau in the field of foreign affairs.

Senator Grafstein: Turning to the Prime Minister, would the Leader of the Government in the Senate reprimand the Prime Minister for deliberately undermining the Secretary of State for External Affairs in front of the world press, thereby destroying Canada's credibility in international forums?

Senator Walker: Isn't it about time the new boy sat down and was quiet?

Senator Roblin: I do not think it incumbent upon me to direct the Prime Minister as to what he should do. He dealt with that matter himself in the other place yesterday and I think his reply is sufficient.

ECONOMIC SUMMIT

BONN, WEST GERMANY—WORLD DRUG TRADE—GOVERNMENT POSITION

Hon. Lorna Marsden: Honourable senators, I have a question for the Leader of the Government in the Senate. On the

agenda at the Bonn Summit was an item related to the world drug trade and the attendant problems. Could the leader tell us what emerged with respect to that item on the agenda and what position the government took on that issue?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will have to take that question as notice.

EXTERNAL AFFAIRS

PASSPORTS—ISSUANCE AT HULL

Hon. Hartland de M. Molson: Honourable senators, I have a question for the Leader of the Government. The other day I applied for a passport. Upon receiving it from the passport office I noted that it was a very nice, shiny passport issued by the Government of Canada, but in the little box where it says, "Issued at" it stated, "Hull." It did not state "Hull, Que." or Hull anything.

I am somewhat disturbed as I have great respect and a liking for Hull because I think it is a fine city. But in one's travels around the world, if, when filling out the form which asks for one's passport number and where it was issued, one simply writes "Hull," I expect one is going to run into comments or questions because there is more than one city of Hull. Apart from that, it is the first time I have heard of its being the issuing centre for passports applied for in Ottawa.

Hon. Duff Roblin (Leader of the Government): My honourable friend wants me to explain the significance of this, but I am not well equipped to do so. I have noticed that same designation of Hull on my own passport. I suppose one could argue that there is only one Hull in Canada, but I am not even sure of that.

Senator Robichaud: There is Bobby from Winnipeg.

Senator Roblin: I have to admit that is the case.

I will make some inquiries as to whether I can provide some further comment on this matter. That is undoubtedly the place where the passport office is situated which issued the document. Perhaps, by international rules, it is necessary to say that the point of issue is at Hull. If I can throw any further light on this subject, I will do so.

Senator Lafond: As the only native and continuing resident of Hull in this chamber, I may say that I am delighted to see it on the international map!

ECONOMIC SUMMIT

BONN, WEST GERMANY—SECURING OF THIRD WINDOW—PRIME MINISTER'S STATEMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government concerning the Bonn Summit.

May I begin by asking him whether he can enlighten me as to what the Prime Minister meant yesterday when he said in the House of Commons that Canada was helpful in securing the "third window"? What is that?

Hon. Duff Roblin (Leader of the Government): I have to say that, as far as I understand the term "third window," it has to do with the rates of interest that are charged or levied against the sovereign debts of certain Third World countries that are presently not being accommodated in respect of any debt rescheduling or interest revalorization that is going on.

One can think of, for example, certain countries in the Caribbean, and one with which I am familiar, Jamaica, has received, as far as I am aware, no help in this respect so far. I think the Prime Minister's intention was to draw to the attention of the Summit the plight of those countries in the hope that he may start some consideration of the particular hardships they face in paying current interest rates.

Senator MacEachen: Has the Summit resulted in a new program for the developing countries? I just do not know what the "third window" is. I would like to know because the Prime Minister referred to it as an achievement for the developing world.

Is it future consideration? Is it a financial commitment? Is it a restructuring of the International Monetary Fund or the World Bank? Can the Leader of the Government tell us whether any of these are involved, or is this an entirely new concept?

Senator Roblin: I think my honourable friend will realize from his own experience that it is not always that concrete decisions are made at the Summit. Indeed, it is the opinion of some that that goal is not one that should be sought. It is much wiser to obtain a general exchange of views and, perhaps, personal contacts at the Summit that might otherwise not be available. That may constitute, indeed, some of the main values of such a meeting.

I do not believe that any concrete decisions were made on the subject of the so-called "Third World window" or on any other subjects which were, no doubt, discussed at this meeting, but I fully expect it will be the intention of the Government of Canada to pursue this initiative of trying to ameliorate the excess burden carried by some Third World countries in other fora. This has launched the idea, and I am certain that the government will take steps to pursue it where it can.

Senator MacEachen: Is the Leader of the Government saying that the Summit agreed to consider at some future date the possibility of helping a certain category of developing countries with interest payments; that there is no program, but that it is a matter for consideration for the future? If he is, I am correct in concluding that this does not involve any current or potential financial commitment either for the seven Summit countries or for Canada itself. It involves consideration of the problem to be deferred to a future meeting.

• (1410)

Senator Roblin: I do not think I can make any announcement about what was decided at the Summit, apart from those items that were included in the press release. My honourable friend will understand, however, that at these meetings other matters are discussed with a view to further activity in that field at a later date, when it is advantageous to do so.

The idea under the present circumstance is to raise the issue. As I have said previously, I am sure the government will take advantage of further opportunities to develop this policy with those concerned.

Senator MacEachen: I take it from what the Leader of the Government has said that a matter was raised—namely, interest payments—and also how in the future a certain category of developing countries might be helped in respect of interest payments. If that is the case, fine. I thought, from reading the remarks of the Prime Minister, that there was something more concrete, because he said:

—I think we were helpful in securing the third window.

That led me to ask: What is the third window? And what, indeed, are the first and second windows? These terms are rather unusual, and I thought that perhaps the Leader of the Government could throw some light on it. The Prime Minister held it out as an important achievement. I do not think it is. If we follow the line taken by the Leader of the Government, the answer is it is the raising of a question which was then shelved to some future time.

Senator Roblin: I think it is recognition of the problem, and one knows that that is the way to start to deal with any important international question.

Senator MacEachen: But, surely, the problem has been recognized in many international fora. Some new solutions are now sought. Obviously, this is not a new one—or, at least, not yet. But I shall let that rest for the moment.

Would it be possible to receive the declarations coming out of the Summit? If we had those, we would have a better basis upon which to examine the actual results.

UNITED STATES EMBARGO ON NICARAGUA—CANADIAN POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): I am interested in another aspect of the Summit, namely, the repudiation, or the apparent repudiation, by the Prime Minister of his Secretary of State for External Affairs.

Mr. Clark had stated very strongly that Canada disagreed with the embargo imposed by the United States on trade with Nicaragua. I certainly thought that to be a forthright statement. The next day, when the Prime Minister was asked, he said: "Well, why should we expect the United States to talk to us about this? I am not surprised." In making those comments, he dismissed as unimportant or trivial the strong statement that had been made by the Secretary of State for External Affairs.

I am wondering whether the Prime Minister understands the damage he is doing, not only to the Secretary of State for External Affairs but also to Canada, when he takes that kind of approach—that is, not to treat seriously a policy statement made by his own minister.

The Prime Minister has said that all of these matters were discussed at the Quebec Summit. I should like to know today whether he, the Prime Minister of Canada, discussed a possible embargo with the President of the United States at the Quebec meeting. Was it raised, and did he give his views then to the President? I want to know that. If that happened, it is a bit of a help.

Hon. Duff Roblin (Leader of the Government): First, I should like to deal with my honourable friend's question with respect to the "third window." I can tell him that it was raised for the first time at this conference, and that has to be a considerable advance over dealing with it in other fora. We shall have to see what initiative the Government of Canada is able to produce as our representatives work on this question over time.

With respect to the communiqué issued following the Summit, I should be glad to obtain a copy to provide to my honourable friend. Although it is in the public press already, I shall be glad to provide my honourable friend with a copy, if he so wishes.

With respect to whether or not the embargo against Nicaragua was raised at the Quebec Conference, I shall have to take the question as notice.

Senator MacEachen: Does the Leader of the Government attach any significance to the fact that the Prime Minister refused to deal with the question of Nicaragua at his press conference in Bonn and refused to mention it to President Reagan? While in Bonn, he carefully avoided saying anything either to the President or to the press about Canada's position on Nicaragua. Why would he refrain from doing it in a place where the Americans would hear the Prime Minister of Canada?

Senator Roblin: My honourable friend must take into account the fact that the Secretary of State for External Affairs dealt with this subject *in extenso* with the U.S. Secretary of State. The Canadian government's position is well known to the officials of the American government.

Senator MacEachen: Can the Leader of the Government tell me why the Prime Minister did not raise it with the President? They were together a good deal in Bonn and it would have been a natural point to raise.

Senator Roblin: I can tell my honourable friend that the Prime Minister said that he had previously discussed the issue of Nicaragua with the President of the United States, and my honourable friend will have to be satisfied with that statement by the Prime Minister.

Senator MacEachen: Honourable senators, I want to know whether they discussed the specific question of the embargo against Nicaragua at Quebec. The Leader of the Government cannot tell me. Therefore, I am not satisfied either with his answer or the attitude of the Prime Minister, because the Prime Minister has clearly refrained from stating Canadian policy in the presence of the President. Obviously, he is reluctant to stand up in the presence of the President and state Canadian policy. He will do it when he comes back to Canada, in the House of Commons, but not before the President. That is clearly understood, because the President of France described, I believe with some irony, the Prime Minister's

mediation efforts. He said, "Yes, the Prime Minister of Canada tried, but we knew where his sympathies were. They were with the Americans from the beginning." Does the leader think that is a good position for Canada to be in, to be in the pocket of the United States and to be regarded as such by other countries, including France?

Senator Roblin: My honourable friend has quite a knack of misinterpreting facts and putting his own gloss on them to suit his own view of events. The fact he is frequently mistaken does not seem to deter him from the practice. Let me tell him that when the President of France was talking about the intervention of the Prime Minister of Canada, he was talking about the intervention of the Canadian Prime Minister in the field of economic affairs, in which the Prime Minister took the view, espoused by the President of the United States, that it would be a good thing to get to work once again on free trade and on the question of trade barriers. The Prime Minister of Canada was a member of the group of delegates at that conference that agreed with that policy—all except the President of France. When the French President was referring to the efforts of the Canadian Prime Minister to get a common understanding on the matter, that is what he was talking about. He was not talking about Nicaragua, and the Canadian government left no doubt at that conference as to its position. At that conference it was clearly stated what the Canadian government's position was, and to suggest otherwise is, of course, completely untrue.

Senator MacEachen: It is not untrue to suggest that the Prime Minister of Canada was reluctant to face the President of the United States and to criticize his Nicaraguan policy. That is quite true; he did not do it. I have never at any point said that the President of France was commenting on Canada's attitude or Nicaraguan policy. It was the policy that Canada had taken with respect to the multilateral trade negotiations. The President of France found Canada's efforts lacking in plausibility, because he understood that it was not a true mediation, that Canada was carrying the can for the United States. That is what he meant; and I am asking the Leader of the Government whether he thinks that is a good position for the Canadian Prime Minister to be in, in the view of a major power with whom we want close and constructive relations, namely, France. That is what I am asking him.

Senator Roblin: Honourable senators, I am glad that my honourable friend has taken advantage of the opportunity to correct himself; and it is well that he should have done so, otherwise he would have left a completely erroneous impression with the members of this house. He has correctly stated that the Canadian government sees eye to eye with the United States government with respect to the economic matter that was discussed at the summit. But the Leader of the Opposition should note that the Canadian Prime Minister took the occasion offered him to say that he endeavoured to do his best to recognize the views and the interests of the two nations from which this country has been derived, namely, the United Kingdom and France. His effort in that connection was not to be a spokesman for the United States. They do not need anyone to speak for them. They speak louder for themselves than anyone else can. However, the Prime Minister made the effort to find some middle way between what the United States was asking and the position adopted by the French government as outlined by the President of France.

• (1420)

To criticize the Prime Minister of Canada for trying to find some middle way between those two great powers as they were dealing with economic questions seems to me, to say the least of it, to be a little ungracious.

Senator MacEachen: Honourable senators, I do not propose to attempt to correct the Leader of the Government as he has attempted to correct me. We shall let the reader judge the exchange.

The substance of the question is not the difficulty here. The difficulty here is that before the Prime Minister went to Bonn he had damaged his plausibility and credibility as a true mediator because he aligned himself so closely with the United States. That is what the President of France had in mind.

Senator Walker: How do you know?

Senator Frith: Because he said so.

Senator MacEachen: I agree with the position the Prime Minister took at Bonn on multilateral trade negotiations—it is a sound position—but why did the French authorities take it upon themselves to point out that, while the Prime Minister of Canada made an effort, they knew where his sympathies were because he was in the pocket of the President of the United States? Is it a good thing for Canada to be regarded by France as being in the pocket of the United States and, therefore, not capable of acting as a true mediator in a situation of this kind?

Senator Roblin: I am interested that my honourable friend takes it upon himself to interpret the feelings of the President of France in this matter.

Senator Frith: That is what he said.

Senator Roblin: I feel that he is by no means entitled to do so, regardless of what he has read in the newspapers. It would have been just as logical for the President of France to complain about the attitude of the other five countries present at the conference who also supported the United States in its effort to secure free trade. It seems to me to be quite unreasonable for my honourable friend to complain when the Prime Minister of this country, along with five other nations present, wanted to do something constructive about international trade, something which is very important and in our best interests, and over the fact that he went to the President of France in an attempt to secure some agreement on the matter. If the President of France does not agree, it is quite natural that he would find a good reason for not agreeing. If he thinks that it supports his cause to say that the Prime Minister of Canada is in the pocket of the United States, there is nothing I can do about that and he is welcome to do so.

The real question one should ask is: Is the Prime Minister representing adequately the interests of this nation in the discussions at Bonn with respect to a widening of free trade? I

say that he has represented the interests of this nation; that it is in the interests of Canada to be closely aligned with the United States in connection with world free trade; and that it is in the interests of Canada to try to mediate or to explain to the people of France why that should be a good thing for all the people represented at that conference. The fact that there was only one holdout is additional evidence, from my point of view, that the Prime Minister of Canada was well advised in taking a stand, and he should not be subjected to this penny ante criticism that he is getting here today.

Senator MacEachen: I gather that the old truism applies—the weaker the case, the stronger the rhetoric. That applies very vividly in this particular case. The Prime Minister set himself out. As he said himself—and it was not said by his Liberal critics, as the Leader of the Government attempts to imply—his ambition was to prevent France from becoming isolated.

Senator LeBlanc: Some conciliator!

Senator MacEachen: The Leader of the Government has told us today that France was totally isolated at the Bonn Summit. The Prime Minister failed miserably in attaining his objective because he was not regarded by the President of France as an authentic mediator. That is the point, and the Leader of the Government has not understood it yet. I hope it will get across to the Leader of the Government and to the Prime Minister that his *bona fides* at international meetings will not be helped if before every meeting he indicates to the world that he is blindly following the United States and that when he meets with the President of the United States he will not tell him Canadian policy. That is what happened at Bonn, in addition to its probably being the worst Summit that was ever held, because not only is the Summit split on international economic policy, it is split on international security policy. That is something that has never happened before and I wonder what Canada did to stop that.

Senator Roblin: I am discovering that I have no monopoly on rhetoric. My honourable friend is able to hold his own in that respect, and when his argument is a little weak he does not mind reinforcing it with arguments that perhaps do not exactly hold water.

I say to my honourable friend that, of course, he is quite wrong in saying that these summit meetings always produce agreement. I do not want to be deflected into that channel by my honourable friend's saying that this is the worst Summit yet because the parties to it did not approve an agreement. In the past, there have been substantial differences between France and other members of the group, particularly in the days of General de Gaulle. However, that is not relevant to the question.

The point is that the Prime Minister of Canada was the only one who attempted, in this particular instance, to find a meeting ground between the Government of France and the Government of the United States. I think the Prime Minister of Canada would have been able to secure that meeting ground if there had been a little more flexibility on the part of the French government, and God knows we need it.

With respect to the issue that the French government baulked at, what was that issue, pray? It was the price of agricultural products, and if there is one country in the world that is suffering today because of the EEC policy on agricultural products, it is this country. We have a problem today with the imports of meat from the European Economic Community. Also, the EEC is now the third or fourth largest exporter of wheat in the world, a circumstance which has never existed before. It was on that issue of agricultural policy that the French government found itself unable to move in the direction of accommodating the others, and for the Prime Minister of Canada to try to mediate that difference in outlook is, I think, something that was entirely worthy.

As far as I know, the Government of France did not complain about other matters, such as the lowering of tariffs or the freeing up of trade. It was on the question of agricultural prices that France found itself unable to move, and it is entirely natural, as I see things, that the Prime Minister of Canada should try to find some way of softening the attitude of the Government of France in respect of these agricultural products. It was not only in the interests of the generality, it was certainly in our most direct and immediate interest that some movement should be made possible in these respects. Therefore, I feel that the Prime Minister has nothing for which he must apologize to my honourable friend.

Senator MacEachen: Honourable senators, would the Leader of the Government not reconsider the statement he has just made to the effect that the Prime Minister of Canada was the only leader at the Summit who attempted to mediate the differences? Perhaps he could reconsider that statement, because it is quite inaccurate.

Senator Roblin: I will say that, as far as I am aware, the person who was engaged in this mediation effort between the two parties on the spot was the Prime Minister of Canada. That is by no means to say that other nations did not have substantial arguments which, from time to time, they presented in an effort to bridge the gap. I do not think the Prime Minister of Canada has any monopoly on that. I would not claim that. However, I do say that his effort was commendable.

Senator MacEachen: The Leader of the Government said that the Prime Minister of Canada was the only leader at the Summit who attempted to mediate these differences. That is false; the Leader of the Government should admit it, and not belittle Chancellor Kohl and others who played a more prominent role than the Prime Minister of Canada.

Senator Roblin: I cannot judge the question of who played the most prominent role. That is not within my sphere of knowledge, nor is it indeed within my sphere of interest. All I can say is that I think the Prime Minister of this country represented us well and faithfully at that conference.

FOREIGN AFFAIRS

ECONOMIC EMBARGO BY UNITED STATES AGAINST NICARAGUA—GOVERNMENT POLICY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question with respect to Nicaragua. Last week the Leader of the Government in the Senate undertook to obtain for us a copy of the declaration that was made by the President of the United States on the subject of the economic embargo against Nicaragua, and perhaps that will be forthcoming today under the heading of "Delayed Answers."

• (1430)

There were reports on the weekend that the Government of Canada intended to be sure that U.S. subsidiaries did not use their position in Canada to get around the embargo. Those reports may have been inaccurate, so I am asking the Leader of the Government to tell us whether or not it is the policy of this government to monitor the U.S. subsidiaries with a view to ensuring that they do not get around the embargo.

The exchange that the Leader of the Government and I had last week—and I thought we were coming to some agreement—was to the effect that there would be no attempt by the United States to exert extraterritorial pressure in order to maintain the embargo. That seemed to be quite contrary to the understanding my honourable friend had about Canadian government policy, which was that there would be no element of extraterritoriality. I had assumed that the government would not be playing any role in trying to suppress or encourage extraterritorial efforts.

Hon. Duff Roblin (Leader of the Government): My honourable friend's assumption was correct; the Government of Canada is of the view, confirmed by the explicit statements of the Secretary of State and the Secretary of the Treasury, that there is no extraterritorial aspect to this legislation in the United States. That position was also supported by a statement made by the United States Ambassador to Canada. What more one can get, I do not know. It seems to me that the position is clear.

Senator Frith: From their point of view; I want to know our point of view.

Senator Roblin: It is clear from our point of view, too. There is one point, however, that should be recognized, and that relates to the question of re-exports. An agreement has been in effect since 1941 that prohibitions on the export of certain goods should not be circumvented by sales through Canada or through the United States in respect of material supplied by the United States and incorporated into some piece of military equipment. There is what is called the Export Control List, and my honourable friend probably knows as much about that list as I do. I suspect that that is how the United States might supervise goods being shipped to Nicaragua. I suppose that supervision might be extended by way of that item. That states that strategic goods supplied by the United States should not thereafter be sent to another country thereby circumventing their own rules.

That is an understanding that has been in force for many, many years, one which presents no difficulties, and one which we all know about. That is the way in which the United States may be watching what we do here.

As for anything other than that, we have their explicit undertaking that extraterritoriality does not apply.

Senator Frith: Perhaps we do not understand each other, although it seems as though we do with respect to two-thirds of the issue. The first part of the issue is what the United States has said about enforcing extraterritoriality. My friend undertook to give us a copy of the statements, and he has referred to three explicit statements made by United States officials that they do not intend to apply the concept of extraterritoriality.

The second part of the issue is the convention or agreement which, of course, involves extraterritoriality. As my friend has said, it is an agreement as to extraterritoriality.

The third part of the issue, the part I was raising, is the suggestion that our government—not the U.S. government—either on the basis of the declaration or on the basis of convention, is going to be assisting the United States government by monitoring the activity of subsidiaries. That is the one I wanted to give my friend an opportunity to say yes or no to, and tell us whether those reports were correct or not, because they may have been statements being made by inference from the convention, rather than being a separate policy.

Senator Roblin: The answer is no.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, on the point raised by the Leader of the Government with respect to re-exports, is it a fact that the Canadian government will acknowledge the right of the United States to direct the destination of a product even though it is landed in Canada and has become part of the Canadian industrial process? Would the Canadian government acknowledge the right of the United States to govern or to say something about where that product originating in the United States should be destined? Is that what the Leader of the Government has said?

Senator Roblin: If anyone ought to know, it is my honourable friend, because this policy has been in effect in Canada since 1941. It was in effect in Canada all during the time he and his friends were members of the government. It states that Canada and the United States co-operate with respect to items on the Export Control List. There is a limited series of items that have to do with the products that might be of military advantage, as the idea was originally conceived, to the Eastern bloc. Items on that Export Control List, which, if further processed and manufactured in Canada, though obtained from the United States, will not be sent to Nicaragua under the provisions of the agreement.

So, I am talking now about an export control agreement, Item 9001 of the Export Control List, and my honourable friend is probably familiar with that. That is the item that seems to govern this particular aspect.

This agreement, which has been in force between our two countries for over 40 years, will not allow one or the other to

be used as a trans-shipment point for the re-export of goods originally imported from the other country.

Senator MacEachen: I believe the Leader of the Government did not follow my question, which had quite a different emphasis from his reference to the agreement to co-operate. I think it is one thing for Canada to decide these matters and another to permit the United States, in specific instances, to instruct us. That is really the question I had in mind: Do we acknowledge the right of the United States, even for re-exports, to tell Canada what to do? That is one thing and is quite different from relying on the agreement. We all know the Hyde Park Agreement. If that is the case, it certainly does open up a rather large area in which the United States could influence Canadian foreign policy.

Senator Roblin: Our policy will be governed by the terms of the agreement, and we shall carry that out in just the same way as my honourable friend carried it out when he was responsible for these affairs.

[*Translation*]

AIR CANADA

STRIKE OF TICKET AGENTS

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government in the Senate.

To get back to our domestic problems, it seems that airline deregulation is causing serious problems for air carriers.

About 3,000 Air Canada ticket agents have been on strike for nearly two weeks.

The dispute concerns management's decision to raise the proportion of part-time employees. This is expected to have an impact on the job security of present employees.

Could the Leader of the Government in the Senate ask the Minister of Transport whether we can expect an early settlement and whether he can give us the assurance that in settling the strike, Air Canada will protect the job security of its present employees?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I regret that I can give no assurance at the present time that the Government of Canada thinks it advisable to interfere in this industrial dispute. It is an unfortunate industrial dispute and we all regret it very much, but we regret even more that the parties so far have not yet returned to the bargaining table.

The Air Canada officials have written to those concerned offering to meet again in the spirit of flexibility and accommodation in the hopes of finding some solution to the problem. I am not aware whether or not they have, as yet, had a response from the other side or whether they think that that initiative on the part of Air Canada is worth further investigation. I hope it is and that the strike comes to a speedy conclusion.

[Senator Roblin.]

HUMAN RIGHTS

MEETING OF EXPERTS—SUGGESTED PARTICIPATION BY CANADIAN PARLIAMENTARIANS

• (1440)

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Today the official opening of the Meeting of Experts on Human Rights, as mandated by the Madrid Review Meeting, which followed from the Conference on Security and Co-operation in Europe, is being held in Ottawa, but that opening has been postponed from this morning to this afternoon. Following my inquiry on February 6 in this chamber, have any steps been taken to allow representation or participation by Canadian parliamentarians in this important meeting?

Hon. Duff Roblin (Leader of the Government): Honourable senators, several problems have arisen in connection with this meeting, one of which has been referred to by my honourable friend. The other has to do with the accreditation of journalists which is roughly, if you allow me to say so, in the same general category. The fact is that this conference is the master of its own affairs. Canada can propose but the conference will dispose of the issues. I have ensured that my colleague, the Secretary of State, is aware of my honourable friend's request and, accordingly, I anticipate that it has been placed before the governing body for consideration. The custom in the past has been not only to exclude observers of the sort that one might wish were there but also to hold the meetings on a secret or confidential basis, which is a situation which Canada does not really support. We would like to see the conference open and we would like to see those parties represented who can establish some right to be witnesses of the event. However, the unfortunate fact is that we can only suggest, and I have no reason to think at the present time that the rules are being changed in the way that my honourable friend would like them to be changed.

Senator Haidasz: In thanking the honourable leader for this explanation, could I ask him whether he would, later this week, table in this chamber the agenda of the conference, Canada's position as to the items on the agenda and the opening remarks of the Secretary of State for External Affairs at this meeting which is supposed to take place later this afternoon?

Senator Roblin: I will find out for my honourable friend which of those documents are available and if I can provide them, I shall.

SUMMIT MEETINGS

SUGGESTED RETURN TO FORMER FORMAT

Hon. Joyce Fairbairn: Honourable senators, I would like to return briefly to the question of the Bonn Summit which has been played before us in the last few days as something of a fiasco, with overblown rhetoric and public bickering which cannot possibly benefit any of the participants or, indeed, ensure that international stability for which the Summit was

originally intended. Could the Leader of the Government in the Senate make a serious suggestion to the Prime Minister, as one of the equal participants in the Summit exercise, to take the lead in suggesting to his fellow leaders that future summits revert to the form which was originally intended, namely, a quiet, private, informal, useful discussion among the seven nations and not the publicity zoo that we have watched for the past week?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I regret that I cannot accept the description that my honourable friend offers of the proceedings of the Summit. If one were to check the press every time one of these summits is held, one would find criticisms of a similar nature to be quite common. I do not think my honourable friend is watching something that is unusual or unique.

Senator MacEachen: This one is unique.

Senator Roblin: That is what some people say.

Senator Frith: Zoologists found it interesting.

Senator Roblin: I do not think that the Prime Minister needs the kind of advice that the honourable senator is prepared to offer.

PIONEER TRUST PAYMENT CONTINUATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Efstathios William Barootes moved the second reading of Bill C-50, to provide for the continuation of payments under certain guaranteed income averaging certificates issued by the Pioneer Trust Company.

He said: As honourable senators know, Pioneer Trust Company encountered severe financial difficulties as a result of the large proportion of their mortgages that were in arrears. Given that this company was unable to obtain the necessary capital to restore its capital base to a more satisfactory situation, it closed its doors voluntarily and a winding-up order was issued on February 15, 1985. Shortly thereafter, CDIC, the Canada Deposit Insurance Corporation, took quick action to pay off the depositors within the limits of its authority under the act. Approximately $203 million was paid by CDIC to depositors. Unfortunately, Pioneer Trust had approximately $36 million in deposits that were not protected under the terms of this insurance. Approximately $25 million of that $36 million consists of savings accounts, chequing accounts, RRSPs, Guaranteed Investment Receipts and so on. These accounts or deposits were in excess of the $60,000 limit that is permitted under this insurance.

The remainder of the uninsured deposits consists of $600,000 in U.S. fund deposits, $10 million of Guaranteed Income Averaging Annuity Certificates, and these, unfortunately, were not insured under the CDIC because they exceeded the five-year period which is permitted under that act.

Soon after this winding up of Pioneer Trust, the Honourable Barbara McDougall, Minister of State for Finance, became concerned about the position of approximately 650 holders of these IAACs that were for a period in excess of five years. Many of the holders, as honourable senators know, are elderly Canadians who had sold their farms or their businesses or their homes and had been encouraged by the provisions of the Income Tax Act, as it existed at that time, to invest their money in IAACs in order to have it returned to them as annunity payments for various periods of time up to 15 years. Many of these unfortunate people were dependent upon these payments, as promised under the IAACs, for their daily living expenses.

What bothered the minister more than anything else were the numerous representations made to her, to others and to many of us in this house about the plight of these unprotected depositors. In fact, they claim that some of the markings and the wording on the certificates which they had led them to believe that they were, indeed, insured under this deposit insurance. The minister's investigation confirmed this. Certainly, it is unacceptable that the documentation provided to many of these depositors should be the cause of a misunderstanding on their part as to whether or not they were insured. Depositors must be in a position to know, when they make that kind of a deposit, whether or not they will be protected by the deposit insurance.

• (1450)

As many of you know, honourable senators, the Minister of State has appointed a private sector committee to look into all aspects of the CDIC, the Canada Deposit Insurance Corporation, and its act. In particular, in the future, this committee will be advising the minister as to what legislative action, if any, should be taken to try to ensure that depositors are better informed.

However, this does little to alleviate the plight of these 650 citizens, most of them elderly, who appear to have had pretty good reason to believe that they were insured under this act. It just is not acceptable to me and to others to give these people some kind of assurance that their deposits are safe and then to tell them, when the crisis and the winding-up or the liquidation of this company occurred, that in fact they were not.

It was the minister's concern about the circumstances surrounding these IAAC holders that led her to enter into the recently announced arrangement with the Government of Saskatchewan to compensate these uninsured depositors and to propose the legislation that is the subject of Bill C-50 today.

Honourable senators, the object of this legislation is to authorize the minister to enter into arrangements to continue the existing payments to holders of these uninsured IAACs up to the $60,000 limit that would have been applied had the certificates been insured. In other words, the objective is to provide a federal contribution to a plan to compensate Pioneer Trust uninsured depositors in an amount necessary to put those certificate holders in the position that they thought they were in, namely, that they were protected up to $60,000.

The Government of Saskatchewan, on the other hand, has undertaken to assume the liability, to make the payments

required to those Income Averaging Annuity Certificate holders who hold amounts in excess of $60,000. For your information—and I am sure someone will ask the question—there are 19 people who hold IAACs in excess of $60,000. That is not a substantial number when you consider that originally there were 650 holders. Only 19 of them have deposits in IAACs beyond $60,000; and the total at risk, I am informed, is around $400,000.

Senator Frith: For the 19 people?

Senator Barootes: Yes, for those 19. The $400,000 is the amount in excess of the $60,000 that CDIC or, if you will, in this instance, the Superintendent of Insurance, will handle and cover. I think this is generous on the part of the Government of Saskatchewan.

Senator Steuart: To say the least.

Senator Barootes: In addition to this, the Government of Saskatchewan has undertaken to compensate for the accrued interest up to the liquidation date of February 15 this year all depositors who have U.S. dollar accounts, chequing accounts, Guaranteed Investment Certificates and RRSPs. In other words, the remainder of the depositors who were at risk and who were uninsured under the terms of the CDIC.

The bill asks the federal government for an appropriation of $5 million. The Department of Insurance officials are satisfied that this amount, together with the amounts to be contributed by the Government of Saskatchewan and the amounts expected to be recovered by the liquidator, should be sufficient to enable the payments promised in these Guaranteed Income Averaging Certificates to be continued to their expiration. In fact, depending upon the distribution that the court appointed liquidator of Pioneer Trust is able to make, the cost to the federal government may, in fact, be less than $5 million.

If this legislation is passed, honourable senators, it is the intention to make arrangements, as quickly as possible, with another financial institution to start making payments due and outstanding under the IAACs to these unfortunate people—"formerly unfortunate people" would be more correct.

The Government of Saskatchewan will be making arrangements to have a lump sum payment made to the U.S. dollar depositors and to depositors who had more than $60,000 on deposit in the form of chequing accounts, savings accounts, Guaranteed Investment Certificates and uninsured RRSPs.

Honourable senators, given the circumstances which I have described to you, I think it is reasonable that the Government of Canada take action to see that the holders of the IAACs are put in the position that they had every reason to believe they were actually in, namely, that they were protected to the extent of the $60,000 limit. As I have mentioned, this is part of a plan that will involve the Government of Saskatchewan compensating all the other depositors who were uninsured, including those with deposits in excess of $60,000.

May I add a statement of personal opinion? I think, honourable senators, that this is an excellent example of the co-operation and the compassionate co-ordination that can occur between the federal and a provincial government in circumstances such as these. It will bring relief to those concerned people in this critical situation.

Therefore, honourable senators, I recommend the passage of this bill.

Hon. Hazen Argue: Honourable senators, I wonder if I may ask Senator Barootes a question.

Do I take it from his statement that no depositor or no person will have lost money because of the collapse of Pioneer Trust? Will the City of Regina receive its money? Will everyone receive his or her money, or will there still be some losses?

Will everyone who had money deposited or invested in Pioneer Trust by way of a customer deposit be paid accumulated interest or will some forgo the accumulated interest and, if so, who are they and what are the amounts?

From radio reports, the impression is left that everyone will be covered and there will be no losses. That is in accordance with the senator's statement this afternoon, but I just want to have that corroborated.

Senator Barootes: Senator Argue has asked a couple of piercing and important questions. Indeed, it is my understanding that everyone will be covered with the exception of those people who were not dealing with Pioneer Trust at arm's length. In other words, some of the officers and officials of Pioneer Trust are, at the present time, being excluded by the Government of Saskatchewan. When the winding-up and liquidation is complete, they may have some portion of their deposits returned to them.

Senator Argue's second question, if I understand it, was with respect to interest payments to those who had deposits. I am not certain that my answer will be total and accurate, but, in this regard, you may have noticed that they are paying interest on the deposits up to the date of liquidation which was February 15. Whether there are other interest payments over and above that, I am not certain, but I would think that unlikely.

• (1500)

In respect of the insured IAACs that will be transferred, to be paid by another financial institution, if I may use that general term, they will, of course, continue in the normal way, with the holders receiving their payments over the term, along with accrued interest.

Hon. Hartland de M. Molson: Honourable senators, I wonder if I might ask a question of the sponsor of the bill.

Has there been any discussion about the actions of the directors of Pioneer Trust? Has there been any criticism or any suggestion of malfeasance, or of something having been wrong with their conduct of the affairs of the company?

Senator Barootes: Questions have been raised by others in that respect. To my knowledge, there is no evidence of anything that one would call malfeasance, or anything of that nature. However, I must point out to you that wrongdoings in this respect are now the responsibility of the liquidator to investigate, and the liquidator, as many of you are aware, is

the chartered accounting firm of Touche Ross. It is the responsibility of the liquidator to report to the court of competent jurisdiction any suspicion of wrongdoing on the part of insiders or anyone else.

I have some knowledge of those concerned in the firm, and I am not aware of anything of that nature.

Hon. Douglas D. Everett: Have we been provided with copies of the bill?

Senator Barootes: I have a copy of Bill C-50, as passed by the House of Commons on May 6, 1985. I can pass that along to the honourable senator if he is without a copy of the bill.

Senator Everett: You stated that there was language attached to the instrument granted by Pioneer Trust to the holders of IAACs that indicated to the holder that his or her deposit was insured by the CDIC.

Could you give me that specific language?

Senator Barootes: Indeed. The IAAC certificates carried at the bottom the notation: "A member of the Canada Deposit Insurance Corporation." The certificate does not say that that particular contract is insured; it merely points out that Pioneer Trust—and one can interpret it as one wishes—is a member of the CDIC, the Canada Deposit Insurance Corporation. On some of them there would be a plaque or stamp containing the letters "CDIC."

Many of the annuitants believed that that meant that they had the $60,000 coverage. That is the point that many of them have made in making representations.

Senator Everett: Would the honourable senator not agree, though, that the language is not specific in terms of the giving of an undertaking to the depositor that the IAAC is insured by the CDIC? And would he not agree, further, that the Canada Deposit Insurance Corporation did not give any undertaking in that regard?

I would be interested in knowing whether the holders of these instruments, who are now going to be paid off at the rate of 100 cents on the dollar, realized a greater return on their investment than they would have realized had they invested in another institution at less risk?

Senator Barootes: I am not sure that I understand Senator Everett's question.

Senator Everett: Let me be specific, then. What I am suggesting to you is that those investing in a company such as Pioneer Trust earn higher interest by virtue of the risk in investing in a smaller institution. In taking that risk, they have an instrument that indicates that the company itself is a member of the Canada Deposit Insurance Corporation, but there is no specific undertaking of coverage.

I am wondering whether you have carried out any investigation to determine whether or not the holders of these certificates enjoyed a greater return on their investment by virtue of the risk that they were taking.

By passing this legislation, we are saying to them that they can take this greater risk, with the Government of Canada and the Government of Saskatchewan keeping them whole in the event that something goes wrong.

Senator Barootes: I do not know that I can answer that hypothetical question as it would involve my looking into the backgrounds and the minds of those who invested in these annuities—

Senator Everett: I am not asking a hypothetical question. I am asking whether at the time these individuals invested in Pioneer Trust, they stood to earn a higher return than they could have expected had they invested in, for example, the Royal Trust Company?

Senator Barootes: I am unable to answer that question. As you know, Senator Everett, the IAACs were discontinued in 1982, if my memory serves me correctly. During the years that IAACs were available, many people used them, and of course the interest rates varied. I am unable to tell you whether, at the time that each of these separate contracts or instruments was taken out, the rate of return to the annuitant under a Pioneer Trust certificate was higher than that which was available from better established trust companies.

I do recall that we had a similar situation in Winnipeg with Fort Garry Trust and Fidelity Trust.

Senator Everett: I can understand the difficulty with an income averaging annuity. Since, in effect, the two levels of government are insuring certificates of deposit of certain lengths—and as I understand the sponsor's speech, it would appear that everyone is covered one way or the other—perhaps he could tell us what the situation is in respect of certificates of deposit.

Taking a 90-day certificate of deposit as an example, it surely would be fairly easy to compare the rates paid by the various trust companies and banks at a given time.

Would those investing in 180-day certificates of deposit have enjoyed a higher rate from Pioneer Trust Company than from Royal Trust?

Senator Barootes: As you know, there are weekly and monthly pronouncements from Ottawa and elsewhere as to the rates to be paid on various term deposits. It would seem to me that the minor trust companies, in order to attract deposits, would on occasion have to pay a slightly higher rate of return. In the case of Pioneer Trust, with whom we are dealing in this bill—and there are many small trust companies that have paid a premium to attract deposits—in the latter days the Superintendent of Insurance recommended that there be offered rates of return on deposits below the extant rates. Pioneer Trust followed that recommendation in the six or eight months prior to its liquidation.

At one time they were probably paying a slightly higher than average return, but from the latter part of 1984 to the time of their liquidation, they were paying rates somewhat lower so as to dampen the number of deposits coming in.

• (1510)

Hon. Sidney L. Buckwold: Honourable senators, I have two questions for Senator Barootes, whom I congratulate on what I believe is his maiden speech in this house.

Hon. Senators: Hear, hear.

Senator Argue: His second "maiden" speech!

Senator Buckwold: My first question is: The honourable senator stated that the total commitment possible for the federal government is $5 million. He did not give us the commitment of the Saskatchewan government. I should like to know that amount. I should also like to hear the background story concerning the Saskatchewan government. That government previously committed itself to guaranteeing a preferred issue. I have forgotten whether the amount was $30 million or $35 million. But the Minister of Finance for Saskatchewan suddenly withdrew that guarantee. As a Saskatchewan senator, I wish to express the appreciation of many elderly citizens of Saskatchewan who will not be losers in terms of their savings, income averaging annuities, and so on. I can tell honourable senators that Pioneer generally had a very good reputation and was highly regarded in Saskatchewan.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I do not know whether the sponsor of the bill intends to propose, following second reading debate, that the bill should go to committee. However, if the bill is not to go to committee, he may want to obtain answers to some of these questions before the second reading debate is completed.

Hon Orville H. Phillips: Honourable senators, may I point out that the bill did not go to committee in the other place, but passed through all three stages in one day. While that course is not binding on this house, it is a good indication of the urgency of the bill.

I disagree with the Deputy Leader of the Opposition that Senator Barootes should obtain information. In my view he has done an excellent job in answering our questions and I see no reason for delaying the bill in order to provide further answers. I am sure the Deputy Leader of the Opposition will agree with me that he has done an excellent job, far better than that done by some ministers on some occasions in the Senate.

Senator Frith: Honourable senators, I certainly agree that the sponsor has done an excellent job in introducing the bill. However, he has said quite candidly that he does not have answers to some of the questions. I am merely suggesting that one way of providing those answers, short of sending the bill to committee, would be to obtain answers in the meantime. However, I will leave it at that, because I am trespassing on the time set aside for debate on second reading. There may be a number of other questions to be asked by honourable senators, and they may want those questions dealt with in committee. In view of Senator Phillips' comment, and not wishing to suggest that Senator Barootes' performance was anything but excellent, I will withdraw my suggestion and see what happens.

Senator Argue: Honourable senators, on the point of whether or not the bill should go to committee, I believe the Senate has a job to do. Our job is separate and apart from that of the House of Commons. This bill involves an important question. No one is in favour of any undue delay, but we should be prepared to send the bill to committee if the answers are not satisfactory.

Senator Everett: Honourable senators, I believe the discussion at this point is premature. Senator Steuart wants to enter into the debate on this question. The whole question of whether the bill should go to committee is usually dealt with at the end of second reading. With respect, I believe the debate should continue without these interventions. If Senator Steuart wants to take part in the debate, he should be allowed to do so.

Senator Frith: Honourable senators, it is precisely for the reasons mentioned by Senator Everett that I withdrew my suggestion. The debate should continue and we will see what happens.

Hon. D. G. Steuart: Honourable senators, like many other senators here—

Senator Buckwold: Honourable senators, on a point of order, I wonder whether Senator Barootes is prepared to answer my questions.

Senator Steuart: I am sorry. I thought the honourable senator had finished.

Senator Barootes: Honourable senators, may I proceed with my answer to Senator Buckwold, following which we shall hear from Senator Steuart, or would the house prefer that Senator Steuart ask his questions, which I will include in the goulash of questions already put and answer them all at once, rather like a stew?

An Hon. Senator: It's a goulash now.

Senator Barootes: Honourable senators, in reply to Senator Buckwold, the cost to the federal government involves about $5 million or probably less. However, let us say $5 million. The total amount uninsured is $36 million. The Government of Saskatchewan is assuming responsibility for approximately $26 million. I believe I pointed out that $600,000 of that figure involves U.S. dollar deposits; $400,000 is the excess of IAACs over the $60,000; and approximately $25 million involves the collection of chequing and savings accounts, RRSPs and GICs. I hope it is not improper for me to use those short terms.

It is expected that the liquidator will be able to obtain, on liquidation of the assets—I understand that the sale of a package of mortgages is now under way—more than 50 per cent of that $36 million. That would lower the Saskatchewan government's responsibility to somewhere in the $10 million to $15 million bracket. I hope that is a satisfactory answer.

The honourable senator asked about the preferred share issue, which, indeed, had been proposed in November, 1984. It was a ten-year preferred issue, guaranteed by the Government of Saskatchewan, for $30 million. The government not only guaranteed the principal amount, but it also guaranteed the interest thereon. So over a period of ten years the amount probably at risk was approximately $50 million. As honourable senators know, in the light of information and disclosures made subsequently by the Pioneer group to the Minister of Finance and his colleagues, the provincial government with-

drew that proposal. Originally it had given a letter of understanding that it would support such a proposal.

Hon. Peter Bosa: Honourable senators, may I put a short question to Senator Barootes? In light of the collapse of Pioneer Trust and similar institutions in other parts of Canada, is he aware that the government is contemplating any changes in the rules governing such lending institutions?

Senator Barootes: Honourable senators, I am not sure that I can answer that question. We would have to have someone from the executive side of government, that is the cabinet, to explain government policy on this matter. However, I did point out that the Minister of State for Finance, the Honourable Barbara McDougall, has set up an independent outside committee—not within the government but outside—to look into the CDIC Act, to see whether there are some shortcomings. Honourable senators will recall that the guaranteed amount, up until the time of the Greymac, Seaway, Multi-Corp Limited and Crown Trust disasters, was $20,000. About that time it was raised to $60,000. With the appearance of these anomalies between annuitants and so on, I believe the minister is anxious to get an outside opinion on whether or not restructuring the act would be more beneficial to the people of Canada. That is all the information I have to pass on.

• (1520)

Senator Steuart: Honourable senators, Senator Barootes has done an excellent job in answering the many questions and in presenting the case for the Government of Saskatchewan, the Government of Canada and Pioneer Trust in a very favourable light. However, I do not think we should skip over this matter so lightly. There are many questions that have not been answered and they should be raised.

As a resident of Saskatchewan and a senator from Saskatchewan, I am extremely sorry and upset, as I am sure most people in Saskatchewan are, over the fact that Pioneer Trust has gone under. Pioneer Trust began when I was a member of the Government of Saskatchewan. It started off as a little insurance company with a bit of a gimmick and it did very well. As it began to gather more investors and momentum, it became a trust company and it became a very big business in Saskatchewan. About the time they were moving into the big league in Saskatchewan, the Conservative government was elected.

It should be noted here that the principal people in Pioneer Trust and the principal people in the Conservative government were one and the same and almost interchangeable. I think this has a great bearing on what has happened and why the people of Canada, particularly the people of Saskatchewan, and the ordinary taxpayers are now faced with paying out some $27 million plus to pick up the pieces of this failure. I think we have to go back and find out what happened. I think what happened is that after this company got too big it was operated in a very irresponsible manner. We are starting to hear about investments made in the United States, investments in land, and about the company sending people who were excellent football players but not necessarily excellent financiers down to places such as Denver to pick up investments that had failed, and that failed again at the cost of millions of dollars. We are beginning to hear about some very irresponsible actions. The most irresponsible action of all occurred at about the time most people in Saskatchewan were talking about whether this company would fail or succeed. The Minister of Finance of Saskatchewan published a letter which said without equivocation that the Goverment of Saskatchewan would back this company to the tune of something like $25 million or $30 million. As a result many people who were about to withdraw their money from the trust company left it in.

I do not agree with Senator Barootes when he says that the Government of Saskatchewan could have obtained more information or learned more than they knew at the time. I think, because of the outcry of public opinion against the government for putting up $30 million of taxpayers' money, the Government of Saskatchewan, in spite of the letter—which caused many people to leave funds in the company when they might have withdrawn them—backed out and the institution folded. Then the Government of Saskatchewan found itself in a very difficult position. Many hundreds and perhaps thousands of people of that province were left high and dry. As a result, they started to negotiate back and forth with Ottawa. This is what has brought about the bill which is before us today and the action that has been taken by both the Government of Canada and the Government of Saskatchewan. Granted, this bill will save the taxpayers and citizens of Saskatchewan many thousands of dollars, but I think that there are a great many questions to be answered.

The first question is: Why did they get themselves into that position? I think we should review the operations of this company. I do not think that either the Government of Canada or the Government of Saskatchewan should casually put up $25 million or $30 million of taxpayers' money without having a hard look at the operations of this company. Perhaps one could go back and say that former governments of Canada have done the same thing in other circumstances. If they did so with no more investigation than is taking place in this case, then I think they were wrong. If we pass this bill without looking further into it, we, too, are wrong. I do not think that one, two, three or four wrongs make a right. I cannot blame this whole matter on the present Government of Saskatchewan or the present Government of Canada, because we have allowed these trust companies to operate in far too loose a manner. We have seen very famous people in, for instance, western Canada, buying hockey teams and investing in all kinds of ridiculous schemes which have caused the loss of millions of dollars to ordinary people. Most people in Canada regard trust companies in the same way as they regard Canadian banks, where you can put your money and it is as safe as being in the Bank of England, the Church of England or wherever. It turns out that that is not the case.

I think that the Senate should look into this matter a little more deeply than the introduction of this bill would indicate to have been done up to now. I also think that the Government of Saskatchewan has operated, up until this point, in a most

irresponsible manner and that what they are doing with their money and what they are asking the federal government to do is in some ways irresponsible. They are not simply seeking to save certain investors in Saskatchewan. If that were what they were doing, I could not say anything against it, because some of those people are my friends, and they invested with goodwill. They made their investments after a great deal of propaganda on the part of Pioneer Trust, backed up by the Government of Saskatchewan which was saying, "Saskatchewan is open for business. Saskatchewan is a free enterprise economy. We are now on the road to victory and on the road to success and if you invest your money you will win." At the time you could not tell the difference between the members of Pioneer Trust and the Conservative government. Now, all of a sudden, you can tell the difference. I think it is a little too easy to let everybody get away without asking any questions. I would like to see this bill referred to the Standing Senate Committee on Banking, Trade and Commerce so that we may have a hard look at it and so that we may ask people, if they so wish, to come here and make their case and, if possible, to find out what happened.

Senator Everett raised some good questions about the kind of money the company was paying out in interest. My wife had an RRSP with Pioneer Trust and I had one with the Imperial Bank. About one year ago we received the little slip of paper with information that comes once a year and that says "this is not for income tax purposes." I was getting 11.5 per cent from the Imperial Bank and my wife, with her little investment of about $6,000 in Pioneer Trust, was getting 17 per cent. Upon looking at them, I said, "Either you are a genius and I am an idiot or these people are in trouble." It turned out that she might have been a bigger genius than I, but that company and all the people who invested in it were in big trouble. The whole matter is a little deeper and a little more serious than this bill and the excellent speech given by the honourable senator from Saskatchewan would indicate. I think we should take a hard look at it.

The honourable senator has made the sign of the cross. Bless him. I think this is a case of the Tories trying to save their friends, but not really having the guts to go all the way by putting up the $20 million or $30 million. In that way they would really save their friends. They are now asking the taxpayers of Canada and the taxpayers of Saskatchewan to bail out the Devine government. I cannot understand how the Mulroney Government is involved, but I think they are coming to the rescue. I just do not think it is good enough. I also do not think it is good enough to come back and say, "When you were in power, you Liberals did just as badly or worse." You people were elected because there was to be a new day, and a new leaf and there was to be real free enterprise out there. I do not think this is an example of free enterprise; I think it is a bail out of some friends of this government and of the Saskatchewan government, and I do not think that is good enough. I, therefore, move that this matter be referred to the Standing Senate Committee on Banking, Trade and Commerce for further study.

[Senator Steuart.]

• (1530)

Senator Everett: Honourable senators, I will not go over the ground that was just covered so ably by Senator Steuart. I would also like to congratulate Senator Barootes on an excellent maiden speech that had the hallmark of clarity. My feeling on this matter is that I would go along with Senator Steuart, and I hope that Senator Barootes will recommend that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

It seems to me that what we are doing here is running the risk of setting a precedent. Let me say to honourable senators that it is the federal government that is involved here, admittedly along with the Government of Saskatchewan. Nevertheless, the federal government is involved and if they bail out, for whatever reason, the depositors in a trust company and see that they are protected beyond what is provided for by law through CDIC, then I think that we are setting a precedent. In fact, what it means is that almost any trust company, no matter how badly it is run, will be protected. A depositor can put his or her money into the company; they can be paid, as they often are, rates that are egregiously greater than the rates that are available to those who deposit their money in safe institutions. The more improperly a trust company is run, the higher the interest rate that is paid. As long as people know that the federal government has set a precedent for bailing out such companies, we are encouraging a situation where depositors, and they have the right to do so, take risks that they should not be taking.

If it is the decision of the government that the deposit insurance should be $100,000 or $1 million, we can debate that. However, the amount at which it is now set is $60,000; it is not unlimited, but that is what we are making it; we are giving a signal that that insurance will be unlimited.

The tragic part of these matters is, of course, that someone like Senator Barootes can stand up and say, "This is a case where there are people who sold their farms. This is all of the money that they have to live on into their retirement, and we must step in and do something about it." I agree that we just cannot be cavalier about people who are in such a situation as that. But surely what is required is an intensive investigation into the implications of what we are doing now. Because some people are in jeopardy of losing money, let us not just jump in and say that we will guarantee all deposits of all trust companies, no matter how badly they are run and no matter how risky the deposits are.

Therefore I would support Senator Steuart in his motion and recommend to the senator who has sponsored this bill that he ask that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Senator Argue: In my opinion, this is a very important bill for Sastatchewan, and no matter whether we do or do not send it to a committee—and I hope we shall—I am certain that the bill itself will receive general support because the people who are involved out there in Saskatchewan have an important claim. After all, what is sauce for the goose is sauce for the gander. In the last number of years, there have been a number

of bail outs, and this is not the biggest one we have had to deal with.

I think a great many major errors have been made in this case, and a very early major error was that, when Pioneer Trust felt that they were in some difficulty, they should have approached the authorities in Ottawa; they should have had an early, comprehensive discussion amongst themselves as to what steps might, in fact, be taken to keep this company viable and to keep it in operation. That, of course, is what the Minister of Finance in Saskatchewan thought he was doing, or intended to do, I believe, when he sent the letter which would provide a guarantee on certain preferred shares.

Then, of course, the skirmish started and Mr. Bob Andrews felt that Pioneer Trust had not come clean; had not disclosed all of the facts and, at a later date, he felt that he should withdraw that guarantee.

All of that, to me, adds up to bad management and ineptness by a group of people who were not able to get their act together. In my opinion, had a plan been made earlier, perhaps there would have been a real possibility that this company might have been kept viable and in operation.

There are things that have been done to keep other companies in operation. Not long ago, in this chamber we supported a measure to provide some $250 million by way of guarantees, et cetera, to the Canadian Commercial Bank in order to keep its operation going. There are many examples of actions of this kind having been taken. However, as I understand it, the cost to Canada of this company's going down the drain is not $30 million or $20 million or $15 million. Part of the enormous cost is what CDIC has already paid out, namely $203 million. Therefore the cost to the country of letting this company go bankrupt is certainly very high indeed. In fact, good business people would ask whether the net cost to the country is more because we let it go bankrupt than it might have been if we had come in at an earlier date with reasonable guarantees on an agreed basis from all authorities involved. I think that is a question that the committee could very well consider.

Earlier, I said something about what is sauce for the goose being sauce for the gander. The people who dealt with Pioneer Trust in Saskatchewan believed that they were dealing with something just about as sound as the Rock of Gibraltar because it had a good name; it had 20,000 Saskatchewan residents who were shareholders of Pioneer Trust, I believe, so they thought it was a good company. However, as it turned out, it was not a good company in the sense that it was not able to survive.

There are a great many individual farmers out in western Canada who are having a tough time trying to survive and the authorities, who are usually the Farm Credit Corporation and the banks, say to such individuals: "If you are not able to survive, it is your tough luck. It is a question of your having used bad judgment." I do not think it is as simple as that. Most of the farmers who are in financial trouble are in that predicament because they took the advice of the experts, namely the banks, the research people at the Farm Credit Corporation, and obviously they took the loans that were available from those financial institutions who thought that the people receiving the loan would have an opportunity to succeed.

• (1540)

So, for all the reasons that have been put forward by Senator Steuart and others, I, too, think that it would be useful to refer the bill to the Standing Senate Committee on Banking, Trade and Commerce. I think we have a job to do. I do not think it is good enough to say that the members of the House of Commons have looked at it and, therefore, we do not have to look at it, or we should not have a look at it. That is a dead-end approach; there is nothing to be gained by that approach.

So, I think we should have discussions with honourable senators opposite to get agreement that the bill be referred to committee.

I move the adjournment of the debate.

Senator Barootes: Honourable senators—

Senator Argue: Honourable senators, I have moved the adjournment of the debate.

An Hon. Senator: That is the end of it.

Senator Argue: It is the adjournment of the debate. That does not mean the end of anything.

Senator Phillips: Honourable senators, on a point of order. The motion has not been put—

Senator Argue: I do not know how one puts it, but I have moved the adjournment of the debate.

Senator Phillips: Senator Argue, I was referring to Senator Steuart's motion. I do not believe that the Speaker has put Senator Steuart's motion.

Senator Argue: The motion was not put, so it was not before the Senate. The motion I have made, I trust the Speaker will now put to the Senate, namely, that the debate be adjourned.

Hon. John M. Godfrey: Honourable senators, the other day I moved a motion, another senator then spoke immediately afterwards, and my motion was not put. Today Senator Steuart has moved a motion and somebody rose to speak, and his motion was not put.

I should like a ruling from the Speaker on this matter. It seems to me that it is only common sense if someone moves a motion that it be put, notwithstanding the fact that someone else rises to speak. The motion by the second speaker should be put after the first motion has been put. I think this should be straightened out. A motion should not be ignored just because someone else rises to speak.

Senator Argue: On the point of order, when a senator moves that a bill be referred to committee, my understanding of parliamentary procedure is that such motion is put before the Senate by way of an honourable senator saying "I move . . ." Then the Speaker should rise and put the motion, and if that

does not happen, then the senator who moved the motion should insist that it be put.

Having put it before the Senate does not mean that the debate has stopped; there is just another subject on which to debate, and things go on from there. Certainly, the motion could have been put at that time, but it was not.

Senator Steuart: About one-and-a-half seconds passed between the time I sat down and the time you rose. I would have thought you would have given the Speaker an opportunity to put my motion. The Speaker might not have been paying close attention; that has happened in the Senate in the past.

So, the next time I think it would be only courteous of you to ask whether the motion is going to be put. However, I will go along with this because I have no choice.

Senator Frith: Honourable senators, on the point of order, the debate we had on a previous occasion on a point of order was whether or not a motion or the subject matter of a motion could be referred to a committee. We had a ruling on that and found that it was in order to refer a motion to a committee, and that it was also in order to refer the subject matter of a motion to a committee.

In this case we are dealing with a bill, so I think it would be worth while having a ruling from the Speaker. I do not know whether there is anything against referring a bill to a committee during second reading debate; however, it is true that normally a bill is not referred to a committee during second reading debate.

Senator Steuart: Is there something against that?

Senator Frith: May I finish my point?

Senator Steuart: Certainly. I am sure you will, anyway.

Senator Murray: Why don't you settle this in caucus?

Senator Frith: Honourable senators, the point of order that has been raised includes in it the question of whether or not a bill can be referred to a committee before it receives second reading. The normal practice is that a bill is referred to a committee after receiving second reading but before receiving third reading.

Now, is there anything prohibiting a bill from being referred to committee during second reading debate? I think we should find that out. I can remember that that happened with Bill S-31. That was referred to committee during second reading debate.

So, had you allowed me to finish, Senator Steuart, I was going to say that there is nothing against that.

Although the motion to refer the bill to committee was not put, it can be put again during debate, which has been adjourned anyway. It is true that normally we do not refer bills to committee until after second reading, but that does not mean that that cannot be done.

Hon. Charles McElman: On the point of order, honourable senators, there was, in fact, a motion before the house that the bill be now read the second time. It is quite inappropriate to have another motion before the house unless that motion states: "That this bill be not now read the second time but that it be referred to committee."

That motion was not made. Therefore, there is only one motion before the house, and that is the motion for second reading, and the debate was quite properly carried on and adjourned.

Senator Molson: Honourable senators, may I call your attention to rule 36 (1), which states:

> When a question is under debate, a motion shall not be received unless it is a motion to amend the question, to refer the question to a committee, to adjourn the debate, to postpone the debate to a certain day, for the previous question, or for the adjournment of the Senate.

So, the motion to refer the matter to committee was in order; the motion to adjourn the debate was in order; and I think the point made that the motions should have been put in their proper order is a valid one.

On motion of Senator Argue, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 8, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

WORLD WAR II

FORTIETH ANNIVERSARY OF CESSATION OF HOSTILITIES IN EUROPE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am aware that this chamber needs no reminder that some forty Mays ago, in 1945, one of the most climactic events in the history of our times took place when it was established that the war in Europe was over and that victory against the Axis powers on that continent had been achieved.

While it is an event all honourable senators will wish to recall, I am sure it has particular significance for those in this chamber who served in that war. I would like to give their names, because I believe it is important for us to know the record. They are:

Senators Buckwold, Croll, Denis, Doyle, Gigantès, Godfrey, Guay, Hicks, Lafond, Lang, Langlois, Marshall, McElman, Molgat, Molson, Neiman, Stanbury, David Steuart, Thompson, Kelly, Finlay MacDonald, Bélisle, Charbonneau, Everett, John M. Macdonald, Phillips, Yuzyk and Barootes. I add also my own name to that list.

The events that we recall on this occasion represent a climactic period in the history of our country, where, by a supreme effort in which the whole nation joined, we took part in that conflict. By no means do I neglect to recall that, of course, we were one of several allies; and, indeed, one of the nations that was allied with us at that time unfortunately no longer enjoys such a friendly relationship with us.

It was a climactic event in the life of the nation; but it was also a climactic event in the lives of the men and women who took part in it—and, indeed, in the lives of all Canadians. There was grief for the fallen; there was joy, I believe, among the survivors; and there was fierce satisfaction in the nation that those western values on which we had set our hearts had triumphed—at least in our part of the world.

At that time it was climactic not only for those general reasons, but it was the high point in the lives of many of those who took part. And there is a reason for that. It was a time when there was a feeling of comradeship, which is not ordinarily to be found in our relationships one with another; there was personal commitment to a cause we esteemed; and there was a clear purpose which united us one with another. Alas, after 40 years, those great emotions have eroded. The clear dedication, which we found so much to our inclination in those days, is by no means as strong as it used to be in times of war. In a sense, we can thank God that it is so, because it means that we are not challenged in this day and generation with the horrors that were apparent to those who served and to those who waited in those six years of struggle over 40 years ago.

But I hope that the spirit that quickened in our nation in war-time is a spirit that can still be found among our people in these days of peace—relative peace though it may be. I hope that spirit will inspire us to dedicate ourselves, not so much to the past, because that is part of the record of our history, but to the future so that we may summon up, once again, those qualities that made this nation great in war-time and that can make it great in peace-time and a leader in the quest for harmony among nations.

Hon. Henry D. Hicks: Honourable senators, the Leader of the Government in the Senate has called our attention to a most significant and emotion-filled event which took place forty years ago today. My involvement in World War II is one which has left me with many memories. I was in Whitehall when Mr. Chamberlain came back from his conference with Hitler in Munich and made his speech at the Cenotaph. Indeed, I was at the foot of the Cenotaph when he made that speech, waving his umbrella and proclaiming, "I have brought you peace in our time!" I may say that my colleagues, who were members of the Oxford University ice hockey team and playing a game in London that day, did not believe for one minute that Mr. Chamberlain had his finger on the pulse of the situation.

A little later, when the Germans occupied Austria, an American friend and I made our way directly to Munich and from there to Linz and to Innsbruck, Austria. I heard Hitler speak twice in Innsbruck. In those days my German was much better than it is now. However, he spoke so rapidly and idiomatically that it was difficult to follow him. Nevertheless, the power and ferocity of his personality came through. I remember going back to my college at Oxford and engaging in a discussion with some of my English friends who were then inclined to regard Hitler as a BBC songster, Ronald Francau, put it:

> Heil Hitler, ja, ja, ja;
> Oh what a funny little man you are;
> With your little moustache and your hair all blah;
> Heil Hitler, ja, ja, ja.

I remember telling my English friends very seriously, "If you think this man is someone to be laughed at, then you will have another think coming." In due course the war commenced. I remained in England. I was in a little town in the Thames Valley when Mr. Churchill made his great speech. Honourable senators will recall the immortal words:

—we shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets, we shall fight in the hills; we shall never surrender.

Up until that time that little community had been very depressed. After we all listened to Mr. Churchill's speech on the wireless we went down to the pub and had a drink, and there was such a determined resolution on the part of the people of England at that time that if Hitler had commenced his cross-channel invasion I think we would have seen one of the most terrific slaughters that mankind had ever witnessed, because I believe that the English people would have fought with everything—guns, pitchforks and anything else that came to hand. My own feeling at that time, while I was not an Englishman, was that I would have participated in the same way.

Subsequently, I spent my five and a half years in the army—not as a very brave soldier; I was a technical staff officer in radar. I had a very interesting time and experienced one or two episodes that may have had some bearing on the outcome of the war.

I was in Holland and nearby Germany when the war ended. By great personal good fortune, I was flown back to England on the 7th day of May, the day before VE Day, because we knew the war was over and I was to have taken a special mortar-locating radar device to do liaison work with the U.S. Army Signal Corps and then, perhaps, take it out to the Pacific. So I spent VE night in London. It was a wonderful occasion, and testified to the strength of that great people. There was no damage; there was no violence; there was no disruption. People went out—we all went out to the pubs which, of course, were incapable of holding the numbers of people who were there, so you went in, got your drink, came out and sat on the curb and talked with the joyous people who, after nearly six years, had finally achieved the victory which their courage and resolution deserved.

Let it never be forgotten that Great Britain and its Commonwealth allies carried the battle for the first two years of the war. When our American friends refer to World War II, they tend to think that it started in December of 1941, when the Japanese attacked Pearl Harbour. But the brunt of the seemingly impossible contest was borne for more than two years by Britain and her Commonwealth allies, including Canada.

There is a great deal more that I could say, but this was certainly a wonderful day and a day of which we can be very proud. Our memories are filled with the recollections of those who were lost. Unfortunately, I was a student at Oxford University at the time the Oxford Union carried their resolution: "Resolved that this house will not fight for King and country." Herr von Ribbentrop, who was the German Ambassador to the Court of St. James at the time, reported to Hitler that the British youth were demoralized and would not put up any resistance. Of course, the British have a kind of sense of humour which the Germans cannot understand, and it was those same people who carried that resolution who fought and won the Battle of Britain.

Unfortunately, I had about six very close English friends with whom I would have remained intimate all my life were it not for the fact that every one of them was killed during that time. I have the most poignant recollections of the sacrifices that we made in order to attain the victory which was achieved on May 8, 1945.

I salute my fallen comrades.

Hon. Stanley Haidasz: Honourable senators, I would like to associate myself with the remarks made by the Leader of the Government in the Senate and Senator Hicks. I agree with Senator Roblin that, forty years ago, on VE Day, there was a great deal of joy and satisfaction for those who had fought and for those who had aided our fighters. However, for one hundred million people in nine countries behind the iron curtain there was less than joy and very little satisfaction. Having overthrown the Nazi totalitarianism, they were left to deal with and live under another type of totalitarianism—namely, Marxism.

On a day such as this, I think we should remind ourselves of the iron curtain and the Berlin wall which are the very costly results of the bloodiest war in human history; a war in which over 50 million people died, including civilians, soldiers, airmen and sailors.

I agree with Senator Roblin that we should rededicate ourselves to the democratic principles for which our armed forces fought, but we should also rededicate ourselves to the continuing struggle for true peace and justice in the world for all peoples.

• (1410)

STEVE FONYO

"JOURNEY FOR LIVES" ACROSS CANADA

Hon. Len Marchand: Honourable senators, I should like to say a few words in praise of Steve Fonyo, a young man from Vernon, British Columbia—my home town—who has recently been capturing the hearts and minds of Canadians as he battles on with his "Journey for Lives."

This courageous young man, who at the age of 12 lost his left leg to cancer, started a run across Canada in St. John's, Newfoundland on March 31, 1984 and will reach his destination of Victoria, B.C., in a few weeks' time. On Sunday last, he was welcomed home to Vernon by thousands of people from the local area and another several thousand who watched that great event on live CBC television.

As of yesterday, May 7, Steve had raised $3,701,382 for cancer research. Of this, a total of $296,168 was raised in British Columbia, and that does not include the pledge of $1,000 per kilometer from the Government of British Columbia.

There are many more events being planned in British Columbia. Today there is a large reception to be held in Kamloops, and when he reaches Vancouver it is expected that

thousands of people will turn out for a massive reception in B.C. Place.

I am certain that all honourable senators will join me in congratulating Steve Fonyo on the tremendous success that he has already achieved and wish him all Godspeed on the rest of his journey.

Hon. Senators: Hear, hear.

THE SENATE

NOTICE OF MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS

Hon. Keith Davey: Honourable senators, I give notice that, on Tuesday next, May 14, 1985, I shall move:

> That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees.

QUESTION PERIOD

[*English*]

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—REPLACEMENT OF FEMALE APPOINTEES

Hon. Lorna Marsden: Honourable senators, my question is for the Leader of the Government in the Senate. On Wednesday, April 24 last, I complained about the dismissal of women from various government boards and agencies by this government. The Leader of the Government offered to send me a list of appointments because, as he stated on that day:

> I doubt that any other government could point to such a record in the first nine months of its administration as that of the present government in respect of its treatment of women.

I have asked officials in the leader's office for that list, and they have been unable to provide it. So, I have taken up a list prepared by my colleague, Mr. Boudria, concerning government appointments.

Honourable senators, in leaving out that week, I find that of the 940 appointments listed, 85, or 9 per cent, were female, and of the dismissals, 9 out of 56, or 16 per cent, involved women.

My question is: How does the government now justify its first nine months in office?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have undertaken to try to provide my honourable friend with the information. That undertaking still stands.

REFORM OF THE SENATE

CONSIDERATION OF COMMONS RESOLUTION BY THE SENATE

Hon. Daniel A. Lang: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate with respect to a notice of motion that was to be tabled yesterday afternoon in the House of Commons involving curtailment of the powers of the Senate. As honourable senators know, if that resolution becomes law, it will emasculate this institution effectively and forever, and we will become a redundant, ceremonial Royal Assent chamber.

If my recollection of the Constitution Act is correct, this resolution, if carried in the House of Commons, could become law without ever being introduced into this chamber for debate. Under those circumstances, could I have an assurance from the Leader of the Government that that resolution or such other form as it may eventually take will come before this chamber so that we may have a full discussion of its contents and so that the seriousness of the long-range implications of this resolution on the parliamentary life of Canada can be fully debated?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I welcome the question on this very important matter because I want to assure my honourable friend that should this resolution that he refers to, and which was tabled in the House of Commons yesterday, be adopted by that chamber, it would be my intention to introduce it, or any amended version of it that the House of Commons might deal with, into this chamber for full debate. I fully agree with him that it is a matter which needs to be looked at from every angle, and the Senate has a duty to undertake that examination.

NATIVE PEOPLES

FUNDING OF PROGRAMS—RUMOURED GOVERNMENT CUTS

Hon. Willie Adams: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. This morning's newspaper reports indicate that the federal government is considering cuts to native programs in the amount of $311 million. Are those cuts to be outlined in the May budget?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not sure that I got the full import of the question. I have to tell my honourable friend that he has to wait until he sees the budget before he comes to any conclusions as to what the budget will provide. It will be presented in the other place on May 23, and full details with respect to all financial matters that can be included in that statement will appear then. I am not sure that I am giving him a very satisfactory answer, but that is the best that I can do with the question as I received it.

REFORM OF THE SENATE

CONSIDERATION OF COMMONS RESOLUTION BY JOINT COMMITTEE

Hon. Peter Bosa: Honourable senators, I have a supplementary question to the one put by Senator Lang concerning the resolution that was presented yesterday in the House of Commons with respect to an amendment to the Constitution. When the proposition was put for the patriation of the Constitution

early in the previous Parliament, a joint committee of the Senate and the House of Commons was established to study that proposition. Does the leader know if a similar course is going to be followed as a result of the presentation of yesterday's resolution?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that is not the present intention of the government. Its intention is that it will be considered by each house separately, and in view of the changes in the powers of the houses brought in by the new Constitution, that seems to be the appropriate way to deal with it.

HUMAN RIGHTS

MEETING OF EXPERTS—PARTICIPATION BY CANADIAN PARLIAMENTARIANS

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate concerning the conflicting reports from officials and government representatives as to whether there will definitely be Canadian parliamentarian representation, at least as observers, at the special Meeting of Experts on Human Rights which opened in Ottawa yesterday afternoon. At the last moment some honourable senators and members of the other place were invited to attend the opening session at which the Secretary of State for External Affairs delivered the opening address.

● (1420)

I raise this question this afternoon because the official delegation of the United States of America at this conference will consist of senators and members of the House of Representatives; and also because of the Canadian precedent of allowing Canadian parliamentarians to attend the review meetings of the Helsinki Final Act. I also raise it especially because there are many senators in this chamber who are very interested in this meeting and in the whole subject of human rights.

My question is: Has the Leader of the Government in the Senate any up-to-date information about the Canadian parliamentary representation at this meeting?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can give my honourable friend some information on that score. There are eight parliamentary observers designated to attend any aspect of the proceedings at this meeting. The number is divided among the political parties and it is up to each party to decide who represents it.

My information is—and I hope it is correct—that my honourable friend Senator Haidasz has been selected by his party to be one of those representatives. If so, I congratulate him.

TORONTO HARBOURFRONT

PUBLIC ACCESS

Hon. Keith Davey: Honourable senators, I have a question for the Leader of the Government which is prompted by the recent appointment of John Tory, a prominent Toronto Tory, as a director of the Harbourfront Corporation in Toronto.

Has the leader actually visited the site of Harbourfront? If he could find time to do so on one of his trips to Toronto, perhaps he would be interested in having me show him around.

The fact is that an ugly, industrial wasteland on the Toronto harbourfront has been turned into a dynamic, accessible waterfront, as well as an innovative community and cultural centre.

An average of two million people attend Harbourfront every year, and the admission is absolutely free. Can the leader offer me some assurance that admission to Harbourfront will continue to be free?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have no information on that point, but if there is a change in the policy, my honourable friend may rely on being told about it.

Senator Davey: Honourable senators, I have a supplementary question. Recently, a Harbourfront Quay Club has been formed which anyone can join, that is, if they have $1,000. A Quay Club letter says, "the best things in life are not free."

I find this very frightening on two counts: first, the clear implication is that the Government of Canada is prepared to cut back on its commitment to Harbourfront and its kaleidoscope of programs for people; and, second, I am concerned about the formation of an elite, inner circle in a place which, heretofore, has been noted for its democratic mass appeal.

Would the Leader of the Government inquire if the fundamental purpose of Harbourfront is not being jettisoned by this kind of appeal, because the letter refers to "prominent community members who form a special group and who will be thanked in a very special way by Harbourfront."?

Senator Roblin: My honourable friend obviously knows a great deal more about Harbourfront than I do. I am not aware of the federal government's participation in that particular venture, although I expect it may have a part to play.

The best I can do is to try to find the answer without in any way committing myself to the alarmist contentions contained in my honourable friend's introduction.

HUMAN RIGHTS

MEETING OF EXPERTS—PARTICIPATION BY CANADIAN PARLIAMENTARIANS

Hon. Peter Bosa: Honourable senators, Senator Haidasz earlier put a question concerning the parliamentary delegation to the CSCE which is taking place in Ottawa at the present time.

The Leader of the Government replied that the Canadian delegation is composed of eight members of Parliament. Does that mean that there are six from the House of Commons and two from the Senate, one from each side of the Speaker?

If so, would the leader consider making representations on the other side as to whether they can apply the same formula

that was applied during the Madrid and the Belgrade Conferences on the same subject by which there was a rotation system for parliamentarians who participated as observers to those conferences?

Hon. Duff Roblin (Leader of the Government): The arrangements are that each political party can do what it wishes in nominating people to fill those tasks—choosing people from the Senate or from the House of Commons. If they wish to rotate the membership, I am sure that can be arranged. It is up to senators to deal with their party officials in the matter.

Senator Bosa: There will only be one representative of the opposition in the Senate, and that will not reflect, in percentage terms, the number of seats that the opposition occupies in this chamber.

Senator Roblin: That is a problem for your supporters in both houses to solve.

MULTICULTURALISM

STATUS OF MINORITY GROUPS—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. In today's Toronto *Star* there is an article headlined: "Minorities should be Canadians first, Tory minister says." The first paragraph of that story reads as follows:

> The Progressive Conservative government's approach to multiculturalism will be a bid to persuade minorities to consider themselves Canadians first and foremost, Multiculturalism Minister Jack Murta says.

My question for the Leader of the Government is: Is it now the Mulroney government's policy and practice to insult the minorities of Canada, and we are all minorities, by suggesting that Canadians who happen to originate from minority ethnic groups do not today consider, and have not always considered, themselves to be, first and foremost, Canadians?

Hon. Duff Roblin (Leader of the Government): I think the question is somewhat superfluous. I come from a province where there are many minority groups—there are no majorities in the province of Manitoba—and I have yet to find members of a minority group who do not wish to be regarded as Canadian first, no matter how proud they may be of their ethnic origin and the cultural—I almost said "baggage"—the cultural endowment that they bring with them. For the minister to state that obvious fact, I think, is hardly a criticism of any ethnic group.

Some Hon. Senators: Hear, hear.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—GRAIN CAR ACCESS

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the Leader of the Government in the Senate. It is in reference to a meeting he attended last Wednesday between the cabinet and the representatives of the Manitoba legislature—a meeting which, I understand, lasted for five hours.

I am rather pleased with what came out of that meeting, inasmuch as we now have assurance of the expansion of the rail line to the Port of Churchill, and the possibility of the manufacture of lighter hopper cars—hopper cars which will, I presume, be built in Manitoba. Perhaps the Leader of the Government can reassure me in that regard.

The Russians like to use the Port of Churchill, the main reason being that they save eight days by going to the Port of Churchill as opposed to Thunder Bay. On a round trip, that would be a saving of 16 days, and at an operating cost of $15,000 a day, using the Port of Churchill results in a considerable saving, all of which is beneficial to Manitoba.

My question is this: In making all of these arrangements, has any consideration been given to having an interchange of rail cars between CP and CN to allow grain originating on CPR lines access to the Port of Churchill at the normal rate?

Hon. Duff Roblin (Leader of the Government): Dealing first with the question of the grain cars used on the Churchill route, I think I am correct in saying that for many years regular box cars, as we old-timers, Senator Guay, know the term, were used on that route, though in latter years the use of box cars became quite unsatisfactory because of the instability of the line. Many difficulties arose, and the cars could not be filled to capacity.

The best suggestion that I have heard so far is that a special light hopper-type car should be developed for that route. I am happy to be able to tell my honourable friend that the Canadian National Railways has developed a hopper car designed for this particular circumstance, although it would not be restricted to that particular route. The governments of Manitoba and Canada are now holding discussions in relation to the supply of those cars so that the use of the Port of Churchill can be expanded.

As to whether or not they will be manufactured in Manitoba, I am not sure that the Manitoba rolling mills would be able to cope with such a project. I rather think it would be more than they could handle. I am not an expert, however, on the manufacture of hopper cars.

OTTAWA INTERNATIONAL AIRPORT—PROPOSED CHANGE OF NAME

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government. My question is based upon frequently noted news reports in reference to the naming of the Ottawa International Airport, an airport which has been through a lengthy period of muck-up and disorientation. I am wondering if we can hope that among all this travail we can rejoice in the fact that this important airport will be called after one of our greatest Canadians, namely, the Right Honourable John Diefenbaker.

• (1430)

Some Hon. Senators: Hear, hear.

Some Hon. Senators: Oh no.

Hon. Duff Roblin (Leader of the Government): Honourable senators, when I have regard to the precedents that have been established in naming airports after Canadian Prime Ministers, I think it is a very valuable suggestion.

Hon. George van Roggen: Is the Leader of the Government quite sure that the former Prime Minister would not be better honoured by the naming of an airport in Saskatoon?

Senator Roblin: Honourable senators, I believe the former Prime Minister would be appreciative of anything that we can do to record the appreciation which I believe this nation holds for a man who has made a substantial contribution to Canadian progress.

Senator Argue: And he would not have castrated the Senate!

INDIAN ACT

STATUS OF WOMEN—REMOVAL OF DISCRIMINATORY PROVISIONS

Hon. Lorna Marsden: Honourable senators, at lunchtime today the Quebec Native Women's Association held a demonstration on Parliament Hill. They are here because of their serious concerns over Bill C-31 which amends the Indian Act and which is now passing through the various stages in the other place. During the National Action Committee debate among the leaders of the three parties concerning women's issues on August 15 last, the Prime Minister committed himself to equality for Indian women. The members of the Quebec Native Women's Association, having analyzed Bill C-31, have reached the conclusion that it does not get rid of discrimination on the basis of sex. In fact, they say that discrimination against Indian women is not ended. It is simply transposed to their children.

I agree with their analysis of the bill as it now stands, and I should like to ask the Leader of the Government whether he will attend the press conference of the Native Women's Association at 3.30 this afternoon and give them a direct answer; and, in addition, whether he will use his influence, and that of his colleagues, to persuade the minister to change those clauses of the bill which remain objectionable, so that we can pass an amendment which will eliminate the discrimination which has been going on for far too long and which, I am sure, all of us would like to see ended.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have an even better suggestion for my honourable friend concerning this difficult problem. The bill is now being pre-studied by a committee of this chamber, and I suggest that she use her influence in that committee to have whatever changes made that she considers appropriate.

NATIVE PEOPLES

FUNDING OF PROGRAMS—TASK FORCE REPORT

Hon. Joyce Fairbairn: Honourable senators, I should like to follow up on a question asked earlier by Senator Adams concerning a "secret" report from the Deputy Prime Minister's Cabinet Task Force on Cost Cutting. I understand that the report is entitled "The Buffalo Jump of the 1980s", and I believe that anyone from western Canada will know what happened in consequence of the buffalo kills in the west. They practically caused that magnificent breed of animal to become extinct.

The report suggests a cut of $311 million from services to native people. I would ask the Leader of the Government if he can indicate the status of that document. I understand that it has not been embraced as government policy, but can he tell us whether the cabinet has seen and considered this document? Exactly what status does this document have?

Hon. Duff Roblin (Leader of the Government): Honourable senators, if my honourable friend extends her research to examining the questions and answers given in the House of Commons, she will have more information than I am able to give her, because the matter was dealt with there rather extensively. I believe the significant fact is that the minister in charge made a statement about any changes in funding for aboriginal people. Indeed, he repeated what the Prime Minister said when he dealt with the subject in the house on April 18, namely, that there would be no policy affecting aboriginal peoples that would not be the result of open and public consultation. I believe that indicates the status of the matter.

FISHERIES

OVERFISHING BY WEST GERMAN FLEET IN WATERS UNDER CANADIAN JURISDICTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to return to an item that we dealt with on May 2, having to do with overfishing by the German fleet. At that time the Leader of the Government said it was important to establish the facts and to determine whether there had been a breach of the agreement which, as I understood it, bound West Germany to take only a certain quota.

Can the Leader of the Government tell us whether the facts have now been established, and if there is and has been substantial overfishing by the German fleet?

Hon. Duff Roblin (Leader of the Government): Honourable senators, the status of the matter is that all aspects of the situation have not yet been fully elucidated. But I can tell my honourable friend that the Prime Minister took the occasion, at the meeting in Bonn, to raise the matter with the German authorities, so that they are aware of the importance that we attach to it.

I believe I am correct in saying that the actual overfishing did not take place within our 200-mile economic zone. I am not sure whether that is the correct term. It took place outside that 200-mile limit and was therefore subject to the general agreement that exists between nations that fish in that international part of the ocean. So one can understand that there is some difficulty in obtaining the precise facts in the matter. The Minister of Fisheries and Oceans is pursuing this matter as energetically as he can.

Senator MacEachen: From what the Leader of the Government has said, there is no doubt in the mind of the government that overfishing has taken place. Presumably the fact which requires further elucidation, as the Leader of the Government has pointed out, is the question of how much overfishing has occurred. So perhaps the Leader of the Government can tell us, when the facts have come forward, exactly the extent of the overfishing. In view of the Prime Minister's representation, I would like to know whether the Chancellor of West Germany undertook to request the German fleet to cease further overfishing in that area.

Senator Roblin: Honourable senators, we cannot jump to conclusions about the overfishing. I myself am morally certain that the charge could be sustained with respect to overfishing; but I understand that when vessels move from place to place on the high seas, it is sometimes a little difficult to establish with complete precision what took place and what the situation is. So we have to be reasonably cautious in getting our facts straight before going any further than raising the matter in a general sense with the German Chancellor. But I can tell my honourable friend that when I am able to ascertain the action that the Minister of Fisheries and Oceans and the Canadian government ultimately intend to take in this important matter, I will report to the house.

NATIVE PEOPLES

FUNDING OF PROGRAMS—RUMOURED GOVERNMENT CUTS

Hon. Len Marchand: Honourable senators, I have a supplementary question to those asked by Senators Adams and Fairbairn regarding reports which state that there will be severe cuts by the Canadian government in money spent on native programs. In the past, I have had an exchange with the Leader of the Government regarding this matter, particularly concerning native housing. I would like to re-emphasize the importance of native programs, and of maintaining a high level of spending to meet the many needs of native communities. We have been making progress on many fronts regarding natives in the last few years, particularly in education, housing and economic development. Those programs have cost money. I would ask the Leader of the Government if he will say to his cabinet colleagues: "Please, for gosh sakes, do not cut the level of spending on native programs." We are now making progress. It will cost more money in the future. Let us not cut off the progress that is now being made.

Senator Flynn: Very well said.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I would like to remind my honourable friend of the attitude taken by the Government of Canada at the recent conference with provincial premiers and representatives of the aboriginal people concerning their place in our society. I believe that one can say with complete conviction that the policy of the government towards our aboriginal fellow citizens is an open one. It is a policy that seeks solutions to problems. It is not a policy that is looking to cripple progress that has been made. It is a policy which intends to bring the full weight of the federal government, insofar as that weight can be brought, to bear on the solution of the constitutional questions and all that flows from them. Of course, one of the things that flows from the Constitution is financial support of the aboriginal community and financial arrangments that will be made to enable that community to take the place it would like to take in Canadian society. I have no hesitation in saying to my honourable friend that, no matter what he reads in the newspaper, the policy of the government has not changed. We intend to do the best we can for our aboriginal fellow citizens and I will see that his particular request, because I respect the source from whence it comes, is brought to the attention of the Prime Minister.

• (1440)

Senator Marchand: Honourable senators, I have a short supplementary question. A great deal of concern and apprehension arises in the Indian community when there are reports about statements, based upon documents which were supposedly sent to cabinet, suggesting massive cuts in spending on native programs. I ask the Leader of the Government to obtain from the Prime Minister or from the Minister of Indian Affairs and Northern Development an unequivocal statement that massive spending cuts in native programming will not take place.

Senator Roblin: I am afraid my honourable friend is asking me to do something which I decline to do. The Prime Minister and the minister responsible have made their statements. We have had the constitutional conference. I think I would be entitled to say that matters must be kept in a fluid condition and that unequivocal statements on this or any other topic are not to be expected from the government at this time.

BANKING

ALLEGED RESTRICTION ON LOANS TO AID-RECEIVING COUNTRIES

Hon. Richard J. Stanbury: Honourable senators, I, too, am concerned about possible cuts in native programming. I am also concerned about another measure which, I am informed, has been taken recently by the government and which will greatly affect other disadvantaged people in the world. I refer to an instruction that, I am told, was given by the Inspector General of Banks to the banking community, that the banks must not make loans to a list of 32 countries without having full reserves for those loans. Such a restriction has the effect of making it impossible to make the loans.

Many of these 32 countries receive aid from Canada. The government has already cut back on ordinary aid and now it is saying that the banks may not lend money in those countries. This instruction has several side effects. That is why I would ask the Leader of the Government in the Senate to confirm whether or not this instruction was given. If it is true, it is another slap at aid-receiving countries. It is discrimination against credit-worthy institutions and corporations. We know that many of the institutions and companies in some of these countries are not credit-worthy, but this action amounts to

unfair discrimination against companies and institutions which are credit-worthy and there are many in those 32 countries. It is also a blow to our own export potential because the established credit-worthy customers in these countries should be entitled to buy Canadian goods and to use bank credit to buy them. Now, they are being cut off.

I ask the Leader of the Government to confirm for me whether or not that instruction has been given and, if so, to make representations to his government to modify the program so that it is, at least, selective in its application so that the restriction is directed only against those institutions and corporations which are not credit-worthy and will reserve the possibility of the banks making normal loans to credit-worthy customers.

Hon. Duff Roblin (Leader of the Government): Honourable senators, when one reflects upon the experience of the Canadian banking community with foreign loans over the past several years, one has to be concerned about the loan-making procedures that are followed, because some of those loans have caused difficulties. However, my honourable friend has raised an entirely reasonable point in asking whether there is such a list. I do not know. I shall find out and determine whether or not the names on it have been selected with sufficient care so that only those to whom such restrictions ought to apply are indeed listed. Of course, that becomes a matter of judgment, as any banker knows. I cannot guarantee that the judgment of the Inspector General of Banks will correspond with the judgment of my honourable friend. However, he has raised a point to which I do not know the answer. I shall try to find out.

Senator Stanbury: Honourable senators, I would like to clarify one point. I appreciate that the history of a number of customers of banks in a number of these countries has been bad. The thing that I am concerned about is that this instruction whitewashes, or "blackwashes" everybody with the same brush. It is not necessary to go at it by country. It should be based on the kind of person who is borrowing. By wiping out borrowing in 32 countries, we are being so discriminatory that it will have a very bad effect on the people of those countries and perhaps on ourselves. That is why I ask the Leader of the Government in the Senate to obtain clarification on this matter. If, indeed, this is policy, let us try to make it selective toward bad customers, and not cover people who are entirely credit-worthy and have a history of credit-worthiness but face this discrimination because they happen to reside in a particular country.

Senator Roblin: Does my honourable friend have with him the list that he refers to?

Senator Stanbury: I do not.

Senator Roblin: Has my honourable friend seen the list?

Senator Stanbury: No, but I am told that it will be sent to me.

Senator Roblin: So at the present time you are not working with first-hand evidence?

[Senator Stanbury.]

Senator Stanbury: I am working with first-hand information.

FOREIGN AFFAIRS

ECONOMIC EMBARGO BY UNITED STATES AGAINST NICARAGUA—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, may I ask the Leader of the Government with respect to the American embargo on the shipment of goods to Nicaragua, has the Government of Canada taken the view that any market in Nicaragua vacated by the United States as a result of that embargo could not or would not be filled by Canadian exports?

Senator Roblin: If a Nicaraguan customer wishes to buy from Canada we have no objection to meeting his requirements.

Senator MacEachen: Honourable senators, yesterday the Leader of the Government clarified the situation with respect to the extent of the impact this embargo might have on Canadian re-exports by asserting that Canada would be bound by its agreement with the United States and by the Export Control List. He cited Item 9001 as the only item that would be affected by this embargo in the fulfillment of our agreement. Do I take it from that—and here I seek confirmation—that that would be the only way in which Canadian exports or re-exports destined for Nicaragua would be affected—through the Export Control List on this particular item?

● (1450)

Senator Roblin: I would need to examine my honourable friend's question to be perfectly sure, but the principle that I am trying to enunciate is that we intend to abide by our obligations under that Export Control List as we have done for 20 years. As to whether or not I have the right number, I will have to check.

Senator MacEachen: Presumably, however, the obligation under that agreement would exist even in the absence of an embargo placed on Nicaragua by the United States, or does Nicaragua come under the operation of the list simply because of the embargo? I think it is important to know the answer to that question if we are to examine the situation objectively. I have been attempting to obtain a copy of that export list in order to look at that item. If the Leader of the Government in the Senate has a copy of that list, perhaps he would table it in order that we can all be better informed on this matter.

Senator Roblin: My impression is that the Export Control List is a list of general application and that the imposition of the United States embargo upon Nicaragua did not trigger it. However, I cannot be sure that I am right on that, and I shall inquire.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the preceding exchange relates to a question that I asked yesterday of the Leader of the Government in the Senate, to which I thought I received a clear answer. It is my

understanding from my honourable friend's answer at that time that, beyond the embargo there would be no enforcement of extraterritorial effect; that is, that it would not go beyond our obligation under that agreement.

Senator Roblin: I think my honourable friend and I see eye to eye on the matter.

MULTICULTURALISM

FEDERAL-PROVINCIAL CONFERENCE—REQUEST FOR OBSERVER STATUS FOR INTERESTED PARTIES

Hon. Peter Bosa: Honourable senators, the Minister of State for Multiculturalism has organized a federal-provincial conference on multiculturalism which is to take place in Winnipeg on May 14, 1985. I understand that this conference will be held *in camera*. There are a number of people who would like to participate in this conference as observers, and I wonder whether the Leader of the Government in the Senate could prevail upon his colleague in the other place to grant observer status to those people who are interested in following this very important subject, on the premise that there could not be anything secret about a federal-provincial conference on multiculturalism. I could understand it if the conference were on the economy, or financial matters or on anything that might affect the stock market which could give advantages to certain people who might not otherwise have such advantages. However, to have observer status at a conference on multiculturalism surely could not lead to any negative repercussions.

Hon. Duff Roblin (Leader of the Government): I do not know whether it would affect the outcome of the conference or not, but the meeting to which you refer is an inter-governmental meeting at which ministers will represent their multicultural interests.

Senator Bosa: Will the honourable gentleman, then, not even discuss the matter with his colleague in the other place?

Senator Roblin: I do not think so, because the pattern with respect to ministerial meetings has been set for many years. These are meetings which observers are not usually expected to attend; they are held to give the opportunity for executive discussion between the ministers responsible.

PIONEER TRUST PAYMENT CONTINUATION BILL

SPEAKER'S RULING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Barootes, seconded by the Honourable Senator MacDonald (*Halifax*), for the second reading of the Bill C-50, intituled: "An Act to provide for the continuation of payments under certain guaranteed income averaging certificates issued by the Pioneer Trust Company".—(*Honourable Senator Argue, P.C.*).

The Hon. the Speaker *pro tempore:* Honourable senators, before we proceed with debate on second reading of this bill, I would like to read to the Senate a ruling on this matter which has been prepared by the officials of the Senate:

[*Translation*]

Yesterday the Speaker was asked to rule on the following question:

> Can a bill that is being debated at the second reading stage be referred to a committee?

If I had to answer simply yes or no to the question as it stands, I would have to answer no. However, I believe the question warrants further clarification. The entire bill cannot be referred to a committee before it has been given second reading. However, the same cannot be said on the principle of the bill or of the discussion that I would term philosophical regarding the subject matter of the bill.

I refer you to paragraph 740 of Beauchesne's Fifth Edition which reads as follows:

> "There are three types of amendments that may be proposed at the second reading stage of a bill. These are:
>
> 1. the six months' hoist;
>
> 2. the reasoned amendment;
>
> 3. the referral of the subject matter to a committee.

Paragraph 746 of the same edition is even more explicit:

> 746(1) An amendment, urging a committee to consider the subject matter of a bill, might be moved and carried if the House were adverse to giving the bill itself a second reading and so conceding its principle. But where further information is desired in direct relation to the terms of the bill before the House, the advantage of referring the bill to a committee could be explained in the second reading stage.

Be that as it may, according to Beauchesne and the precedents of this House that I will call to mind, referral to a committee is provided for in the rules.

As for our precedents, we note in the *Journals of the Senate*, 1982, pages 2545 and 2546, that during the debate on second reading of Bill S-31, the Honourable Senator Flynn, P.C., moved that the said bill not be adopted in second reading and that its subject matter be referred to the Standing Committee on Legal and Constitutional Affairs. The amendment passed and the subject matter of the bill was duly referred to the committee.

A similar precedent arose from the debate at the second reading stage of Bill C-201. I refer you to page 2477 of the *Journals of the Senate*, 1982.

In conclusion, I submit to you that from a purely procedural standpoint, at this particular stage, an amendment to the initial motion to refer the subject matter of a bill to a committee may be proposed.

[*English*]

SECOND READING

Hon. Efstathios William Barootes: Honourable senators, I rise on a point of order. Yesterday, a great many questions were left unanswered, and I now ask leave of the Senate to take this opportunity to answer some of the questions raised by honourable senators on the other side, following which I would be prepared to cede the floor to Honourable Senator Argue.

The Hon. the Speaker *pro tempore:* Senator Barootes, you will have the opportunity of rebuttal after Senator Argue and other senators have spoken on second reading of this bill. If at that time you wish to rebut any statements that have been made, that will then be your privilege.

Hon. Hazen Argue: Honourable senators, I listened with a great deal of attention to the ruling of the Speaker. As I understand it, a motion at second reading would be in words such as these: "That the bill be not now read a second time but that the subject matter thereof be referred to the Standing Senate Committee on Banking, Trade and Commerce." I understand that in parliamentary procedure that is considered to be a negative motion. However, I do not wish to engender debate on that. In any event, I think it would be a type of delaying tactic, perhaps, and no one around here really wants to see such a tactic used. Of course, the question of referring the bill itself to committee after it has passed second reading means that its principle has the stamp of approval of the Senate, and that is another matter.

As I said yesterday, I am certainly pleased to have this bill before us and to have the information that Senator Barootes was able to bring to the Senate at that time. In response to a question of mine, I was most pleased to learn from him—and I know he will correct me if my interpretation is in error—that everyone, with the exception of a few who may be considered not to have been dealing at arm's length—will receive what was owing to them as of February 5, 1985 without any payment of interest since that date.

Certainly, when we learned that Pioneer Trust was in a state of collapse, my own position here was that action should be taken to protect the depositors. Having taken that position, then it is only reasonable that this bill should receive my support. I am pleased that the bill is now before us for second reading.

● (1500)

I do think, however, that errors were made in that if provincial authorities, federal authorities and authorities from Pioneer Trust had been able to get together months earlier, Parliament, the government and Pioneer Trust would have been successful in saving this company so that it could continue its operations, just as timely action was successful in enabling the Canadian Commercial Bank to remain viable and in operation.

So, from the standpoint of a citizen of the province of Saskatchewan, I think this is second best, but it is certainly better than having all of those people suffer losses.

I do think, however, that there is a large discrepancy in the policy applied to and in the action taken in relation to Canadian citizens by the Government of Canada, and by provincial governments. It seems that if a large corporation is in trouble, there is a disposition on the part of governments to take action to save such a corporation. If an individual farmer is in trouble, or a filling station operator, or a corner store operator, or an independent businessman—and I place farmers in that last category—there is not the same kind of disposition to ensure total recovery or to keep them in business. So, I think there is a major gap in policy on that question.

I believe that what is required for farmers is also required for independent business people; that is, the opportunity to appear before some kind of tribunal that is vested with substantial legal powers to deal with the circumstances of a particular debtor so an attempt may be made to arrange a settlement of the debtor's obligations in order that the debtor may continue in business.

It seems to me that many bankruptcies are futile in that the person who is placed in bankruptcy is out of business and no longer functioning and creditors often have to take a small return on their investment. Creditors usually lose a major portion of their investments. I think we should give more consideration to this aspect so that arrangements can be made to allow an individual to, at least, meet a major portion of his obligations. I believe that that would help the small business community of Canada as well as the agricultural producers of Canada.

Whether or not this bill is referred to committee will be decided by the Senate. However, I feel that there is room for serious consideration of the question as to how a policy can be developed for individuals which will really reflect the truth of the saying that what is sauce for the goose is sauce for the gander. I say that because the little guy out there thinks that there is one law for banks and trust companies in trouble and another set of laws—and a lack of consideration—for independent operators in trouble.

This may or may not be the right time to conduct a major inquiry into that subject, but I think the time has come for us to look at a broader range of policies. I am pleased that the bill is before the Senate; I hope it will be passed, and that those people who have had investments deposited with Pioneer Trust will receive a payout without loss.

Senator Barootes: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Barootes speaks now, his speech will have the effect of closing debate on the motion for second reading of this bill.

Senator Barootes: Honourable senators, some of the questions posed to me yesterday remain in doubt. I think the questions raised by Senator Argue could be better answered now.

I have done some additional research. The first question posed yesterday by Senator Everett was: "Did Pioneer Trust pay higher interest rates than other companies?" As far as my

research is concerned, and as far as the Department of Insurance is aware, Pioneer Trust did not pay interest rates that were significantly higher than rates other trust companies of similar size paid. In general, smaller and medium-sized trust companies must pay slightly higher rates than the large trust companies in order to attract business. During the last six months of Pioneer Trust's operations, there was a limitation on its licence that required it to offer rates somewhat lower than the average rate of the three largest trust companies in Canada.

The second question which was raised, and which was quite pertinent, was: "What was the cause of Pioneer Trust's problems?" That question was raised by several honourable senators who spoke yesterday.

I want to put it on record that Pioneer Trust encountered financial difficulties mainly because of the significant downturn in the value of western real estate and because of the economic recession which began in 1980. I underline the year 1980, and you will see why later.

As a result of a combination of those circumstances, a high proportion of Pioneer Trust's mortgage portfolio was in arrears. That had two major impacts on the company's financial position: First of all, the fact that a significant portion of Pioneer's assets were not producing any income resulted in an operating loss; secondly, the decline in value of the properties securing the mortgages necessitated the establishment of significant reserves to write down their value to the value of the properties securing the mortgages.

In addition, within the limits authorized in the legislation, Pioneer Trust had become involved in the real estate development business. With the downturn of the real estate market, a number of real estate developments also had to be written down in value. The operating losses, combined with the necessity to establish reserves in respect of mortgages in arrears and properties under development, had a very negative impact on the company's capital and surplus position, and it was no longer in a position to comply with its authorized borrowing ratio.

In the circumstances, and in accordance with the provisions of the Trust Companies Act, the Superintendent of Insurance filed a formal report with the previous Minister of Finance on May 10, 1984. The company's representations on that report were made to the minister at a hearing on June 4, 1984. After full consideration of this matter, the minister directed that on August 1, 1984, the company's licence under the Trust Companies Act be renewed until December 31, 1984, with three limitations: The first limitation required reduction in the company's leverage ratio—that is, the amount of capital against which it could borrow—from 20 times its capital to 17 times its capital base by December 31, 1984. I am told that that had risen to a ratio of approximately 25; the second limitation restricted the company's investments to high-quality liquid assets; the third limitation restricted the interest rates offered by the company on its deposit instruments.

By November 1, 1984, it became clear that Pioneer Trust would not be able to comply with the borrowing ratio restriction imposed upon it unless a substantial amount of new equity capital was placed in the company. Officials of the Department of Insurance pressed the president of Pioneer Trust on this matter in mid November and again at the end of November. By November 21, the officials had been informed that the parent company, Canadian Pioneer Management Limited, planned to arrange for an issue to the public of some $25 million of preferred shares that would be guaranteed by the Government of Saskatchewan.

• (1510)

Prior to December 31 the company's licence was therefore renewed for one further month until January 31, pending further developments in this new underwriting. They awaited confirmation from the government authorities in Saskatchewan intending to proceed with this guarantee. The company's licence was again renewed under similar circumstances, therefore, for one month ending January 31, 1985.

On February 7 of this year, as we have heard, following an in-depth financial analysis of the Pioneer Trust situation, the Government of Saskatchewan decided that it would not proceed with that guarantee on the underwriting, and thereby came the *Anschluss*..

Honourable senators, permit me also to deal with a few of the whirlwind statements made by my dear friend and fellow provincial senator, the Honourable Davie Steuart. Davie and I have been friends for many, many years and we do have a little fun with each other, so I hope you will bear with me as I try to get even for the very lovely remarks he made yesterday.

Senator Steuart: Be careful you don't get even worse.

Senator Barootes: Senator Steuart has a very convenient memory and one that has specific facts that it can store away for his own convenience. He has suggested cynically, this "senior senator from Arizona," that Pioneer Trust entered the big leagues in 1982. He implies that thereby came its downfall marking 1982 as the period when the government changed in Saskatchewan. In fact, I must point out that Pioneer made its major assets gains and its investment decisions, which may have led to its troubles, much prior to 1982 and long before the Tories took office. In fact, I must tell you that Pioneer was encouraged and founded in the time of the Liberal administration of which Senator Steuart was not only deputy premier but also financial minister at the time.

Some Hon. Senators: Shame! Shame!

Senator Barootes: Secondly, the founder and chief executive officer was, and remains, a very strong Liberal who allowed his name to stand for nomination as a Liberal in the provincial seat of Regina South.

Senator Steuart: Who was that?

Senator Barootes: Mr. Sneath.

Senator Steuart: Born again Tory later on.

Senator Barootes: He saw the light, David. Unfortunately, he lost the nomination but he would have made a good MLA,

in my opinion, because he always believed in a free enterprise environment. The president and present CEO worked in a high position in the provincial administration of the Liberal Party under Ross Thatcher and Senator Steuart.

Senator Steuart: We let him go. We let him join the Tories.

Senator Barootes: The founding vice-president of that organization—would you like to take notes?

Senator Steuart: I don't need notes. I know it by heart.

Senator Barootes: The founding vice-president was a life-long Liberal whose father had been the former Liberal premier of Saskatchewan. Honourable senators, in fact, I must tell you that the entire board of directors of Pioneer was composed of good, solid, sound and successful Liberal businessmen whom I admired.

Senator Steuart: That is the only kind there are!

Senator Frith: "Good" and "sound" always goes with "Liberal."

Senator Barootes: You are taking notes.

Success and failure in business is not a reflection nor a function of the political beliefs of a man or a woman.

Senator Steuart: Do you believe that?

Senator Barootes: We have all seen business people in every party who have been highly successful and others who have been dismal failures. In fact, we have some of those highly successful businessmen of several parties dwelling with us in this hallowed chamber.

Senator Steuart: Don't apologize for that.

Senator Barootes: To suggest, as did my honourable friend from Prince Albert, that the failure of Pioneer Trust was in any way related to the past or present political convictions of its managerial group, is not only irrelevant but it is also unfounded and misleading, as I have pointed out to you. In fact, I think that hindsight will show that all the bad investment decisions, or many of them, that led to the downfall of this company were made in those dizzy champagne days before the Progressive Conservatives took office; in other words, in the late 1970s and very early 1980s.

To plagiarize and coin a phrase which I have heard before, I also find it more than passing strange that the honourable senator thinks that athletes, jocks and football players in any business organization are frequently responsible for its failures. He attributes this in his speech yesterday to the Pioneer management group. I do not know what the honourable senator has against athletes in business, because it seems to me that a couple of his own partners who have helped make him very successful in business happen to be great athletes. He is knocking himself. I point out to you that Mr. Jack Kemp, the great Congressman in the United States, was a quarterback, and a good one. We have nothing to say against that great all-American quarterback Whizzer White who now sits in the Supreme Court of the United States. So, I do not think that politics or athletics have anything do with success or failure in these businesses.

Senator Steuart: You should have told that to Devine.

Senator Barootes: Surely, you do not wish to denigrate business people who want to enter politics or politicians who want to enter into business.

I also found some other things more than passing strange. I know that Senator Steuart has always found it slightly offensive, if not troublesome to his political psyche, whenever he hears of a Grit who has changed to some other party and it never seems to leave the poor senator's head. It just keeps eating and gnawing in there.

I have some other questions that I should like to bring to your attention, questions which I would like to answer. I think Senator Argue was absolutely correct in the interpretation that he made that there will be restitution made at 100 per cent to all except those who had a non-arm's length relationship to the company.

There were some other questions raised. One was: "Does the action on the part of the federal government to compensate the IAAC holders not imply that in the future all depositors in trust companies that fail will be compensated for any losses that they incur beyond the limits provided by the deposit insurance which is presently at $60,000?" I think it was Senator Everett who raised that point. Indeed, this is not true—not at all. As was indicated, the federal government participation in the compensation scheme is limited in two ways. First of all, it applies only to a select group, the IAAC holders whose contracts extend beyond five years. Secondly, it is limited, as far as the federal government is concerned, to the $60,000 current limit under the deposit insurance scheme.

As I indicated yesterday, it is going to require documentation that the IAAC holders received which gave them reason to believe that they had been previously insured through the stamp and the line that appeared on their contracts "member of the Canadian Deposit Insurance Corporation."

• (1520)

In recognition of this fact, a compassionate minister and a compassionate administration, realizing many of the people affected are older people who have invested perhaps all or a good portion of the moneys received from the sale of their home, or their farm, or their business into these certificates—decided to put these IAAC holders in the position that they originally believed themselves to be in, giving them a continuation of their compensation.

If the contract is for an amount in excess of $60,000, the provincial government will pick up the balance of the compensation payable to certificate holders.

There is one other point, honourable senators, that I should like to make. Senator Everett pointed out that he did not wish to see a precedent established whereby we would assist all failures and all people. Indeed, we are not establishing such a precedent. But if a precedent has ever been established in this regard, it was a precedent established by former administrations and former governments. I bring to the attention of

honourable senators that this has occurred not three, but four, five or six times in Ontario, where depositors in trust companies have been assisted beyond the $20,000 or $60,000 of coverage that then existed. Indeed, it has occurred in Manitoba with Fidelity Trust and is occurring in Alberta, not only with the bank mentioned by Senator Argue, but with the Fidelity Trust.

So, we are not establishing a precedent through Bill C-50; we are limiting what is being done. It is the Government of Saskatchewan that is undertaking the total payment beyond the limit of $60,000 and this is perhaps what led to the misunderstanding on the part of the contract-holders of the IAACs.

Finally, may I bring to your attention the fact that there is some urgency in respect of the passage of this legislation. As Senator Argue has said, we are trying to protect the small and individual operator. Indeed, we are. We are doing so through Bill C-50 in this instance specifically. If you will bear with me for a moment, I should like to point out to you that the Minister of State (Finance) is making provision for protection well beyond that which is set out in this bill.

Senator Argue asked what the government is going to do to ensure that trust companies do not fail in the future; to ensure that, when they are wound up, there is no damage to the small depositor.

As was indicated yesterday, the minister has appointed a private sector committee to look into all aspects of the CDIC legislation and its operation. The minister expects to be in a position to table the report thereon in Parliament within a month.

Three weeks ago the minister released a discussion paper entitled: "The Regulation of Canadian Financial Institutions: Proposals for Discussion."

One of the most important principles upon which the proposals in that discussion paper is based is improved protection for the consumer. The minister, who was engaged in financial institutions prior to her election to Parliament, has spoken eloquently on this. One of the objectives of her ministry is to ensure that this is achieved.

The government is committed to the principle of protection of the consumer. The discussion paper puts forward a number of proposals intended to improve protection of the consumer, including increased supervisory powers for the legislators and for the regulators.

The minister has asked for comments and suggestions on her proposals and has indicated that she is anxious to proceed with a complete revision of the legislation relating to financial institutions as quickly as possible. In fact, she has invited the four pillars of the financial community—the banks, the trust companies, the insurance companies, and the investment companies—to make representations.

That, honourable senators, will give us the opportunity in the future to examine all aspects of financial institutions in this country—protection, deposit insurance, and so on. We will have a good "go" at it then.

I repeat that this is a matter of some considerable urgency to those depositors who are at risk, some of whom have been waiting for annuity payments for three months. I pray that honourable senators will today decide to proceed expeditiously with the passage of Bill C-50.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by—

Senator Argue: Honourable senators, before Senator Barootes resumes his seat—

The Hon. the Speaker *pro tempore:* Are you asking a question? The debate is closed. Are you asking a question?

Senator Argue: If I have permission.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators, that Senator Argue be permitted to ask a question?

Hon. Senators: Agreed.

Senator Argue: As we used to say in the other place, "Before the honourable member resumes his seat . . ." That was a way to slip in a question, at the discretion of the Speaker.

I appreciate what Senator Barootes has said about the minister's concern for individuals and the fact that the action that is taken in this case protects the small depositor. I also appreciate what he has said about the government's concern about the consumer and the inquiry in that regard.

I do not really think he answered my proposition that there should be a particular action or a particular investigation of how laws might be applied for the protection and assistance of farmers who are in trouble and independent business people who are in trouble.

That seems to be an area that has not had the same degree of attention as have other areas. It is my view that there is a gap and that that gap ought to be given attention. There should be improved rules to deal with the financial problems of farmers and other independent business people.

Senator Godfrey: That was a statement, not a question.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if I may, I should like to ask a question of the sponsor of the bill.

I take it that the sponsor of the bill does not propose, following second reading, to recommend that the bill be referred to committee before receiving third reading.

I appreciate that there is no requirement on the part of the sponsor of a bill to indicate in advance whether or not it is proposed that the bill be referred to committee, but normally there is some indication in that regard before the motion for second reading is put.

Do I take it that Senator Barootes does not propose to move that the bill be referred to committee?

Hon. Duff Roblin (Leader of the Government): If I may speak to the point, my understanding is that we take the vote on the motion for second reading, and once that is done the Speaker then puts the question: "When shall the bill be read

the third time?" It is at that stage that we normally indicate what we think the fate of the bill should be in terms of whether or not it should go to committee or be dealt with in another way.

Senator Frith: But we do normally signal beforehand whether or not it is the intention to move that there be referral to a committee.

Senator Roblin: I have no hesitation in dealing with the point now, because I think it should be clarified.

My personal opinion is that the sponsor of the bill has dealt thoroughly with the various questions raised yesterday, questions which prompted the feeling on the part of some at that time that the bill should go to committee. Apart from the interesting exposé on the political history of Saskatchewan—which is a matter I leave to be settled between the two gentlemen who are interested in that topic—it seems to me that the rest of the material in the bill has been fairly adequately dealt with.

The government does hope that the bill can receive third reading tomorrow; however, if the decided view is that it should go to committee, then I think we would have to respect the desires of the Senate in that regard. I merely say that, in my opinion—and I hope I have some support on the other side—this bill could be placed on the Orders of the Day for third reading tomorrow, with the committee stage being skipped.

The reason for taking that route is quite clear, that being that we want to get this matter wound up so that those concerned can have the certainty they are looking for and start getting their money. It is a very simple human problem.

We in the Senate, through our Banking, Trade and Commerce Committee, are now seized with the whole issue of trust company management and regulation, with the result that there is ample opportunity to pursue those important matters in another forum.

It seems to me that we could agree to have those discussions in the committee that is now seized with this question, thereby allowing us to forgo committee consideration of this bill, with third reading being given to the bill tomorrow.

I would like my honourable friend to tell me how he reacts to that proposition.

• (1530)

Senator Frith: Honourable senators, my question was one of seeking information and had no rhetorical element in it. Our intention would be to follow the recommendation of those on our side who have spoken to the bill. In effect, Senator Roblin has said that it is not their intention to follow that procedure, and he gave me an answer as to why, which has clarified the question. As far as I know, the recommendation from our spokesman will be that the bill not go to committee. If that is so, then we shall proceed as Senator Roblin has suggested.

Senator Argue: Honourable senators, before the motion is put, I wonder whether I might have Senator Barootes' comment on the question I raised; namely, whether further inquiries will be made with reference to the agricultural community and the small business community. Senator Barootes has impressed the Senate with his knowledge on a number of questions. I imagine that he carries a good deal of weight in his caucus and that he would be helpful on this question. I think it would be most useful to hear his views.

[Senator Roblin.]

Senator Barootes: Honourable senators, I am not an expert on legislation or government policy.

Senator Roblin: You will be.

Senator Frith: Stick around.

Senator Barootes: My newness in this honoured chamber has not permitted me to master all these things. However, I shall make a few personal remarks that I think will be of comfort to all of us who come from the Prairie provinces and to those who are engaged in small business.

Indeed, farmers in Canada at this time are in a singularly difficult position, as my honourable friend knows, perhaps better than most of us. Small business is one of the engines that drives employment in this country. I understand that about 80 per cent of new employment is engendered by small business. Former administrations, the present administration and many provincial administrations across the length and breadth of this country have undertaken to enact certain provisions to help. I do not think that it lies with one administration or one group to provide all the answers. I believe it requires the co-ordination of private institutions, governments at all three levels and a very deep understanding of the problems that small businesses and farmers are encountering at the present time. I feel that that is the kind of approach that should be taken, is being taken now and, by and large, has been taken in this country in the past, although we have not always been successful.

With respect to our agricultural industry in particular, about which I know Senator Argue is most concerned, there are numerous measures presently being undertaken. Some of them originate in the other place and some of them originate in the provinces. They all attempt to ameliorate the difficulties the agricultural community is experiencing in the cost-price squeeze of their produce and products. That is about as far as I can go on this matter without getting myself into a situation where, indeed, I would be answering specifics on which I have no knowledge.

Hon. D. G. Steuart: I wonder if the honourable senator would mind answering a question or two. I almost hesitate to ask him, but his sanctimonious deliberations of the past few minutes have stirred me beyond belief.

Senator Barootes: Oh, oh.

The Hon. the Speaker *pro tempore:* Order.

Senator Steuart: Will the honourable senator answer a question?

Senator Barootes: By all means.

Senator Steuart: You should have said "By any means."

Senator Frith: If this is the way friends behave in Saskatchewan, what is it like for enemies?

Senator Steuart: The honourable senator has described me as the "senior senator from Arizona" and described how I have forgotten all the members of Pioneer Trust who were Liberals in their day and how the company began under a Liberal regime. Yes, we did start that company. However, I wonder if he has forgotten his own record or his own career when he was a great supporter of the Thatcher Liberal government for two elections. Then, he decided that they were too left-wing for him. Can honourable senators imagine the Thatcher Government being too left-wing for anybody? We made Barry Goldwater look like a Socialist.

I wonder if the honourable senator remembers that while Pioneer Trust began under us and blossomed under us, when it got into trouble and into serious financial difficulty and went overboard, it was at the behest and encouragement of the Conservative government under Premier Devine, of whom the honourable senator is a strong supporter. That is when the company really got into trouble.

I would ask the honourable senator if what I have just said is true. If he says it is not true, I shall not be able to vouch for his veracity or how honest he is in this matter. It was only in the last two years that the company got into trouble, that the cover-up began, that the company ended in bankruptcy and that all these people whom we are now trying to bail out were faced with difficulty. I agree that these people should be bailed out and that the bill should be passed quickly. However, I wonder whether the honourable senator is not trying to fudge the whole thing with his excellent speech.

The Hon. the Speaker *pro tempore:* Honourable senators, the debate on the motion for second reading has been closed now for some time. Senator Steuart has had his revenge and, if I may, I shall put the question.

Motion agreed to and bill read second time.

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

On motion of Senator Barootes, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO STUDY CONSULTATION PAPER ON TRAINING AND DOCUMENT ENTITLED "EMPLOYMENT OPPORTUNITIES: PREPARING CANADIANS FOR A BETTER FUTURE"—DEBATE ADJOURNED

Hon. M. Lorne Bonnell, pursuant to notice of May 1, 1985, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th Februry, 1985 and
>
> That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.

He said: Honourable senators, on bringing forth this motion that the Standing Senate Committee on Social Affairs, Science and Technology study and report upon the Consultation Paper on Training, I felt we could take up the invitation of the Minister of Employment and Immigration to consider the actions and approaches to training needed to prepare workers for a change in the labour market. At this time of high unemployment I think the question of retraining and full employment deserves the interest of all Canadians.

• (1540)

It is a time when the unemployment rate is over 10 per cent of our workforce.

It is a time when those receiving welfare or social assistance is over 10 per cent of the population.

It is a time when many of our students are leaving high schools, colleges and universities with no jobs to go to.

It is a time when many of our young women have no employment and no means of support.

It is a time when many of our women who are the head of one-parent families have no security in our society.

It is a time when many of our native people are unemployed.

It is a time when many of our disabled are unemployed.

It is a time when technology is changing rapidly in the workplace.

It is a time when Canada needs to be more competitive in world trade.

All this is happening when the Minister of Finance and the Minister of Employment and Immigration are considering changes to the Unemployment Insurance Act and regulations with respect to the unemployed.

I believe that Canadians want to work. However, many Canadians have not been provided with the skills needed to compete successfully in the labour market of 1985. Canadians must be given every opportunity to participate fully in the labour market in order to have a strong and competitive economy.

It is my belief that we should take a serious look at vocational schools, training schools and universities, and put more emphasis on training for the workplace.

I believe that the university engineering programs should put more emphasis on manufacturing engineering. The schools and colleges should put more emphasis on training people in trades so that they can walk into jobs when they leave training schools.

I further believe that in 1985 we should be teaching computer science in training schools, colleges and universities as we

taught reading, writing and arithmetic in the early part of the century.

I further believe that education and training are important factors in achieving job security and international competitiveness.

Canadians are deeply concerned about the effect of unemployment on young people. There is much concern about how well young people are prepared for the challenges of the changing labour market.

We in the Senate have shown leadership in this field by setting up the Special Senate Committee on Youth, which is looking into the many problems of youth, training, employment, skills and education. More effort must be made to find ways to help our young people make a successful transition from the schools, colleges and universities into the workforce.

There also needs to be a special program designed to help women to enter the workforce, especially when one realizes the number of one-parent families, many of which have women as the head of the household and who, today, are living in poverty with no opportunity to find employment to support themselves and their families.

I believe that the committee can do some good work looking into options and can make recommendations to the Government of Canada as to how best our young people can be better trained for full employment, as well as our women, handicapped, natives and others who are just unable to find employment.

We might look at such things as what kinds of arrangements can be made under the Canada Assistance Plan to best support a co-ordinated nation-wide skill—development strategy.

We might be able to make recommendations on how the unemployment insurance system can best be used to promote training and prepare the unemployed to find jobs.

We might be able to make recommendations on how the government might work with private enterprise to support on-the-job training and practical job experience so that young people can get their first jobs and gain some experience for the future.

We might be able to recommend that military training could provide practical experience as well as a more formal skill development that will be of value to many unemployed people, especially young people.

I believe it is worthwhile that the Standing Senate Committee on Social Affairs, Science and Technology take up the challenge with the minister and look into the training program and employment opportunities made available by the Government of Canada to prepare Canadians for the future. I would ask your support for the motion that these documents, papers and other related matters be brought before the committee for study and recommendation.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 9, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-30, to amend the Bretton Woods Agreements Act and to repeal the International Development Association Act and amend certain other Acts in consequence thereof.

Bill read first time.

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the second time?

On motion of Senator Macdonald, bill placed on the Orders of the Day for second reading on Tuesday next, May 14, 1985.

MEAT INSPECTION BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-33 respecting the import and export of and interprovincial trade in meat products, the registration of establishments, the inspection of animals and meat products in registered establishments and the standards for those establishments and for animals slaughtered and meat products prepared in those establishments.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Macdonald, bill placed on the Orders of the Day for second reading on Tuesday next, May 14, 1985.

ADJOURNMENT

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 14th May, 1985, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

IMPOSITION BY UNITED STATES OF ECONOMIC SANCTIONS AGAINST NICARAGUA—GOVERNMENT POLICY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the Leader of the Government and I have had exchanges about the Nicaraguan embargo and extraterritoriality. I should like to add some additional certainty to the record in respect of that matter.

I see that the Secretary of State for External Affairs, the Right Honourable Joe Clark, when asked about the U.S. Treasury Department's statement to the effect that it would monitor Canadian subsidiaries and affiliates of U.S. companies to ensure that they are not being used by their parent companies to re-route goods to circumvent the U.S. trade embargo against Nicaragua—which indicates that the United States does intend to attempt to have some extraterritorial effect to its embargo—has stated:

> —if that is the case, the Canadian Government will be monitoring the U.S. companies to ensure they do not interfere with Canadian exports.

I just want to put on the record that I do not think the Leader of the Government in the Senate need pursue any outstanding replies for me on that subject because I think that that is a satisfactory position for the government to take.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—REPLACEMENT OF FEMALE APPOINTEES

Hon. Lorna Marsden: Honourable senators, I should like to thank the Leader of the Government in the Senate for providing me with a list of women who have been appointed to government positions by Order in Council. I very much appreciate receiving it. I also note that today two more appointments have been made to the Economic Council of Canada. Both are good appointments.

The list provided by the leader has 23 women on it; the list provided by Mr. Boudria, of which I spoke yesterday, has 85 women on it. That puzzles me, so I wonder if the leader could clarify that.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend has received a document I have not had an opportunity to see myself. As a rule, I scrutinize replies before they are released, to make sure that they are appropriate to the questions asked. I must admit that I have not seen that reply, but I will make a special point of seeing it and perhaps I can deal with it later.

REGIONAL DEVELOPMENT INCENTIVES

NON-COMPLIANCE BY MINISTER WITH ACT

Hon. John M. Godfrey: Honourable senators, my question is for the Leader of the Government in the Senate. On April 24 last reports were tabled in the Senate on operations under the Regional Development Incentives Act for the months of September, October and November 1984 pursuant to section 16 of the act, chapter R-3, R.S.C. 1970, sessional paper No. 331-352.

Section 16 of the act requires, first, that a report be laid before Parliament at least once a month when the houses are sitting; and, second, that when the houses are not sitting a report be made within the first five days that Parliament is sitting.

Before April 24, reports were tabled in the Senate under section 16 of the act on November 27, 1984, when reports for the months of April, May, June, July and August were tabled by the Leader of the Government. The government has not respected the requirements of the Regional Development Incentives Act in that the minister has not submitted a report for the months of December 1984 and January, February and March of 1985.

My question to the government leader is: Would he please ask the minister why he is not obeying the law?

Hon. Duff Roblin (Leader of the Government): That is a fair question. I will ascertain what the law is and then I will investigate the complaint.

Those who prepare these reports have not been replaced, so they ought to know what they are doing, and if there was an oversight, I will bring it to the minister's notice.

PIONEER TRUST PAYMENT CONTINUATION BILL

THIRD READING

Hon. Efstathios William Barootes moved the third reading of Bill C-50, to provide for the continuation of payments under certain guaranteed income averaging certificates issued by the Pioneer Trust Company.

Hon. D. G. Steuart: Honourable senators, I had not contemplated entering this debate on third reading because I was convinced that Senator Barootes had covered most of the bases, including the political ones, in an excellent manner. However, last evening I watched the CBC program called *The Fifth Estate* and it dealt with the collapse of Pioneer Trust. The program was a devastating indictment of the management of Pioneer Trust. As well, it indicated that the actions of the Saskatchewan government in the final days of Pioneer Trust were of a very questionable nature. The host of the CBC program was Eric Malling, a former newsman from Saskatchewan. I mention this because he has an excellent background in that province, and I am convinced that his reporting was fair and accurate.

[Senator Roblin.]

In developing this exposé on Pioneer Trust, Mr. Malling interviewed, among others: Rod Sykes, a former member of the board of directors of Pioneer Trust and an acknowledged expert in the real estate business; the Honourable Robert Andrews, the Saskatchewan Minister of Finance; the Honourable Allan Blakeney, Leader of the Opposition in the Saskatchewan legislature; the manager of the Pioneer Trust branch in Estevan and one of the members of the board of directors.

The story that these people told was one of unbelievably bad management, reckless investments, insider dealings, unsecured loans to management at low interest rates and extravagant spending by management. In fact, the manner in which Pioneer Trust handled the funds entrusted to them by the ordinary people of Saskatchewan could be called criminally negligent. For example, according to this report Mr. Will Klein, the president of Pioneer Trust, borrowed money from the company at low interest rates to make personal investments and to buy an expensive home in Scottsdale, Arizona. Other members of management were also given special deals and special loans by the company. The company's jet aircraft was used to fly management and directors all over western Canada and into the United States, sometimes for business and sometimes for pleasure. Their investment policies in land, real estate and the oil business were so bad and so careless that they drove Rod Sykes and, before him, Dr. Martin to resign from the board of directors in protest. This was common knowledge around Regina before the collapse of Pioneer Trust, and yet the Government of Saskatchewan was either ignorant of the true situation or chose to ignore it when the Minister of Finance gave Pioneer Trust a letter of guarantee. It is true that he later withdrew the guarantee, but a great deal of damage had already been done. Last night on the television program he admitted that he should not have given them the letter, and he said that he was surprised when they made it public and used it to prop up their sagging reputation.

Another serious question that was raised but not answered in a satisfactory manner concerned the firing of Mr. Ken Stephenson, the chairman of the Saskatchewan Securities Commission, in November 1983. This man came to Saskatchewan from British Columbia where he was the assistant to the chairman of the Securities Commission in that province. I am told that he is highly respected and totally uncommitted politically.

• (1410)

Sometime in the fall of 1983 he carried out an audit of Pioneer Trust and, as a result, scheduled a hearing to look into the operations of that company. Nine days later he was dismissed by the Government of Saskatchewan. The word around Regina was that the management of Pioneer Trust used their political clout—and make no mistake, it was powerful—and had him fired. The government denies this, but the suspicion lingers on.

Senator Roblin: Which government?

Senator Frith: The Government of Saskatchewan.

Senator Roblin: He should say that.

Senator Steuart: The matter should be looked into and it should be cleared up one way or another.

Honourable senators, the politics of this unfortunate affair is the least important aspect, and I am sure, will be dealt with by the people of Saskatchewan.

The serious question that should and must concern both the federal and the provincial governments, is what to do about this mess so that such a situation will not arise again and to ensure that if there has been any wrongdoing, it will not go unpunished.

I am pleased to hear that the honourable Barbara McDougall has set up an independent, outside committee to look into the CDIC Act and into the operations of trust companies in general across this country. As well, the Leader of the Government in this house, the honourable Duff Roblin, has assured the Senate that the Standing Senate Committee on Banking, Trade and Commerce will study the whole issue of trust company management. Both these actions are long overdue and are most welcome.

In the meantime, people in the top management of Pioneer Trust, who have been accused of the most outrageous mismanagement of funds entrusted to their care by the people of Saskatchewan and others, have dumped the whole mess on the Saskatchewan and Canadian taxpayers and are, apparently, still holding on to some of the money that they made through this whole operation. I feel that not only should they be brought to account but so should the directors, who have been alerted to the situation by the resignation of Rod Sykes and others.

I am told—and I am sure it is correct—that officials of Pioneer Trust still own the profitable insurance company. I am told that they still hold shares in it and that they still have their jobs. I understand Mr. Klein still owns his home in Arizona yet, at the same time, the taxpayers are stuck with millions of dollars of debt.

Senator Frith: And the trust company was a wholly owned subsidiary.

Senator Steuart: It was a wholly owned subsidiary of the insurance company. They have dumped the debt on to the taxpayers who are picking up the load.

I do not think it is good enough. This government and the Saskatchewan government should immediately launch a public inquiry into every aspect of the handling of Pioneer Trust. If the management is only guilty of bad judgment, then they have probably suffered enough and paid enough by way of public embarrassment and financial loss. If they are guilty of more than bad management, then I think they must be brought to account.

Honourable senators, I support this bill. I hope it passes so that the innocent victims of the Pioneer Trust collapse will not suffer. However, I also hope, and feel very strongly, that we must and should have learned a lesson out of this and that we will take steps to see that if people are guilty they are brought to justice. We must do all we can to ensure that something like this, which has happened too often in Canada's history, does not happen again.

Hon. Senators: Hear, hear.

Motion agreed to and bill read third time and passed.

THE SENATE

OFFICE OF SPEAKER

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Riel, P.C., calling the attention of the Senate to his tenure as Speaker of the Senate, his experiences and his recommendations to the Senate.—(*Honourable Senator Riel, P.C.*).

Hon. Maurice Riel: Honourable senators, I rise to deliver another instalment of my report to the Senate on my term as Speaker of the Senate. In speaking on this subject on April 23 last, I mentioned the three main points which I am drawing to your attention in these remarks, those being the usefulness, the credibility and the integrity of the Senate. These are attributes which, to my mind, require the immediate and serious attention of the Senate.

With or without powers clipped or reduced, or changed, or even enlarged, the Senate has to demonstrate its usefulness, protect its integrity, and improve its credibility in the country.

In speaking of usefulness, I put before honourable senators a series of tasks that have to be performed by honourable senators. The questions always in the minds of the public are: A Senate, for what? And senators to do what?

I asked honourable senators to help me, in a non-partisan way, to compile a list of the duties and a comprehensive outline of the contributions of senators. Now, two weeks later, I can tell you that my invitation has been greeted with unanimous silence. I have not received one response—which, I believe, is at least good for my humility.

As far as the integrity of the Senate is concerned, I have given honourable senators my reaction vis-à-vis some encroachments that are committed in the joint administration of certain services of Parliament and in the exercising of the joint authority of the two Speakers in relation to certain parts of the parliament buildings, in particular the Rotunda, the Library, the Memorial Chamber, the Peace Tower, and the Parliamentary Restaurant.

The Senate cannot command respect if it does not exercise its authority and privileges. It is as simple as that. It is the immediate duty of the Senate and all honourable senators to do so. We have to care about the powers and privileges of the Senate. Otherwise, we will not succeed in keeping our status, prestige and moral authority.

The first thing to do is to put our own house in order. When I was appointed Speaker of the Senate, I asked my predecessor to provide me with the chain of command in the administration of the Senate, and the reply was that there was none. I thought it was a bon mot, but I came to realize that it was almost true.

I asked the Clerk the same question and I was provided with organigrams, or organization charts, depicting the place of everyone in the chain of command, with the Clerk of the Senate being the central point in the administration of the Senate. According to those organization charts, the Clerk of the Senate had to answer to two entities, the Speaker of the Senate and the Internal Economy Committee.

The Clerk was complaining bitterly that he was being by-passed and was unable to play his role as the chief of staff, under the Speaker and the Internal Economy Committee.

It was a pity that the then Speaker of the Senate had been refused the chairmanship of the Internal Economy Committee. Had that appointment been made, there would have been created a chain of command in a straight line from the Speaker and the committee down the line through the Clerk. As can be seen from the organization charts, the bottom line is the barber. While it was all on paper, nothing was done in practice.

On making inquiries of the Law Clerk as to the authority of the Speaker in the area of administration, I discovered that it was considered to be a most difficult question. However, I believe it was not so much a difficult question as a dreaded one. I realized over the months that followed that time did not allow the Law Clerk to study this question.

I was provided with an article on the role of the Speaker of the Senate of Canada by Professor Dawson, Associate Professor of Social Science at the University of Western Ontario. Apparently, it is the only article written on the Speaker of the Senate by anyone who could be considered as an authority. I read the article and was a little surprised, if not shocked, to find, about the middle of the first paragraph, the following sentences:

● (1420)

> Beyond implying further that the Speaker is expected to be a partisan while in the Chair, the British North America Act is silent.

I could not find that in the Constitution. I have read article 34 and it does not say that. The same author says:

> The Speaker (of the Senate) is not given any specific powers or responsibilities, not even the simple one of presiding over the Senate.

According to the Interpretation Act, and the principle of interpretation—and I will quote Mr. Justice Pigeon in a few moments—one does not define words in an act. One accepts the dictionary version and the common usage of such words as being the meaning of the act. However, I shall come to that.

Evidently section 8 had not been read by the author, and apparently section 14 had not been understood. The author says:

> Canadian statutes and the rules of the Senate add little to this.
>
> Provision is made in the Speaker of the Senate Act for the appointment of a temporary Speaker, and the rules give only a vague limited power to the Speaker to preserve order and decorum.

[Senator Riel.]

After this sweeping statement, which quotes no texts of law, no rules of interpretation, no reference to the order in council appointing the Speaker and in which powers are conferred on the Speaker, I read the article *in toto* and came to this final sentence, which reads:

> Whatever the reason, it seems certain that the Senate has gradually moved from the idea of a partisan Speaker to a position where he presides as do his counterparts in other parliamentary legislatures with firmness, dignity and obvious impartiality over the proceedings of the House.

That is the last paragraph of his article and, in my humble opinion, it seems to be in contradiction with the first paragraph. I say it is an article and not a legal opinion. From reading it I was doubtful about the legal background of the author. Upon inquiring of our Law Clerk, Mr. du Plessis, I was informed that Mr. Dawson is not a lawyer, but is a political science teacher. Yet his article, or his chronicle, was treated as the bible of the powers of the Speaker of the Senate.

We find in *The Modern Senate of Canada* by Kuntz, whom I quoted two weeks ago, a short reference of a few lines to the powers of the Speaker of the Senate. He conveys the same ideas as Dawson. According to the notes on the dust jacket of the book this author does not appear to be a lawyer either. The last sentence of the notes says "At present he is an Assistant Professor in the Department of Economics and Political Science, McGill University (1967)".

May I say that relying on such *obiter dicta* of non-lawyers, there are some senators who are denying the Speaker of the Senate any powers in the administration of the Senate and consider the administration of the Senate as an exclusive mandate of the Internal Economy, Budgets and Administration Committee. They are claiming that the complete, exclusive and detailed authority for the administration of the Senate, down to the hiring of the barber, is vested in the Internal Economy Committee. So I was left with the question I had asked myself when I was appointed: If it is so, why in the various organization charts that were given to me did the Speaker and the Internal Economy Committee seem to share authority and on what was this based? Solicited and unsolicited opinions came my way. One day I was told very seriously by a senior officer in the Senate that the administrative powers in the Senate rested with the Leader of the Government. This individual's rationale at the time was, "if the Leader of the Government appoints members to the Internal Economy Committee and chooses the chairman of the committee", and then he said to me, "you can see who runs the show in this house." I wonder in looking at Senator Roblin if he agrees with that rationale.

Hon. Duff Roblin (Leader of the Government): I must ask my honourable friend the date of that opinion. Was it before the change of government or after the change of government? If it was after the change of government, I am afraid the description does not really fit my perception of the situation.

Senator Frith: Agreed.

Senator Riel: It was last year before the change of government.

I must say that as Speaker I never had any clashes or any differences with the Internal Economy Committee or with its chairman. Senator Graham, who was the then chairman of that committee, has always been a friend and a fine gentleman. We are neighbours in the East Block. Furthermore, my tenure was very brief as the result of the calling of the election, which had the effect of directing people's minds to other problems. Senator Graham and I have enjoyed a good working relationship.

I adopted a mode of conduct which, by applying my professional experience and my own intuition to the function, seemed to me at the time to be appropriate to the Speaker's administrative authority. I did not exercise authority as completely as I would today, having had the opportunity to give more thought to the subject. However, I tried to exercise such authority as I thought was vested in the Speaker and which permitted me, I hope, to protect the integrity of the Senate, to command respect and to provide leadership. Furthermore, my tenure in the office of Speaker has permitted me to form a high opinion of the function of the Speaker of the Senate of Canada, an opinion which I confirmed while visiting the House of Lords in October, 1984 during my last week as Speaker.

When we prorogued Parliament at the end of June, 1984 for what some called an untimely election—I suppose it was as untimely as an untimely death—I asked the Law Clerk to do some research on the administrative powers of the Speaker. He said that if he had time during the recess he would do it. Unfortunately, he and his assistant and I, as Speaker, were very busy during July and August with the Canada Labour Relations Board concerning some employees of the Senate. In the end, I never did have the benefit of such opinions or ideas as resulted from the researches of the Law Clerk of the Senate, or those who helped him in that research.

• (1430)

[*Translation*]

—In line with the philosophy that if you want it done well, do it yourself, I decided to do it myself

[*English*]

first of all, I looked at the Constitution of Canada, section 34, which mentions the Speaker of the Senate. This is an important document in our country. Section 34 says:

> The Governor General may from time to time, by Instrument under the Great Seal of Canada, appoint a Senator to be Speaker of the Senate, and may remove him and appoint another in his Stead.

I then referred to section 18 of the Constitution under the title "IV. Legislative Power". It reads:

> The privileges, immunities, and powers to be held, enjoyed and exercised by the Senate and by the House of Commons, and by the Members thereof respectively, shall be such as are from time to time defined by Act of the Parliament of Canada, but so that any Act of the Parliament of Canada defining such privileges, immunities, and powers shall not confer any privileges, immunities, or powers exceeding those at the passing of such Act held, enjoyed, and exercised by the Commons House of Parliament of the United Kingdom of Great Britain and Ireland, and by the Members thereof.

It should be noted that there is no relationship to the House of Lords mentioned in this section 18.

To give effect to section 18 of the Constitution, the Parliament of Canada did pass Chapter S-8 entitled: "Senate and House of Commons Act" and I read to you sections 4 and 5 of that act:

> 4. The Senate and the House of Commons respectively, and the members thereof respectively, shall hold, enjoy and exercise,
>
> (a) such and the like privileges, immunities and powers as, at the time of the passing of the *British North America Act 1867*, were held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom, and by the members thereof, so far as the same are consistent with and not repugnant to the said Act; and
>
> (b) such privileges, immunities and powers as are from time to time defined by Act of the Parliament of Canada, not exceeding those at the time of the passing of such Act held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom and by the members thereof respectively.

So we have a general law, which is the Constitution, and we now have this special law; we know that there is no reference to the powers or to the privileges of the House of Lords, or to the members of the House of Lords. Therefore the legislative powers of the Senate and of senators are defined, and they are in no way related to the powers and privileges of the House of Lords but only to those of the House of Commons of the British Parliament.

I then read Chapter S-14 of the Statutes of Canada which is entitled: "An Act respecting the Speaker of the Senate" which says:

> 2. Whenever the Speaker of the Senate, from illness or other cause, finds it necessary to leave the chair . . .

That indicates to me that the Speaker was presiding, and then left the Chair.

> . . . during any part of the sittings of the Senate on any day, he may call upon any senator to take the chair and preside as Speaker during the remainder of such day, unless he himself resumes the chair before the close of the sittings for that day.
>
> 3. Whenever the Senate is informed by the Clerk at the table of the unavoidable absence of the Speaker, the Senate may choose any senator to preside as the Speaker during such absence, and such senator shall thereupon

have and execute all the powers, privileges and duties of Speaker, until the Speaker himself resumes the chair, or another Speaker is appointed by the Governor General.

4. Every act done by any senator, acting as aforesaid, has the same effect and validity as if the act had been done by the Speaker himself.

I then referred to the Instrument of my own appointment, which is an Order in Council. After the preamble and greeting, this Order in Council says:

We do hereby constitute and appoint you

Maurice Riel
Speaker of the Senate

To have, hold, exercise and enjoy the said office of Speaker of the Senate, unto you, Maurice Riel, with all the powers, rights, authority, privileges, profits, emoluments and advantages unto the said office of right and by law appertaining during Our Pleasure.

This is the law, and these are very wide powers which cannot be limited except by another law. It is a basic rule of interpretation that you cannot restrict a law by a bylaw. Here, I am looking at Senator Godfrey because he knows that better than anyone else.

I then referred back to some old principles of law. First, section 10 of the Interpretation Act, Chapter I-23:

The law shall be considered as always speaking . . .

[*Translation*]

In French we say that the legislator never speaks for nothing.

The Civil Code of the province of Quebec, in section 11—

Senator Flynn: This does not apply to everyone here!

Senator Riel: I shall conclude by quoting Descartes, and Senator Tremblay will approve.

[*English*]

As I was saying, the legislator never speaks to say nothing, or, to use the terms of section 10 of the Interpretation Act, Chapter I-23 of the Statutes of Canada:

The law shall be considered as always speaking, and whenever a matter or thing is expressed in the present tense, it shall be applied to the circumstances as they arise, so that effect may be given to the enactment and every part thereof according to its true spirit, intent and meaning.

[*Translation*]

As I was telling Senator Flynn, section 11 of our Civil Code states that the judge cannot refuse to render justice by invoking the silence, the lack of clarity or the inadequacy of the law.

We also know when we look at—

[*English*]

Section 11 of the Interpretation Act, Chapter I-23 says:

Every enactment shall be deemed remedial, and shall be given such fair, large and liberal construction and interpretation as best ensures the attainment of its objects.

As honourable senators are aware, a bylaw cannot prevail over a law, but is passed to make the application of the law possible, or to assist in the achieving of the purpose of the law.

Section 26(2) of the Interpretation Act is also worth reading:

Where power is given to a person, officer or functionary, to do or enforce the doing of any act or thing, all such powers shall be deemed to be also given as are necessary to enable the person, officer or functionary to do or enforce the doing of the act or thing.

Then I went to a booklet entitled *Rédaction et Interpretation des Lois* by a prestigious and revered legal authority in this country, Mr. Justice Louis-Philippe Pigeon, now a retired Justice of the Supreme Court of Canada.

• (1440)

At page 25 of the booklet, Mr. Justice Pigeon says under:

[*Translation*]

The title—

[*English*]

—The title of the law—

[*Translation*]

Of course, in legislation, titles are important.

They are part of the law.

[*English*]

Mr. Justice Pigeon, at page 26, goes on to state:

[*Translation*]

Concerning the definition—

[*English*]

—I believe that one of the authors I have mentioned said that there is no definition of the word "speaker"; I find that a little surprising—Mr. Justice Pigeon says, and I am translating: "The first rule that I propose concerning definition is to use it only when really necessary, for example, when the dictionary is insufficient. It is not the role of the legislator to copy the dictionary. It follows, then, that we must systematically abstain from giving a definition to words that we use in their ordinary meaning."

I went to Webster's dictionary and found that the second definition for the word "speaker" was "the presiding officer of a deliberating body".

At that point my attention was drawn to a case which we were involved in with the Canada Labour Relations Board. That was a case before the Federal Court of Canada (Trial Division) under file number T-751-84, and there was a judgment rendered. The parties to that case were described as follows: "The Speaker of the House of Commons, Applicant; the Canada Labour Relations Board and the Public Service Alliance of Canada, Respondents; the Speaker of the Senate and the Attorney General of Canada, Interveners.

We must realize that it is the Speaker of the Senate who is legally mentioned in the judgment and not the Senate Com-

mittee on Internal Economy, Budgets and Administration, nor the chairman of that committee. The Speaker is mentioned, as is the Attorney General of Canada, and not the Department of Justice. The Speaker of the House of Commons is mentioned also, not the services committee or the administration committee of the House of Commons.

Not only is the Speaker of the Senate recognized in the Constitution and subsequent statutes to give effect to our Constitution, not only is he given by the Order in Council appointing him all the powers to fulfill the office of Speaker, but he is recognized in the law courts as the one person representing the institution of the Senate. Certainly, that is within the meaning of the order in council where it is said "all the rights and powers . . . of right and by law appertaining." The courts are taking judicial knowledge of public law.

Now, in view of the fact that I was told by some honourable senators that the Standing Committee on Internal Economy, Budgets and Administration was the exclusive ruling body of the Senate administration—to the exclusion of the Speaker—I read the text of the rule of the Senate giving the terms of reference of that committee. Those terms of reference are found under rule 67(1)(f), which states:

> The Committee on Internal Economy, Budgets and Administration, composed of fifteen members, four of whom shall constitute a quorum, which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

It says "to consider" and "to report". No other powers are given to that committee or to its chairman. There is no other power of action or execution given to that committee.

I have on one side texts of law making it abundantly clear that the Speaker is the paramount officer of the Senate and, on the other hand, a rule limiting the powers of the Standing Committee on Internal Economy, Budgets and Administration to consider and report.

If the law were not clear, then there would be a vacuum, but there is no vacuum, because the laws of Canada have created the office of the Speaker. The Speaker, by special reference in the laws, is not only given powers to make him a very special officer in the Senate and in Parliament, but also by the general law has been vested with all powers that were then existing in the House of Commons of Great Britain.

It has become clear to my mind that the powers of the Standing Committee on Internal Economy, Budgets and Administration, being strictly limited to the text of rule 67(1)(f), do not deprive the Speaker at all of the powers given him by the law of the land, by the Constitution, by the general and special legislation of the statutes in accordance with the Interpretation Act and principles, and by virtue of the Order in Council issued to him by the Governor General.

The Speaker of the Senate is the supreme and only executive officer in the Senate who deals with administration.

I have satisfied myself—and that was the purpose of my exercise—that I have established a *prima facie* case for the authority of the Speaker in the Senate with respect to the administration of the Senate. I believe that the powers of the Speaker cannot be encroached upon by any rule. The powers of the Speaker can be revised or reduced only by a law adopted by the Parliament of Canada according to our Constitution.

Having reached the conclusion that, in law, the Speaker is the Chief Executive Officer of the Senate, I thought I should make my findings available to my colleagues. Conversations that I had with some of my colleagues indicated to me emotional opposition to my reasoning. So, I thought the best way to prevent controversy and to bring about unity of action and to establish a clear chain of command in the exercise of authority, which is very much needed in the Senate for its officers and employees, was to put forward the suggestion that the Speaker should become the Chairman of the Standing Committee on Internal Economy, Budgets and Administration. That, in my mind, was the best solution for the good of the Senate and to maintain its integrity. I still believe it is. I claim no special merit for that. If there is any merit due, it is so because of having reflected on the question.

● (1450)

We all know that in New York barmen are considered to be the best renowned legal advisers to their customers. One afternoon after a lengthy consultation with a client who had a serious problem and had imbibed a great number of dry martinis, as the customer was leaving the bar, undecided and oscillating, the barman said to him: "Feel free, sir, to consult any other barman in this city."

I believe that an interpretation of the authority of the Speaker in the Senate should be sought only from constitutional lawyers. My suggestion is that the Speaker should have full authority to seek outside counsel. That would be a very constructive and helpful decision.

[*Translation*]

I move the adjournment of the debate on my inquiry.

[*English*]

Hon. John M. Godfrey: Honourable senators, I am going to be away next week and perhaps with Senator Riel's permission, I might intervene at this time. Some years ago I achieved the height of my political ambition by being made a member of the Joint Committee of the Senate and the House of Commons on the Parliamentary Restaurant! At least that is a little better than being a member of the Joint Committee on the Printing of Parliament or the Joint Committee on the Library of Parliament. During our occasional meetings the question of the authority of the Speaker came up. I had a research paper prepared by officers of the Library of Parliament on the administrative role of the Speaker of the Senate. That paper is dated March 28, 1980. I remember giving the late Senator Grosart who, at that time, was the Speaker of the Senate, a copy of this paper, and when Senator Marchand became Speaker I also sent him a copy, but I neglected to send one to Senator Riel. I certainly will provide him with a copy of

it. I have not read that paper for five years but my recollection of it, without going into the details, is that it does not agree with Senator Riel's comments. The result of that research is that the Speaker has no administrative powers.

Senator Frith: Let's hear it. Put it on the record.

Senator Godfrey: Do you want me to read the whole thing? Senator Riel has moved the adjournment and I am going to send him a copy.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, did Senator Riel not say that he was closing the debate on his inquiry?

Senator Riel: I did not say that.

Senator Frith: It is not closed?

Senator Riel: No, it is not. I moved the adjournment of the debate.

Senator Frith: That is fine, if it is not what you said.

[*English*]

Senator Riel: I must say to Senator Godfrey that I did not find any copy of that paper in the files of the Speaker's Office and the Law Clerk never offered to provide me with a copy. I would like to know if this gentleman is a lawyer.

Senator Godfrey: It is five years since I looked at it. I will send you a copy and perhaps you can comment upon it the next time you speak to this matter.

Senator Riel: I would like to do that. My conclusion still stands that we should consult a constitutional lawyer.

On motion of Senator Riel, debate adjourned.

FEDERAL-PROVINCIAL RELATIONS

FIRST MINISTERS' CONFERENCE, REGINA, FEBRUARY 1985—FAILURES AND SHORTCOMINGS—DEBATE ADJOURNED

Hon. Hazen Argue rose pursuant to notice of Tuesday, February 19, 1985:

> That he will call the attention of the Senate to certain failures and shortcomings of the First Ministers' Conference held in Regina in February 1985.

He said: Honourable senators, this inquiry has been on the order paper for a long time but, due to certain circumstances, I have not been able to speak to it before now. I might have let it drop but certain recent events warrant my going over some of my perceptions of that conference.

It was held in Regina in February and the press, the media generally and those who were present said it was really something of a love-in. The essential issues of the day were not really fully debated. The government's policy at the time was not at all clear, and I suggest that the first ministers met in an unreal atmosphere.

Prior to that meeting the Prime Minister, I believe, showed his general approach to government and the exercise of power by some of the things he did. One of his early moves was to use the authority of appointing a chief of staff in each of the departments for each of the ministers, and an edict went out that he was going to vet the press releases that came from the ministers. I think that that general approach to the ministry and to the government is still there and its effects are still being felt.

One reads from time to time newspaper reports that the Secretary of State for External Affairs is really not a minister in his own right but that it is the Prime Minister who is exercising that power. The same thing has been said about the Minister of Finance and about other ministers in important economic portfolios.

I was able to be present at that conference more by good luck than anything else. The conference was held at the Arts Centre in Regina, which is a very spacious centre. I asked the leader of our party how many tickets he had for the event and he replied that he was limited to four and due to the fact that someone who was allocated one of those tickets decided not to attend I went in his place.

Prior to the convention I read a news report which stated that while there were many seats in the Arts Centre, they would be occupied by the ministers' staff and by the press. When I arrived at the conference I was surprised to see that there were virtually 1,500 seats unoccupied and that the citizens of Saskatchewan—those Canadians who lived in Regina where the conference was held—were barred from attending the conference. Security was very tight and if you did not have a reserved ticket you would not be admitted. I thought that that action, the excluding of the citizens of Saskatchewan, was most repugnant.

The day the conference commenced was bitterly cold and there were demonstrations in progress outside the centre. Some of the demonstrators had been there for hours. They asked to be allowed to use the washrooms of the Arts Centre, but they were refused permission to do so. I thought that was almost unbelievable.

• (1500)

Senator Frith: Let them eat cake.

Senator Argue: I guess so. Meanwhile, the big shots, the Prime Minister, the premiers and the ministers were inside. One newspaper reported that the television screen in use cost $100,000. A big screen was used for monitoring the conference because the leaders were some distance away and, after all, the 1,500 occupants of the seats needed to have this large television screen so that they would have a better view of the proceedings! But these seats, as I said, were empty.

I thought Premier Lougheed made an important point when he advised Mr. Mulroney and the Government of Canada to tie the Canadian dollar to a group of foreign currencies rather than to that of the United States. That was just an indirect way of saying, "Let the dollar fall." Of course, a few weeks later that is exactly what was happening. Premier Lougheed also made a pitch for free trade, and that subject was discussed.

Our Prime Minister was the star of this well managed TV event from which the public was excluded. He was there with his friends to cosy up to the premiers of the provinces, almost all of whom were and are Conservatives. The love-in went on.

Subsequently there were a couple of elections, the results of which I thought were rather significant. First of all, after this big love feast and all the talk of co-operative federalism when everything seemed to be going fine, there was a new energy agreement for Newfoundland. The Government of Newfoundland went to the people, and the representation of the Conservatives in the House of Assembly dropped from 44 per cent to 36 per cent. The Liberals went up from 6 per cent to 15 per cent. The PC popular vote dropped from 61 per cent to 48.5 per cent.

Senator Barootes: Who won the election?

Senator Argue: The Conservatives won the election.

Senator Frith: It was not a total failure.

Senator Argue: Even with this great love-in and this bonanza worth hundreds of millions of dollars in the form of this energy agreement, the people of Newfoundland started to have second thoughts. The word in the press—and it was only that—was that as the campaign went on it was becoming more and more difficult for the Conservatives. Initially they thought there was nothing to it.

Then, of course, another election was held following this event, this time in Ontario. I followed the performance of Mr. Miller, the Premier, and after watching his performance, I thought he did quite well. However, the people of Ontario started to have some doubts about how much of this love-in they could stand and how much of this co-operative federalism was going to be really helpful to Canada. I guess they got it into their heads that maybe there was too much power in Ottawa and that there had to be some countervailing power in the provinces, particularly in the powerful province of Ontario.

I believe that to the average Canadian viewer, the Federal-Provincial Conference in Regina looked pretty phoney. They understood the phoniness of this love-in which really did not deal with any issues. Therefore, in Ontario, at any rate, they decided to act.

To respond to Senator Barootes' question, in this case the Tories, I think, lost the election. I think that is clear. Sixty-three per cent of the popular vote in Ontario said that they did not want the Tories. More people wanted the Liberals than wanted the Tories. I believe the Tories have gerrymandered their seats so well in the past that the province can have a government that the people do not want, a government that they had kicked out by means of the ballot box. But because of their manipulation of the boundaries or other actions that are purely accidental, they are still in power. I do not think they will be there for very long, at least that's the way I read it.

Then the Prime Minister of Canada who likes love-ins, who likes Tories, and does not like anyone else, said that patronage is bad when it is Liberal patronage, but when it is Tory patronage the beneficiaries are loyal Canadians and they deserve it all. I suppose the Tories have been hungry for so many years that they have become impatient. In the case of Air Canada, instead of waiting until the term of office of the various members expired in the normal course of events, they just fired the whole board and immediately appointed a new bunch. Of course, the new bunch are independent, deep thinkers and have no political attachments! That would be fine, except for the fact that everyone knows they are deep blue Tories and that is why they are there.

Senator Frith: With some family.

Senator Argue: The Prime Minister, who officiated at that conference, has looked over the Canadian scene and has said, "I have lots of power in the Commons. Heck, I have 212 seats out of 282, so I am in great shape. I have Parliament in the palm of my hand. I don't really have a cabinet in the traditional and normal sense where it discusses issues and advises the Prime Minister and where sometimes the Prime Minister comes pretty close to losing a round in cabinet." No, there is really only one minister in cabinet, and that is the Prime Minister. He has some other figureheads that are so-called ministers. This is just the way it is.

Senator Stewart: That is very harsh on Crosbie.

Senator Argue: I think he has been shut up often.

Senator Roblin: What about me?

Senator Argue: The only time Crosbie is really vocal is when the Prime Minister is out of the country, but news travels fast so I suppose he keeps track even when he is out of the country.

Senator Barootes: What about Trudeau?

Senator Frith: We are speaking about Mulroney, M-u-l-r-o-n-e-y.

Senator Argue: He appoints the bosses for the ministers and he appoints people who do the press releases. No one ever did a press release for me. Perhaps the quality of my press releases would show that. I always did them myself. If I had sent a copy of a press release on wheat to the Prime Minister, he would have sent it back to me with a note, "Don't you know anything about wheat? Why do you send me this notice? Do it again and I will get someone in the portfolio who does understand something about wheat." Therefore, I never sent him a press release, I only drafted and produced them.

Honourable senators, it was not my intention to mention this point this afternoon, but I would point out that each and every year I held my portfolio we exported more wheat than we had ever done before in the history of Canada. We broke all records.

Senator Roblin: Take credit for the weather, that is what gave you the wheat.

Senator Argue: The weather was great, of course, and the sales were great too. When the Americans had better weather and greater crops than we had, their share of the world market fell from 49 per cent to 40 per cent and ours went up from 17 per cent to 21 per cent. When you can outdo the Americans, even with the same weather conditions, that is a pretty good sign.

Senator Roblin: But you did not. You know their percentage increase was far greater than ours over the years. You know that because you were the minister.

Senator Frith: Only when it was a Tory government.

Senator Argue: Alvin Hamilton was the greatest salesman in the world but we outsold him two or three times.

The Prime Minister looked over Parliament Hill and he said, "Where is my threat? Who is going to interfere with my monarchy; with my presidential powers?" He said, "It is the Senate. The Liberals are in the Senate and they have a majority."

Senator Frith: Before that it was the Governor General.

Senator Argue: The Governor General does not have a hope. The Prime Minister is the head of state. When he meets President Reagan, the Governor General is home in Ottawa. He is the head of state.

• (1510)

My God, I do not know why these flag-wavers of ours in the country, some of whom pride themselves on being so patriotic and a lot of whom are Tories, didn't get really incensed about that. That was the most revolting thing I have seen. It is unbelievable to me. Absolutely unbelievable.

Senator Frith: You ain't seen nothing yet!

An Hon. Senator: Watch your blood pressure.

Senator Argue: I do not have a problem with my blood pressure. My blood pressure is great. It's OK. I have to get it worked up where it can function.

Senator Frith: Thanks for the thought, doctor.

Senator Argue: Anyway, there he was meeting the President of the United States. He did not want the Governor General, the head of state, interfering with his television coverage. She was left at home in Ottawa. An absolute disgrace. I do not understand it. I thought protocol was important. I think it is important. I thought that of all people, Progressive Conservatives would be the most careful about protocol, the most meticulous.

This man, he is the head of state, or he thinks he is. And he has all of the power in the House of Commons, and he wants power in the Senate. He is afraid of the Senate. Just imagine, afraid of the Senate.

And what did we do on that famous borrowing bill? We held it up a couple of weeks or so. That was unpardonable. That was a sin against the presidential aura, a sin against his monarchy, his male monarchy that he has occupied, his czarist euphoria.

That was something wrong. Well, what did we do? We just held it up a short time.

I can remember the late Right Honourable—as you can guess, he was "Honourable" then—the late Right Honourable John G. Diefenbaker going after C. D. Howe. He said: "You said, Mr. Howe, 'Who is going to stop me?'"

[Senator Argue.]

Well, you wouldn't say that about Mr. Mulroney. He would say to you: "Who is going to slow me down?"

It is not trying to stop him that gets him upset; it is slowing him down.

Senator Frith: "And if you do, I will abolish you."

Senator Argue: So, we said: "Wait for a couple of weeks. If you want all of this money, you will likely get it. Just show us what your spending plans are. We don't want you to fall into the same mess as Pioneer Trust in Saskatchewan. We are just trying to keep your act in order so that we know what you want to do with the money."

So, we slowed the government down, or I guess we did, at any rate, and now the attack is on. We have done something that is unpardonable and unforgivable.

I do not know what he knows about politics. I suppose he knows something. I have been on the Hill for 40 years. Imagine, 40 years! And I can tell you that there is no great party discipline in the Senate. Who is kidding himself? Are you, on the opposition side, under rigid party discipline?

I have been a Liberal now for some 20-odd years and no one has suggested to me what I should say. They might have after I had said something, but they certainly didn't try to tell me what I should say ahead of time. I say exactly what is on my mind. I think that is my privilege and my duty.

When we, the Liberals, formed the government, I think we were responsible. We may have let things go sometimes a bit too fast, but I think we were responsible.

You know, the Prime Minister has said that the Liberals would never have blocked a Liberal government bill. Well, we bucked one of Otto Lang's bills a few years ago. Senator Hays moved an amendment to that bill, and we came within two votes in this chamber of defeating that bill, and that was even after Mr. Lang had come to the committee and pleaded with us to let it pass. And in fact it did get through. It was a bill to provide for voluntary pools on rapeseed.

Even though that bill was passed, there was never a voluntary pool set up. I think Otto Lang had second thoughts about it. Perhaps he thought that the Senate was right.

In any event, even though we were not able to defeat that bill, we did try, and we were Liberals. We had the help of some Progressive Conservatives, and that helped us come close.

The papers say that there are 77 Liberals in the Senate, or whatever the figure is. They do not mention Senators Lafond, Lang, Thompson, Bell and Deschatelets, all of whom left the Liberals when the Liberals were in office and who now sit as independents.

In my judgment, no government of Canada has any reason to fear the Senate. That has certainly been true in my time here. The Senate does not have a history of opposing government legislation for the sake of opposing government legislation or to play some kind of cheap politics.

I believe that if the Progressive Conservatives were in a majority in this house and the Progressive Conservative Party

formed the government, those honourable senators, with the help of their Liberal colleagues, would exercise the powers of the Senate in a reasonable way. If they felt that the government, their party, was doing things that they felt should not be done in the interests of Canada, I am sure they would say so, and I am sure that they would use the authority of the Senate to make their views known.

To put a proposition before us now which says that on money bills the debate in the Senate will be limited to 30 days is nonsense. Part of that proposition is that the question of what is and is not a money bill will be one decided by the Speaker of the House of Commons, with no recourse to a court of law. On other bills, the limit on debate will be 45 days. In the event of there being amendments, the House of Commons will then have 15 days to decide whether or not to accept those amendments, and if they are not accepted, the bill will go through.

It should be stated in the resolution that it is not the House of Commons that will decide but the Prime Minister. With his huge majority in the House of Commons, he is the House of Commons, and he believes himself to be the House of Commons. Not only that, he believes himself to be the Parliament of Canada, and he believes himself to be the czar over all of this land.

If this resolution should happen to become the law of the country—and I do not believe for one minute that it will. I think the Ontario election has settled it. I think it is virtually dead. But miracles can happen. It might get a second life—but if that should happen, what about the regions without any power? What about P.E.I., if there is a fight about the potato market in the United States? What happens in that case if there is no one in the Senate with any authority?

What about the west, in a regional fight? What about our committees?

I think our committees do good work. Part of the respect we enjoy we owe to the work of our committees. While not everyone in the country thinks the Senate is doing all that it should be doing, they are aware that it has authority, that it has responsibility, that it has a role to play.

I think senators in the future can continue to play that role responsibly, as I believe they have done in the past. We do not need to have our powers destroyed. We do not need to have the Senate and all it stands for destroyed in exchange for the promise of a constitutional conference. That is a pretty empty promise, because a lot of constitutional conferences come to naught.

I hope that the Prime Minister will have second thoughts about this resolution. I hope he will begin to understand that he is a part of the political scene in this country, and only a part. I hope that he will not endeavour to clothe himself with more and more power. If anything, he should be taking steps to clothe others, in a parliamentary atmosphere, with greater authority and greater responsibility.

Some Hon. Senators: Hear, hear.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Tuesday, May 14, 1985, at 2 p.m.

THE SENATE

Tuesday, May 14, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

[*Translation*]

STANDING RULES AND ORDERS

FIRST REPORT OF STANDING COMMITTEE PRESENTED

Hon. Gildas L. Molgat, Chairman of the Standing Committee on Standing Rules and Orders, presented the following report:

Tuesday, May 14, 1985

The Standing Committee on Standing Rules and Orders has the honour to present its

FIRST REPORT

On March 13, 1985, the Senate approved a motion by the Honourable Senator Leblanc (*Saurel*) requesting the Standing Committee on Standing Rules and Orders to consider and report upon the question of the audio recording and broadcasting of the proceedings of Senate committees.

Your Committee held meetings on March 26, April 23, April 30 and May 14 to examine the matter. It first studied the point of order raised during the course of the meeting of the Standing Senate Committee on National Finance held on February 18, 1985 when a member of the Committee drew the attention of the Chair to the fact that an unidentified person in the public seating area was recording the proceedings of the committee on a tape recorder.

Your Committee agrees that authorization is required in order to make an audio recording of public proceedings in a Senate committee. Since the person in question did not have such authorization, your Committee concludes that such a recording was not in order.

Your Committee reviewed the procedure for the audio recording and broadcasting of proceedings of the Senate, and noted the adoption by the Senate on May 8, 1980 of the report of the Standing Committee on Internal Economy, Budgets and Administration which, as amended by the Senate on adoption, reads in part as follows: "That until further notice, permission be granted for the audio recording and broadcasting of the proceedings of the Senate in arrangement with the appropriate authority in the Senate."

Your Committee heard evidence to the effect that there is implicit authority under Rule 77(7) for a committee of the Senate, if requested, to authorize, either on an individual basis or on the basis of a general approval, the audio recording of its proceedings since such a practice would be consistent with the practice now in effect in the Senate itself. However, if such is the case, then each committee is in a position to decide whether or not it will permit the audio recording of its proceedings and this could result in varying practices among committees.

Your Committee believes that permission for the audio recording and broadcasting of committee proceedings should be explicitly granted by the Senate and that the procedure should be the same for all public meetings of the Senate and its committees.

Your Committee, therefore, recommends that the Rules of the Senate be amended by adding, immediately after Rule 109, the following:

109A.(1) Subject to subsection (2), public proceedings in the Senate or in any committee thereof may be recorded or broadcast but only through the use of such audio feed facilities as may be installed for that purpose in the Senate or in any room used by a committee of the Senate, subject to such arrangements with the Clerk of the Senate or his designate as may be necessary.

(2) Where a committee meets in a room that is not equipped with an audio feed facility, the chairman of the committee shall make such alternative arrangements, where practicable, as may be necessary to record or broadcast the public proceedings of that committee, if such recording or broadcasting is requested.

Respectfully submitted,

GILDAS MOLGAT
Chairman

The Hon. the Speaker *pro tempore:* When shall the report be taken into consideration?

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

[*English*]

NATIONAL SOIL CONSERVATION

DESIGNATION OF SPECIAL WEEK

Hon. Herbert O. Sparrow: Honourable senators, I beg the indulgence of the Senate to draw attention to the declaration of National Soil Conservation Week. Perhaps this item could be considered under "Reports of Committees," although it is not really a report. It has, however, something to do with the

Standing Senate Committee on Agriculture, Fisheries and Forestry.

As honourable senators will recall, in its report *Soil at Risk—Canada's Eroding Future,* the Standing Senate Committee on Agriculture, Fisheries and Forestry made a recommendation that the Government of Canada declare a National Soil Conservation Week.

During the month of April the Senate passed such a motion. That motion read:

> That the Senate urge the Government to declare a special week for soil conservation in 1985 and every year thereafter;
>
> That it be called National Soil Conservation Week;
>
> That it be declared for the week May 12-19 in 1985, in conjunction with the Manitoba Soil Stewardship Week; and
>
> That it be declared at a suitable period in subsequent years.

I am very pleased that the government, through the Minister of Agriculture, saw fit to do so.

A press release dated May 10 states:

> Agriculture Minister John Wise today announced that the week of May 12 to 18 has been officially designated National Soil Conservation Week for this year.
>
> The week will become an annual event.

I simply wanted to bring to the attention of honourable senators that that is one of the recommendations of the committee's report. It is important to bring the problem of soil degradation to the attention of all Canadians, and that will be done by designating one week during the year as National Soil Conservation Week. That will encourage all Canadians to think about soil conservation during at least one week of the year, and actions taken during that week may affect our soil throughout the year.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

FINANCIAL INSTITUTIONS

DISCUSSION PAPER—"THE REGULATION OF CANADIAN FINANCIAL INSTITUTIONS: PROPOSALS FOR DISCUSSION"

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in the Senate. The Minister of State (Finance) issued a discussion paper on financial intermediaries a couple of weeks ago, and I am sure that all honourable senators have been carefully reviewing that paper.

I wonder if the Leader of the Government in the Senate could assist our understanding of that paper by telling honourable senators whether the continued concentration in families of financial intermediaries is a matter of principle or is a proposal.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I should tell my honourable friend that the white paper presented to Parliament represents a series of observations on the situation that pertains today in order to provide a background for Parliament, itself, to discuss the questions that are involved, as well as cognate questions of the sort my honourable friend raises.

As a result, the committee of the other place is about to hold hearings and will invite the views of Canadians from all walks of life with respect to all matters connected with this topic.

If I am correct in my recollection, I understand that the Standing Senate Committee on Banking, Trade and Commerce will conduct a review of the white paper.

After those reviews have been conducted and we have ascertained the views of as many people as possible, then government policy with respect to particulars of the kind my honourable friend has raised will be made available to the Senate.

Senator Sinclair: A supplementary, if I may. The reason I phrased the question in the manner I did was that the Minister of State (Finance) indicated that matters of principle would not be open for discussion, only proposals.

Senator Roblin: Honourable senators, my honourable friend will find that Senate committees are inclined to set their own rules as to what subjects are open for discussion. So, I would expect that when this matter is referred to the Standing Senate Committee on Banking, Trade and Commerce, that committee will decide how far-reaching its examination ought to be.

REGIONAL INDUSTRIAL EXPANSION

NOVA SCOTIA—HEAVY WATER PLANTS—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, on January 31 last, the Minister of Regional Industrial Expansion appeared before the Standing Senate Committee on National Finance and gave an overview on development policy. I raised with him at that time a question relating to the heavy water plants in Nova Scotia. I asked him whether he could tell us if the government intended to keep those plants in operation. The minister stated that the problem was under consideration, but that no conclusion had been reached as of that date, January 31.

● (1410)

Could the Leader of the Government tell us whether a decision or a conclusion has now been reached, and can he give us any assurance that these plants will be kept open since they are very major employers in eastern Nova Scotia?

Hon. Duff Roblin (Leader of the Government): I think that we are all very pleased to know that in the Cape Breton region, which my honourable friend represents, the success of the coal mining operation in the past year has been a matter of some real satisfaction because it will enable jobs to be preserved

there. If the government finds it possible to work with others in going ahead with the expansion of the second seam in that area, then there will be even more hopeful developments ahead. That is in the realm of the possible, and I am looking forward to encouraging results.

With respect to the heavy water plant, I know that that has been the subject of some concern, both on the part of the federal and the provincial government, to say nothing of the people who are more directly concerned, and I regret that I have no information that I can give my friend on that. I will have to take his question as notice.

Senator MacEachen: I thank the Leader of the Government for his willingness to find out what the situation is. While he is dealing with the question of the heavy water plants, perhaps he would also follow up on the question I asked the minister on that occasion, which he was then unable to answer. The question had to do with the Sydney Steel Corporation.

My question was whether any negotiations or discussions were under way on the second phase of the modernization of the Sydney Steel plant. As the Leader of the Government knows, the first phase was entered into and jointly financed by the Government of Canada and the Government of Nova Scotia. It was planned that there would be a second phase of modernization. My question is whether discussions or negotiations are under way and whether a decision has been reached on that second phase of the modernization plan.

Senator Roblin: I will take the question as notice.

FINANCIAL INSTITUTIONS

FAILURE OF PIONEER TRUST—REQUEST FOR INVESTIGATION

Hon. D. G. Steuart: Honourable senators, I have a question to direct to the Leader of the Government in the Senate which concerns the failure of Pioneer Trust in Saskatchewan. Yesterday in the Saskatchewan legislature, the Leader of the Opposition, Mr. Blakeney, requested that a public inquiry be held into the failure, the mismanagement and the possible problems that the management had before that company folded. The Government of Saskatchewan, led by the finance minister, refused to hold such a public inquiry. If my memory serves me correctly, the Minister of Finance said that he did not want to vilify anybody and he felt that Touche Ross, the trustees in bankruptcy who are looking into this matter, would find out if anything had gone wrong. Any of us who have followed what happens when trustees in bankruptcy are appointed know that they look into these matters in a very superficial way. They are paid to clean up the matter and get out. In a very complicated matter such as this they will not look into it very deeply.

There have been accusations by the opposition in Saskatchewan that this is a cover-up because many of the leading people in the company were supporters of the government. In fact, Mr. Will Klein, the president and chief executive officer, was a very prominent supporter, as was his wife, of Premier Devine and the Prime Minister of Canada.

[Senator Roblin.]

My question is: Since the government has passed the bill providing up to $5 million to compensate the people who trusted Pioneer Trust and who put their money into it—and you have agreed to pay that off—will you now be prepared to carry out a public investigation into this failure to ascertain whether there was mismanagement of the company or if there has been any element of malfeasance in this whole situation?

Hon. Duff Roblin (Leader of the Government): I think the government is very pleased that they have been able to come to an understanding with the Government of Saskatchewan and that the people who were at risk in Pioneer Trust were protected. It is only fair to say that the Government of Saskatchewan is the government that is carrying by far the larger share of the responsibility for meeting this obligation. Our share is limited to $5 million, which, nevertheless, is a substantial sum.

With respect to the particular point my friend raises, I do not altogether agree with his view of what trustees in bankruptcy do. I think a good deal depends on what their terms of reference are—what they were asked to do.

I think it would be appropriate for me to seek to obtain the terms of reference under which the trustees in bankruptcy are working in Saskatchewan so that we may come to some opinion as to whether or not those are adequate in the circumstances.

Senator Steuart: As a supplementary question, I would point out that the problems of Pioneer Trust went beyond Canada to the United States.

Honourable senators will recall the extremely serious charges which were made on the program, *The Fifth Estate*. Those charges concerned the operation of Pioneer Trust and the management of that company, starting with Will Klein, the president, and going on down to his associates. The very serious questions asked on that program have never been answered.

The allegation was that this company had gathered in over $100 million of trust funds, mostly from the people of Saskatchewan, and had squandered that money and had acted in a most improper manner, to say the least, and, to say the worst, had acted in a manner that betrayed the trust of these people. The tentacles of this problem have reached down to the United States, and questions have been raised concerning the people with whom we are dealing.

I think a public inquiry should be held. The Minister of Finance has said that there should be no such public inquiry because we do not want to vilify these people, but I believe they have already been vilifed by virtue of the subject matters covered on *The Fifth Estate* on CBC.

The question now is: Was that program correct? Should they have been vilifed? Did they do something that was not just mismanagement, but was legally and morally wrong?

There is no question that these people, starting with Mr. Will Klein, the president, and his associates are friends of the Government of Saskatchewan and are also very close political friends of the present federal government.

Senator Balfour: They were also close friends of the former Government of Saskatchewan.

Senator Steuart: Yes, they were, but we got rid of them—and thank God for that. They are now close friends of the Government of Saskatchewan and the Government of Canada. Is this, as Mr. Blakeney claims, a cover-up?

I realize that the Leader of the Government cannot answer for the Government of Saskatchewan, but surely he can answer for the Government of Canada.

If this is, in fact, or in the view of the people, a cover-up, is the Leader of the Government prepared to recommend to the government that there be a public inquiry into this whole ugly mess so that it may be cleared up one way or the other?

Senator Roblin: My honourable friend is very good at connecting names and political parties. I regret that. I think it is not appropriate that he should do so in such a way because it has a tendency to smear people.

Senator Steuart: What is a smear?

Senator Roblin: My honourable friend's connecting political parties with individuals is a smear, and it should not be indulged in. It is a statement I cannot condone.

The other day my colleague, Senator Barootes, and my honourable friend had a short discussion on the question of politics in Saskatchewan. I am sorry that Senator Barootes is not in the chamber today to hear what my honourable friend has had to say, because I do not think it should have been said.

Honourable senators, leaving that to one side, what about this particular issue? My friend has seen something on television, and that, apparently, prompts him to do what he is doing today. I think we need something more to establish a *prima facie* case.

My suggestion is that we should examine the terms of reference of the trustees in bankruptcy and see what particular information that examination throws up. Then we can consider the matter again.

I cannot give my honourable friend an undertaking to do what he wants me to do, but I can give him an undertaking that I will not ignore his question.

Senator Steuart: Honourable senators, I have a further supplementary. There is more to it. It is not just a case of throwing political charges around; it is a fact that Mr. Will Klein and his associates were very close to the present Government of Saskatchewan and the present Government of Canada.

● (1420)

It is also a fact that they cost the people of Saskatchewan and the people of Canada hundreds of millions of dollars. The fact is that the Government of Saskatchewan is about to pass a bill, probably today or tomorrow, to bail out the unfortunate people who trusted Pioneer Trust, involving compensation of $20 million or $30 million. The Parliament of Canada has passed a bill under which the Government of Canada will bail out those same people to the extent of $5 million. That is a lot of money and it calls for some little responsibility.

Now we hear accusations that these people had made inside deals; that they borrowed money and bought houses down in Scottsdale. We do not know what happened in the closing days, but we know that they sold property in the United States. Who did they sell it to? We think they might have sold it to their friends at very favourable prices. The tentacles reach down to people there who are of a very unsavoury character.

These have all been public. Also public is the rumour that Mr. Klein and some of his associates who resigned—and it is a fact that they did resign; they resigned after the program—have been given very large pensions.

So, they walked out, or it looks like they walked out or that they may have walked out—I say "may have"—with their pockets full, and yet the people of Canada, the taxpayers of Canada, are left holding the bag and this has resulted in the bill passed by the Parliament of Canada providing compensation in the amount of $5 million and a bill that is now being considered in the legislature of the province of Saskatchewan providing for compensation in the amount of $20 million.

The opposition in Saskatchewan has asked that there be a public inquiry to find out whether or not this is true.

Let me say something about your response that the firm of Touche Ross is looking into this. You and I both know that the job of Touche Ross is to wind this up as quickly as they can and as profitably as they can for Touche Ross. They will not look into what happened in western Canada—in Alberta, in Saskatchewan, in British Columbia—or in Arizona, or in Colorado. They will not look into that. They never have done so and they won't do it in this case. The only means of looking into what happened in those areas would be a public inquiry initiated by the Government of Saskatchewan, and it refuses to hold such an inquiry. The charge has been made that it is refusing because it is covering up for its friends. My question to you is: Will you take this matter back to your government and ask that your government look into it on behalf of the taxpayers of Canada, who are already stuck for at least $5 million?

Senator Roblin: I think my honourable friend really goes too far when he alleges, as he has now done, that the Government of Saskatchewan is acting the way it is because it wishes to—

Senator Steuart: I didn't allege that. I said that that has been alleged in the legislature of Saskatchewan by Opposition Leader Blakeney.

Senator Roblin: I am glad to hear that my honourable friend is not associating his name with that charge. I guess he is just relating to us what he has heard in the legislature of Saskatchewan—and we can take that for what it is worth, because that, like this one, is a political organization. I daresay that some things are said in that forum for a particular purpose. That doesn't alter the point he is making. I simply say that it is wrong for him to allege a political cover-up. He says he is not so alleging, and I am glad to hear that.

The point that he is getting at is the question of whether or not there has been wrongdoing. I cannot stand here as an expert on bankruptcy proceedings, but it seems to me, from

knowledge that I have in a general way, that trustees in bankruptcy, if they find that there have been illegal doings or wrongdoings before the bankruptcy took place, report those and something is done about it.

In many bankruptcy cases there are allegations that the people who have gone bankrupt have done something wrong, as a result of which the company is bankrupt. That is not outside the purview of the trustee in bankruptcy.

My honourable friend should allow me to make inquiries as to the terms of reference of this bankruptcy proceeding, to find out whether a *prima facie* case of wrongdoing—which is what he needs to establish—is indeed in prospect. I am quite willing to do that, and I think that that should satisfy my honourable friend for the time being.

Senator Steuart: I agree with that. Just to back up what I said, I am not claiming this at all. I have the *Star-Phoenix* of yesterday which says—

Senator Balfour: Senator Olson, as the expert on *Beauchesne*, is he within the rules?

Senator Steuart: I beg your pardon?

Senator Balfour: I am simply asking Senator Olson, as the expert on *Beauchesne*, whether what you are doing is within the rules.

Senator Steuart: Oh, I do hope so. I hate to be outside of the rules.

The headline reads: "NDP claims PC cover-up, wants Pioneer inquiry."

That is all I am saying. I am just pushing that on to you, and I am delighted that you are prepared, tomorrow or the next day, to answer the question.

Senator Flynn: For the fourth time.

Senator Roblin: I can tell my honourable friend that we will always respond positively where the public interest is concerned.

Senator Steuart: I hope so.

Hon. Ian Sinclair: Honourable senators, I have a supplementary to the question asked by Senator Steuart. When the Leader of the Government is looking at the terms of reference of Touche Ross, if he finds that they have not been requested to look into the conduct of the directors of Pioneer Trust over the period involved, would he suggest that that be included in their duties?

Senator Flynn: It's in the law.

Senator Roblin: I believe my honourable friend has his answer.

Senator Sinclair: Then I did not hear it. Senator Flynn says it is the law; but if it is the law, then there is no difficulty in our being told that Touche Ross has specifically been asked to look at the actions of the directors to ascertain whether they have carried out their duties or not.

[Senator Roblin.]

Senator Roblin: I should say that Senator Flynn's knowledge of the law is far better than mine will ever be.

Senator Steuart: I doubt that.

Senator Roblin: I would not doubt it, if I were the honourable senator, because it is a confirmed fact. Barrack room lawyers such as my honourable friend and I have a good time with the law. The point is that Senator Flynn advises me that the statutes covering this matter cover directors also; so the question is superfluous.

GOVERNMENT OF CANADA

VISIT OF DEPUTY PRIME MINISTER TO YUKON—USE OF GOVERNMENT AIRCRAFT

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government. Yesterday an important election was held in the Yukon.

Some Hon. Senators: Hear, hear.

Senator Lucier: The Conservative government was defeated, but, more importantly, the trend of electing Liberals to provincial and territorial legislatures was continued with the election of Mr. Roger Coles and Mr. James McLaughlin from the Yukon.

My question to the Leader of the Government is as follows: Last Thursday the Deputy Prime Minister took a government jet to the Yukon to announce a policy that had been announced three years ago by the Liberal government. I would like to know if the trend that I believe was set by the Prime Minister on his trip to Ontario during the Ontario election, of not charging the government for the jet, is to apply in this case. I believe the Prime Minister said that he would not charge the government for his trip to Ontario because it was a political trip. I am wondering whether that will apply also to the Deputy Prime Minister in connection with his trip to the Yukon the weekend before the election—which was quite blatantly purely a political trip, since he seems to get to the Yukon about twice a year.

Senator Guay: He couldn't afford it.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe my honourable friend is well qualified to recognize a political trip in a government aircraft, because he knows very well that in the record of the previous administration it was a practice frequently indulged in. If my honourable friend wants to know about the trip of the Deputy Prime Minister, the books of the government are open. He need merely go to the department and ask for the information and it will be made available to him.

Senator Lucier: Honourable senators, I have no doubt as to whether or not he made the trip. I am merely saying that it was a political trip. Such a trip was made two weeks ago by the Prime Minister, who said that because it was a political trip he would not charge the government for the use of the aircraft. I have no doubt that the trip to the Yukon was made by the Deputy Prime Minister. Personally, I have never made

a political trip in a government jet. But, I have no problem with the Deputy Prime Minister's going to the Yukon on a political trip. I think that's fine, if he wants to do that—although in this case it backfired. I am merely asking whether the federal government should be asked to pay for that particular trip.

Senator Roblin: As I say, my honourable friend can find out how that trip is accounted for by reference to the public information that is available to him.

• (1430)

I should point out that, when information is available in the public domain, it is not usual to inquire about it in this house, nor is it necessary that I should reply to that inquiry.

Senator Lucier: Honourable senators, I have a further supplementary. All I am asking of the Leader of the Government in the Senate is if he intends to follow the example set by the Prime Minister. The question is no more complicated than that. I am not asking him to set a precedent which has not already been set by the Prime Minister of Canada.

Senator Roblin: If my honourable friend will follow all of the examples set by the Prime Minister, it will satisfy me.

FOREIGN AFFAIRS

GREEN PAPER ON COMPETITIVENESS AND SECURITY

Hon. H. A. Olson: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate respecting the Department of External Affairs green paper that was tabled in the other chamber today which describes the economic scene as being substantially downgraded from the level reflected in other statements that have been made by this government. In fact, the green paper professes that Canadian exports are a major weakness of Canadian competitiveness at this time, and then goes on to deal with other things.

I expect that we will get an answer in the budget as to how the government's assessment of the economy stands at this time, but I am concerned about this contradiction with other statements that have been made recently.

There is, however, another contradiction, honourable senators, that perhaps the Leader of the Government could take notice of and get an explanation for. This green paper says that Canada's membership in NATO is not open to question but that it does question whether this country can or should maintain all of the roles assigned to it within NATO, and goes on to make comparisons between the expensive presence in Europe vis-à-vis some of the functions or roles of Canadian defence efforts in such things as North American defence and surveillance for sovereignty purposes and so on. I would ask the Leader of the Government if he could find out for us why this question is raised in the green paper now when apparently the government has already decided that our role in Europe should be enhanced by assigning an additional 1,200 personnel to Europe within the past few weeks. This also seems to be a contradiction, now that we have this green paper which I presume is a discussion paper, in that it raises questions on issues that the government has already decided.

Hon. Duff Roblin (Leader of the Government): I should start off by saying that my honourable friend is obviously reading from a newspaper report. To the best of my knowledge, the green paper has not yet been tabled in the House of Commons. It may be tabled tomorrow and if it is, a copy will also be tabled in the Senate and copies will be available for all members of this house. That will give my honourable friend an opportunity to read, in full context, the discussion on economic affairs. If he does so, I think he will be convinced by the logic of the argument that the statements made in the green paper are important, serious, and worthy of the consideration of Parliament and of the people. I think that his concern about contradictory statements will evaporate when he reads it in context.

With respect to the other point he made, namely, that the green paper seems to conflict with some of the policy initiatives that the government has already taken in the field of defence, I say to him that we live in a moving world; that decisions have to be made from time to time and they are. However, to say that that precludes the possibility of raising those matters in a green paper is, I think, wrong. After all, here in the Senate we looked into the question of national defence and we questioned whether we could undertake all of the assignments that had been given to us by NATO. In particular, we examined CAST, which is our undertaking to come to the aid of Norway if that country is attacked by its enemies. Indeed, there were some questions raised as to whether or not all of the obligations we have undertaken are ones that we should continue to accept without looking at them again, and certainly this aspect is very much in the public arena these days.

The green paper is not a statement of policy; it is a discussion paper with respect to one or two fundamentals that are contained therein which I think most members of this house would subscribe to. However, there will be plenty of opportunity for my honourable friend to examine these matters and discuss them with his friends and colleagues, because there is going to be a joint committee of this and the other house which will be charged with holding public hearings and listening to the observations of all and sundry.

I do not claim any affection for the green paper. Indeed, anyone who writes a paper on foreign affairs and defence these days can expect to get some static. Also, I expect that there are plenty of comments and observations in that paper that are debatable, and they will be debated and questioned by senators among others, and that is a good thing. However, the fact that, for the first time in this long period, we do have a green paper which provides a focus for discussion, in my opinion, is a good thing and I commend the attention of senators to the joint parliamentary committee that will be studying this green paper with a view to arriving at more definitive proposals.

Senator Olson: Honourable senators, I have no complaint with the government's amending its policy from time to time

as circumstances change and as conditions warrant, as a result of such change. There is no question about that.

What we have before us now is something called a green paper, which is interpreted as being a discussion paper to raise those matters that ought to be considered in the light of changing conditions. However, what is contained in this particular green paper is, I think, the raising of a number of matters that apparently have already been decided within the last few days or weeks by the government, such as the magnitude of Canada's role in Europe. Now, apparently, that is being raised again. At any rate, I will wait until the paper is in my hands. I will be very happy to do so, but I would like the Leader of the Government to take note of the fact that we are curious about what appear to be contradictions in the policies that the government is putting forth.

Senator Roblin: I think I am correct in saying that Norway is part of Europe. It was the last time that I looked and I guess it still is. Therefore, it comes within the ambit of what my honourable friend is talking about.

Speaking as one who has some interest in these affairs, I submit that there is nothing wrong with taking a look at what the government is doing and deciding whether or not it should be altered, modified or improved. After all, that is what the green paper is for, in part. The fact that we have done something which was considered to be necessary today does not necessarily mean that it is not open for review at a later stage, and that is what the green paper hopes to do.

EMPLOYMENT

JOB CREATION

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government in the Senate. Last week the Prime Minister mentioned that his government had created 201,000 new jobs. As a matter of fact, according to Statistics Canada that figure is 213,000. At that time, the Prime Minister said, "These are the tens of thousands of jobs we were talking about during the election."

Would the Leader of the Government in the Senate tell me whether, when the Prime Minister and his colleagues speak about these tens of thousands of jobs, they are speaking about jobs in addition to those that were being created normally by the economy as it was growing out of the recession, and in particular in the last 12 months of the Liberal administration?

Hon. Duff Roblin (Leader of the Government): I just do not know how to handle that question, but I will say this:—

Senator Frith: You could start out by saying: "My honourable friend should know . . ." That is what you usually say.

Senator Roblin: When I say that, I think my honourable friends usually do know. Most senators do not ask questions unless they think they know the answers. At least that is the way the smart ones operate, let's put it that way.

However, let me say to my honourable friend that there is only one comment I will make with respect to his use of the word "create." I have to say that many politicians and perhaps the Prime Minister is among them—I do it, my honourable friend does it—use the phrase "creating jobs" as if it were the case that you snapped a finger and something happened miraculously. Perhaps I had better not use the Old Testament simile about Eve, but, like an act of creation, it does not work that way at all. As we all know, it is the working together of all aspects of the economy; the people and the labour unions who are working more efficiently; the management that are making decisions; the government which is trying to stay out of the way in some cases and to help in others. It all works together. I am satisfied to think that Canada is creating more employment and we politicians, of course, will take the credit for it when it happens, because we will get the blame for it when it does not. But in all cases I think the same rule applies, and it is the working of the economy that I like to see, and I think it is working better than it has been.

[Senator Olson.]

• (1440)

Senator Gigantès: A supplementary question. The Honourable the Leader of the Government says that they will take credit for the economy pushing forth jobs. As Statistics Canada figures show, and as I am sure the Honourable Leader of the Government knows, during the first eight months of the Tories' tenure, they saw the spontaneous generation of 213,000 jobs, or 26,625 jobs a month.

During the last 12 months of the Liberal government, an average of 26,167 jobs a month were spontaneously generated, for which the Liberals should be taking credit, as the Tories are taking credit. The difference between the two figures is 458 jobs a month; multiplied by 12, that comes to 5,496 jobs.

Senator Flynn: Nice speech!

Senator Gigantès: That does not even total 10,000. Where are the tens of thousands of additional jobs that were supposed to be spontaneously generated by the economy simply as a result of the election of a Tory government, as the Right Honourable the Prime Minister told us during the election campaign?

Senator Roblin: I do not think a single job was spontaneously created; they all came about as a result of someone's hard work.

The fact that we are making progress and improving the employment situation in this country should be a source of gratification rather than nit-picking on the part of my honourable friend.

Senator Gigantès: I have learned many lessons related to nit-picking in this chamber from listening to the great talent of the Honourable the Leader of the Government in that field. He is a magnificent debater, but the fact is that 458 more jobs a month have been generated during 1984-85 than were generated earlier. That does not even total 10,000 jobs, and those figures, if the leader cares to look at them, are not consonant even with the increase in population during that period of time. So, where is the surge in new job creation following the election of a Tory government?

Senator Roblin: I agree with my honourable friend on one thing; he is not likely to learn anything from me. I will not

follow that up with the obvious rejoinder; I will simply leave that with him.

REFORM OF THE SENATE

VIEWS OF LEADER OF THE GOVERNMENT

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate. Over the past few years the leader has been a very articulate advocate of an elected Senate; as a matter of fact, I would say the leader has been the leading advocate of an elected Senate. I wonder if he still advocates the same elected Senate today as he did then.

Hon. Duff Roblin (Leader of the Government): I think my honourable friend will have to wait until we hold the federal-provincial conference on the constitution of the Senate in order to be aware of what the policy of the government is.

I have been a strong supporter of an elected Senate over the years. I think that that is a principle that has much merit. Maybe the particular pattern that I have proposed is capable of improvement—I am sure that it is—but the policy of the government on that matter has yet to be formulated.

If I am to stay in my present seat, I had better wait to see what that policy is before I get any further into the debate with my honourable friend.

Senator Everett: I gather that at this point the leader is still personally in favour of an elected Senate.

Senator Roblin: Senator Stewart does not allow me to give personal opinions.

INDUSTRY

PROPOSED RELOCATION OF CO-OP IMPLEMENTS FROM WINNIPEG TO REGINA

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to oral questions, and if there is no objection, I ask that they be taken as read. The first answer is to a question raised on February 18, 1985, by Senator Guay in connection with the proposed relocation of Co-op Implements in Winnipeg.

(*The answer follows:*)

The Minister advises that CCIL publicly announced at its annual board meeting on February 15, 1985, that it was discontinuing its manufacturing operation in Winnipeg. It stated that the manufacturing rights and production equipment had been sold to Vicon Inc., a Canadian subsidiary of Thyssen-Bornemisza N.V., a large diversified Dutch company which plans to establish a manufacturing facility in western Canada. Vicon will continue to manufacture and develop the CCIL line of products which CCIL will distribute through its network of some 50 depots throughout the prairie provinces.

To my knowledge, no final decision has yet been made by Vicon as to the location of its manufacturing plant.

END OF DECADE WOMEN'S CONFERENCE

COMPOSITION OF CANADIAN DELEGATION AND AGENDA

Hon. Duff Roblin (Leader of the Government): Honourable senators, the second answer is to a question raised in the Senate on March 13, 1985, by Senator Marsden with regard to the End of Decade Women's Conference being planned for Nairobi.

(*The answer follows:*)

It is not expected that the Canadian Delegation to the World Conference to Review and Appraise the Achievements of the U.N. Decade for Women, to be held in Nairobi July 15-26, 1985, will be named until shortly before the conference itself. Nevertheless, consultations with interested Canadian citizens and organizations concerning the agenda of the conference have been under way for some time. Two national meetings have been held with women's groups to provide them with information and to seek their suggestions for Canadian positions at the conference.

The draft of the principal document for the conference has been circulated to provincial officials and national women's groups and their views and comments have been sought. Immediately prior to the conference, comprehensive briefings will be arranged for the delegation as well as for Canadian journalists who will be in Nairobi, and the representatives of Canadian organizations being sponsored by the government to attend a parallel non-governmental meeting—Forum '85.

GOVERNMENT OF CANADA

REMUNERATION OF SENIOR OFFICIALS AND OTHERS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to questions asked by Senator MacEachen and Senator Sinclair with regard to remuneration of senior officials and others.

(*The answer follows:*)

The government, in setting the salaries of Mr. McMurtry and Mr. Lewis, was seeking to provide these two distinguished public figures with adequate remuneration for their heavy responsibilities representing Canada in Britain and at the United Nations.

We considered that the remuneration received by the persons appointed to the positions should be comparable to that received by Heads of Mission with similar responsibilities, for example, the Heads of Mission in Paris and Washington; this was not done by the previous government.

With regard to Senator Sinclair's question about the effect of the exchange rate on the remuneration of the High Commissioner in London, I would explain that

salaries *per se* are not set to take into account changes in foreign exchange rates, but an allowance called "Salary Equalization", paid to government employees assigned abroad, is adjusted to reflect currency changes and ensures that the purchasing power in terms of the local currency remains comparable to that in Ottawa.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—DR. URSULA FRANKLIN

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate by Senator Marsden on April 25 with regard to Dr. Ursula Franklin.

(*The answer follows:*)

Dr. Ursula Franklin's name had been submitted, among others, for consideration for appointment to the Atomic Energy Control Board.

It was brought to Cabinet's attention, however, that Dr. Franklin held concerns about the secrecy provisions of the oath required for all board members (Section 18(1) of the Atomic Energy Control Act makes the taking of an oath of fidelity and secrecy mandatory.) These reservations were subsequently confirmed in a letter from Dr. Franklin to the federal energy minister, Pat Carney. Under the circumstance, Dr. Franklin's appointment had to be reconsidered at this time. As a result, no Order in Council was ever issued.

The letter to Dr. Franklin from Minister Carney informing her of the board appointment was sent by error. The administrative slip was explained to Dr. Franklin who understood and accepted the apologies from the minister's staff for any embarrassment caused by the oversight.

No decision has been made on an appointment to the remaining vacancy on the board.

• (1450)

[*Translation*]

THE SENATE

OFFICE OF SPEAKER—NEWSPAPER REPORT—QUESTION OF PRIVILEGE

Hon. Maurice Riel: Honourable senators, it seems that I made the headlines of a Toronto newspaper, namely the *Globe and Mail*.

Senator Guay: Congratulations!

Senator Riel: I was handed the item in question and I read it with care and some amusement. Since I was in the country at the time, I missed all the hubbub around this incident. I was in an atmosphere of calm, relaxation, and perhaps even exquisite delight!

In any case, I wanted to say that I have read this item published on May 10, 1985 in the *Globe and Mail* and entitled:

[Senator Roblin.]

[*English*]

Survey of Duty Met by Unanimous Silence.

[*Translation*]

This article quotes two or three sentences of mine, with a partly exaggerated partly false comment thrown in, the whole thing topped with a two-column heading.

The word "survey" in the title was translated, since I was called from a radio station in Quebec City to talk about it. This surprised me. I asked: "What 'questionnaire', I never used such a word." I never used the word "survey", either.

I was told that I had distributed a questionnaire, as mentioned in the article. I never distributed any questionnaire either to the senators or to anybody else. I do not intend to do so.

If you refer to the speech I made in French in the Senate—and I must tell Senator Flynn that I quote myself with pleasure—we find on page 787 of the Senate *Hansard* for April 23:

> This was the summary I made of various activities that demonstrate the usefulness of the Senate. It is not an exhaustive list. I drew up the list according to my own lights, but I would urge my fellow senators to add to the list or to correct it—

I then said:

> I would therefore urge honourable senators to submit their views, because this is not a partisan effort. We are talking about what the Senate means. I think it is something that is very little known.

Two weeks later, while making another speech in the Senate on a different issue, I made a digression. At that time, I was speaking in English, and as the late Ernest Lapointe used to say, my English is sometimes laboured.

I said at that time:

[*English*]

> I did ask senators to help me in a non-partisan way to complete—

[*Translation*]

Apparently, the *Debates of the Senate* which I had not read has the word "compile" instead of "complete". Obviously, either the word was mispronounced or the stenographer did not hear well, whichever it was. But my text was as follows:

[*English*]

> —to complete the list of duties or occupations of the senators. To date, after two weeks I must say that a unanimous silence has met my invitation. I have not received one response, which is good for my humility.

[*Translation*]

I must therefore say that those two or three sentences quoted from the Senate's *Hansard* are part of the debate, although I did not use the word "compile" that is printed in the English version. I asked honourable senators earlier to approve the change from "compile" to "complete". As I said, this probably was due to my mispronunciation.

Besides, my comment was half-serious, half-humorous. It was a reference to my previous speech more than anything else. I thought most senators had not had time to read it or act on it.

Anyway, I never issued any questionnaire. And indeed, in the French version of April 23, I invited the honourable senators to make corrections or additions. In my view, they could do so in public, in committee, in the Senate or elsewhere, not necessarily to me. I would have been happy to hear from them.

Anyway, my speech of April 23, which until then had remained obscure, raised quite an interest thanks to the report in the *Globe and Mail* of May 10. This even led to a telephone interview with station CHRL in Quebec City, during which I discussed the Senate's functions and usefulness. I hope that further to his interest in my brief comments, the *Globe and Mail* reporter will publish *in extenso* my non-exhaustive list of senators' responsibilities. This no doubt will contribute to the parliamentary education of Canadians.

Also, since that report appeared last Thursday, a few senators have made their reactions known to me. I received telephone calls and notes. Those reactions may have been due to my speech, but certainly they were prompted by the *Globe and Mail* report. Some senators wanted to know where they could find my list or questionnaire. Others complained about not having received it.

So, even if the *Globe and Mail* report is not correct, this may not be entirely the reporter's fault, because the result is positive just the same, even if at the beginning no positive impact on the Senate was foreseen by the reporter.

As Saint Augustine once said, it is a *felix culpa*. I ask leave to change the word "compile" to "complete", in the fourth paragraph of my speech on page 883, in the English version of our *Hansard* for May 9, 1985.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jacques Flynn moved the second reading of Bill C-30, an Act to amend the Bretton Woods Agreements Act and to repeal the International Development Association Act and amend certain other Acts in consequence thereof.

He said: Honourable senators, I think this bill will be more readily understood by reading the preamble, and therefore would like to quote the preamble while pointing out the changes that were made.

This may bring back memories for some honourable senators as it did for me.

● (1500)

The Bretton Woods Agreements go back to 1944, at the end of the Second World War. They became effective and had force of law in Canada from 1945 on.

Bill C-30 has made a slight change in the preamble. This is how it reads now:

> WHEREAS the United Nations Monetary and Financial Conference held at Bretton Woods in July 1944 prepared the Articles of Agreement set out in the First Schedule for an International Monetary Fund and in the Second Schedule for an International Bank for Reconstruction and Development;

When we read "and in the Second Schedule for an International Bank for Reconstruction and Development", these are the changes or amendments made to the previous text because of the amalgamation of the second agency. The preamble goes on as follows:

> AND WHEREAS since that time there have been prepared Articles of Agreement set out in the Third Schedule for an International Development Association and in the Fourth Schedule for an International Finance Corporation;

The references to these two institutions are also part of the changes in the preamble. Finally, I will quote the third paragraph of the preamble:

> AND WHEREAS it is expedient that Canada become a member of the International Monetary Fund, the International Bank of Reconstruction and Development, the International Development Association and the International Finance Corporation and that provision be made for acceptance by Canada of the Agreements therefor and for carrying out the obligations and exercising any rights of Canada thereunder:

Thus, the Bretton Woods Agreements created the International Monetary Fund and the World Bank. Later on, in 1960, the International Development Association and the International Finance Corporation were created.

The first stage was the reconstruction of Europe after the war. It was with this task in mind that financial resources were pooled and the World Bank was created.

Later on, once the initial task of Europe's reconstruction was accomplished, or at least to a large extent, the focus shifted to developing countries and to finding ways to finance their development.

Thus were born the organizations mentioned in the preamble of the bill. This legislation is rather technical. The word "housekeeping" is often used in English, I have never found the proper term in French. Could it be "travail domestique"? I have no idea.

Senator Frith: Du travail à la maison!

Senator Leblanc: De la régie interne!

Senator Flynn: "Faire le ménage". I thought that I should ask the advice of my wife, but I am not sure if she could have helped me.

The bill has three aims. Firstly, it would provide under a legislation a new authority to ensure the participation of Canada to the International Finance Corporation. Secondly, it would allow the consolidation of the provisions aimed at all members of the World Bank group. Thirdly, the bill would standardize the appropriation process to fund the institutions

in the World Bank group so that they will be consistent with those approved for the regional development banks in 1982.

The bill has arisen of the necessity of establishing provisions on the participation of Canada to the International Finance Corporation. Although Canada is a member of that organization since its creation in 1956, no legislation has been passed on this.

Since its creation, the IFC, the International Finance Corporation, has proven a very effective tool to stimulate the private sector in underdeveloped countries. This is the stage which we have reached after having devoted ourselves to the reconstruction of Europe in the postwar years. In order to attain that aim, the IFC supported the development of financial markets in underdeveloped countries to channel local resources. The IFC also acts as a catalyst for foreign investments, while trying to steer those investments towards priority projects which contribute to the country's overall development objectives. In 1984, IFC members agreed to double the corporation's capital to $1.3 billion American dollars. This measure should enable the IFC to invest about $4.5 billion over the next five years in projects estimated at roughly $30 billion all told.

The second amendment in the bill would make it possible to rearrange the legislative provisions concerning the three institutions which make up the World Bank Group. Besides the IFC, those institutions include the International Bank for Reconstruction and Development, better known as the World Bank, and the International Development Association, IDA for short. I do not see any need to say more about the latter two. Together they provide some $15 billion a year to developing countries to support their investments in high priority projects. More and more, the institutions so channel their loans as to promote political and institutional reforms designed to pave the way for the most efficient use of resources available in developing countries. The difference between the World Bank and IDA lies mainly in their sources of financing and the respective economic situation of the countries which borrow from them.

The World Bank borrows on financial markets on the strength of its Triple-A credit rating, thus securing funds for insolvent nations. The World Bank's credit rating is based on its "callable capital" which is guaranteed by its members and the financial standing it has achieved over the past 25 years. By using its callable capital—that is, by calling upon contributing countries—the World Bank can finance a program of huge loans by securing only a very small financial contribution from some of its members. To this day World Bank members have paid in only 8.75 per cent of total capital and the World Bank never had to use its callable capital.

On the other hand, IDA make loans under very favourable terms to the poorest countries. Consequently, it cannot borrow on financial markets. Its resources come entirely from its members. However, the projects must be of the highest quality and promise a high rate of economic return. When necessary, IDA will finance also the provision of the necessary technical aid required to meet the objectives of the projects.

[Senator Flynn.]

The third amendment in this bill deals with the manner in which payments made by Canada to the World Bank Group are approved or rather will be approved from now on. Instead of the figures being mentioned in the legislation itself, as is the case now and as was the case before for the World Bank and IDA, the amounts made available by Canada to each of these institutions will be subject every year to approval when the estimates are tabled in the house. In this way, it will no longer be necessary to amend the legislation whenever additional contributions are called upon, either directly to the institutions, or through special agreements such as the special assistance scheme to help sub-Saharan Africa which was recently put together by the World Bank. This would provide the House of Commons and the Senate with the opportunity to assess the payments made to each institution of the World Bank Group in the light of our spending for other assistance schemes, and to decide on the advisability of these payments at the time the estimates are tabled.

Canada participated recently in negotiations leading to the selective increase of the capital base of the International Bank for Reconstruction and Development, more commonly known as the World Bank. The total cost of the additional contributions which Canada may subscribe, would reach some $320 million in Canadian dollars of today. However, as I mentioned earlier, only 8.75 per cent of the nominal value of these contributions, that is, some $28 million in Canadian currency, are to be effectively paid over a period of four or five years. The rest of our subscription is "callable" and represents a potential liability for the Canadian government. By securing such a participation, Canada will be able to hold in the future 2.92 per cent of the total capital of the World Bank and will have the right to appoint a Canadian to the board of directors of the World Bank. We will then be in a position to examine closely the policies and projects of the World Bank and see to it that it maintains its good financial reputation.

Under the terms of the recently signed agreement to double the capital of the International Finance Corporation to $1.3 billion in US currency, the total of which must be paid, Canada has the right to increase its subscription to maintain its participation at its current level of 3.85 per cent. This increase would cost Canada $25 million in US currency, payable over the next five years.

The 7th reconstitution of IDA's resources was negotiated last year. It provides for the payment of $9 billion over the next three years, more specifically between 1985 and 1988. Canada has agreed to contribute 4.5 per cent of these resources, that is $500.1 million in Canadian currency. Moreover, Canada recently advised the World Bank that it would pay $100 million in Canadian currency as a contribution to the $1.1 billion US fund for the special assistance scheme to help sub-Saharan Africa. This fund will be administered by IDA specifically to support the programs of policy reforms and structural adjustments devised to break the vicious circle in which African countries find themselves at the present time. IDA makes special efforts to increase the agricultural production of the region.

Most payments to the IBRD, the IFC and the IDA will be made through callable non interest-bearing notes issued by the Minister of Finance over the next four years. However, the notes will be called over a longer period of time, as the institutions finance projects and programs in developing countries. That is why the replenishments and increases in capital stock will have a minor impact on our annual budgets and they are taken into account in government estimates. The government had hoped that Bill C-30 would receive approval soon enough for these payments to be authorized in the 1985-86 main estimates. As this has not been possible, we intend to request the necessary power in the supplementary estimates.

Honourable senators, we are experiencing trying economic times, but the sad conditions which are particularly severe in developing countries and what actually goes on in those countries have a direct impact on Canadians with respect to our exports, our employment situation and the stability of our financial structures.

Recently, Canadians have reacted with unprecedented generosity to the needs of drought-stricken African countries. The bill now under consideration will allow us to reaffirm that Canada will not abandon the developing countries at a time when they need us most. They also reaffirm Canada's strong support for the multilateral endeavours of which the World Bank Group is a shining example and which have done so much to maintain peace and ensure the well-being of nations through these trying times.

It is in this context that I urge honourable senators to confirm the commitment of Canada to those institutions and ask them to grant quick passage to this bill.

I am informed that there is some urgency in approving this bill, but I was not advised of the reasons for this. In any case, because of the delays in negotiating the reconstitution of IDA resources, the lending power of this agency has nearly run out.

It is therefore especially important that this bill receive approval in time for the Government to table supplementary estimates authorizing our first payments so that they will be made before the end of the World Bank's fiscal year, which is June 30.

If honourable senators so wish it, naturally, after second reading, this bill can be referred to the committee where additional explanations can be provided.

Those who would like to refresh their memories more fully are invited to read the schedules of the acts of 1945 and 1960. These contain a whole series of highly complex documents which might help cure their insomnia if they really need it!

For the moment, I urge you to approve this bill in principle.

On motion of Senator MacEachen, debate adjourned.

[*English*]

MEAT INSPECTION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Brenda Robertson moved the second reading of Bill C-33, respecting the import and export of and interprovincial trade in meat products, the registration of establishments, the inspection of animals and meat products in registered establishments and the standards for those establishments and for animals slaughtered and meat products prepared in those establishments.

• (1510)

She said: Honourable senators, when I first came to this rather dignified and solemn chamber, I doubted that my first words spoken would be in defence of meat inspection. But here we are!

As the Minister of Agriculture said in the other house, this bill is long overdue. We need to pass this legislation to give clear authority to Agriculture Canada meat inspectors as they perform their vitally important function. Moreover, this bill will give consumers a firmer guarantee of the quality and the wholesomeness of Canadian meat.

A great deal depends on maintaining that support. Sales by Canadian packing plants amount to roughly $8 billion a year, and the industry provides direct employment for about 33,000 Canadians. Exports of meat products generate $750 million every year.

Essentially, Bill C-33 will revoke the obsolete Meat and Canned Foods Act of 1907 and consolidate the existing Meat Inspection Act and the Humane Slaughter of Food Animals Act.

There are six major features of the bill. First, it provides the legal basis to condemn and dispose of diseased animals and unwholesome meat products. Secondly, it provides the legal authority to inspect imports of meat products and to remove from Canada any imported meat product found to be unwholesome or otherwise in non-compliance with the Canadian standard.

In studying this bill, honourable senators, I was surprised to find that we had no legal authority whatsoever under the existing act to inspect imported meat products. This was simply done by the Inspections Branch, but in the event of a challenge, there was no legal basis for the inspection.

Third, it provides the legal basis to insist on the humane slaughter of all animals in federally inspected establishments. Fourth, it provides penalty provisions for violations of the meat inspection regulations. Fifth, it provides adequate protection against misuse of the meat inspection legend, which is the stamp that shows that the meat has been inspected by Agriculture Canada. And sixth, it provides the legal authority to charge fees for the inspection and the re-inspection of meat products.

The present legislation does not provide a legal basis for many meat inspection activities that are currently carried out. In many cases, the penalties for infractions under the existing legislation are so low that they could be considered a licence to continue an illegal practice.

The new legislation will provide more effective penalties for non-compliance. It allows for jail penalties for conviction on indictment of serious offences, such as the fraudulent use of the meat inspection legend.

At the same time, the bill has been drafted in compliance with the Charter of Rights and Freedoms. A search warrant will be required for entry into principal residences, such as homes and apartments, and police officers must be present if force is required.

The new legislation will make the inspection of imported meats and meat products mandatory. It will provide for cost recovery for import inspection.

The present Humane Slaughter of Food Animals Act provides virtually no legal protection to animals presented for slaughter. By incorporating that act with the Meat Inspection Act and providing for separate regulations, the protection offered will be greatly enhanced.

The new legislation will provide for the incorporation of the trademarks provision for the meat inspection legend. This will facilitate legal proceedings in the event of the misuse of that legend.

The proposed legislation will not expand existing inspection activities and therefore will not result in additional financial expenditure.

And finally, honourable senators, I should like to mention that our trading partners will welcome the strengthening of the legislative basis for meat inspection in Canada.

Given the clear need for this bill and the fact that it enjoys the support of the Canadian Meat Council, I urge honourable senators to approve its second reading at this time.

Hon. Ann Elizabeth Bell: Honourable senators, I wonder if I might ask a question of Senator Robertson.

On a very cursory look at the bill, I cannot find anything that reassures me that we will now be able to import haggis, something which is not possible under the current legislation, apparently because some ingredients are not in compliance with Canadian standards.

While under this bill we will be able to inspect imported meats, I am not assured that, in future, we will be able to import haggis.

Am I right in assuming that?

Senator Robertson: I am afraid I cannot give you an answer in relation to the importation of haggis. However, I feel certain that, if the product sought to be imported meets the specifications, it could indeed be imported. I will get you that specific information, if you so desire.

On motion of Senator Stewart, debate adjourned.

[*Translation*]

THE SENATE

OFFICE OF SPEAKER

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Riel, P.C., calling the attention of the Senate to his tenure as Speaker of the Senate, his experiences and his recommendations to the Senate.—(*Honourable Senator Riel, P.C.*).

[Senator Robertson]

Hon. Maurice Riel: Honourable senators, I will not take much of your time. I would simply like to put something on the record, because it is my turn to be away for a few weeks. I referred last week, on May 9, to the authority of the Speaker of the Senate. At the end of my speech, Senator Godfrey asked for leave to be heard because he was going away. I am doing the same thing today.

As a matter of fact, it is concerning Senator Godfrey's remark that I would like to put something on the record, so as not to let things remain uncorrected.

I will read, for the sake of accurateness, what I have here in front of me.

• (1520)

[*English*]

Last Thursday, May 9, I gave another instalment of my report on my term of office as Speaker. I dealt with the constitutional and statutory basis of the Office of the Speaker and with the legal basis of the powers of the Speaker in the administration of the Senate. At the conclusion of my speech, Senator Godfrey said:

> I had a research paper prepared by officers of the Library of Parliament on the administrative role of the Speaker of the Senate. That paper is dated March 28, 1980. I remember giving the late Senator Grosart who, at that time, was the Speaker of the Senate, a copy of this paper, and when Senator Marchand became Speaker, I also sent him a copy, but I neglected to send one to Senator Riel. I certainly will provide him with a copy of it. I have not read that paper for five years but my recollection of it, without going into the details, is that it does not agree with Senator Riel's comments. The result of that research is that the Speaker has no administrative powers.

Senator Godfrey did send me a photostat copy of the document to which he referred and which he had said he had not read in five years. I shall read the covering letter sent to Senator Godfrey by the then researcher in the Parliamentary Library, concerning this document. It says:

> Dear Senator Godfrey:
>
> I enclose a paper entitled "The Administrative Role of the Speaker of the Senate", which I hope answers at least partially the questions which you have posed. As indicated in the paper the tendency in the Senate, in contrast to the House of Commons, favours the exercise of control over administrative policy by the Senate itself, principally through its Committee on Internal Economy, Budgets and Administration. The Speaker of the Senate, as a result, does not hold the sort of administrative authority which is associated with the office of Speaker of the House of Commons. Of course, precise delineations of authority in all circumstances are impossible to provide in respect of a body such as the Senate which operated as much by custom, understanding and tradition as by codified rules.

That is the covering letter sent to Senator Godfrey by the Research Branch of the Library of Parliament. There is more.

The document itself, on the title page, contains an important caveat, which reads as follows:

> Note: Projects prepared by the Research Branch of the Library of Parliament are designed in accordance with the requirements and instructions of the Member making the request. The views expressed should not therefore be regarded as those of the Research Branch or of the individual preparing the project.

Three lines below it says:

> Not to be published.
>
> Ne doit pas être publié.

With that caveat, in my view the document undoubtedly is not a legal opinion. It is merely a letter of comfort, as bankers would call it, which in no way constitutes a letter of guarantee.

The researcher obviously starts off from different premises and follows a different road from mine. He follows the trends and I look at the laws which create the office of the Speaker. The researcher does not refer to, or consider, article 18 of the Constitution; articles 4 and 5, Chapter S-8 of the statutes; Chapter S-14; or the order in council appointing the Speaker and mentioning the powers of the Speaker. Neither does he refer to the law or the principles of interpretation. I am sure the researcher would readily admit that his work is not exhaustive, and that explains the caveat on the title page of the document.

If it is with such a document that some leading senators satisfy themselves and want the Senate to be guided, it is really dumbfounding. It will not then surprise honourable senators when I state that I maintain all of my conclusions in my speech of May 9. My *prima facie* case for the authority of the Speaker in the administration of the Senate is not altered, nor shaken; as a matter of fact, I consider it not even challenged.

On motion of Senator Riel, debate adjourned.

HEALTH

ILL EFFECTS OF SMOKING—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the ill effects of smoking to smokers and non-smokers alike.—(*Honourable Senator Petten*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this order stands adjourned in the name of Senator Petten, because he felt that some other honourable senator might wish to speak on this inquiry. Senator Bosa may wish to close the debate on the inquiry and he has asked me to adjourn it. Therefore, the order stands in the name of Senator Petten until May 23 next.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—DEBATE ADJOURNED

Hon. Keith Davey, pursuant to notice of May 8, 1985, moved:

> That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees.

• (1530)

He said: Honourable senators, at the outset let me make it clear that this motion is not a whim, not an idle suggestion nor simply a caprice. It is a serious, thoughtful, carefully considered proposal. I am shocked to realize and distressed to inform you that next February, I will have been in this place for 20 years. I have not always been a diligent senator but, from time to time, I have been enormously involved. Through all of those years from the very beginning through this past weekend, I have lived, as have all of us, with this stereotype which, even today, would impress Walter Lippmann. As he said, we are all ancient, useless hacks who are overpaid and do nothing at all, and don't do that very well. The stereotype is force-fed day after day by journalists, broadcasters and frequently even by academics who should know better.

In this business—or is it a game, a science, a skill, an art or whatever?—of politics, perception, as you all know, is reality, so you know what that says about us as senators.

Bill C-11, of course, exacerbated the stereotype. As God is my judge, we had absolutely no intention of thwarting the will of the popularly-elected lower chamber. As we saw it, we were doing our duty. Be that as it may—

Senator Flynn: Who is "we"?

Senator Davey: I am referring to the Liberal members of the Senate committee who dealt with that bill, and indeed to the attitude of caucus in the subsequent debate. As we saw it, we were doing our duty. In any event, the Prime Minister saw it differently and two things happened: first of all, an entirely new harvest of media hostility towards the Senate was generated. Then the Honourable John Crosbie's questionable resolution came forth. That resolution, incidentally, has been widely criticized by much of that self-same media. However, that, Senator Flynn, is another speech.

The facts of this chamber are very different from its image. There is no need to belabour here our purpose, our achievements, our intrinsic worth, or even the long list of remarkable senators, past and present, who have served Canadians so well from this chamber. Three examples will suffice: First of all, the government leader is a distinguished parliamentarian who served many years as the Premier of Manitoba. My own leader is perhaps the most skilled parliamentarian of his generation. In fact, honourable senators, there could be no better television than some of those Roblin-MacEachen exchanges that we have been privileged to watch during the last six months. These leaders are giants, as is my friend Senator Croll whose lifetime of service to Canada is legendary. I think of Senator Croll not only as a mentor and a man for all seasons, but it is

Senator Croll who has most persistently and most ardently promoted television and the televising of our proceedings. Indeed, it was Senator Croll who spurred my own current initiative.

Briefly, let me state why I would like to have the Senate seen on television. First of all, television has already become far and away the most significant medium of communication. Happily, print still orders society's agenda. There is no doubt about that, but it is principally television which determines how society will respond to each item on that agenda.

The Senate of Canada badly and immediately needs public impact. There is no better way to let Canadians see for themselves who we are and what it is we are doing. Second, and in particular, the Senate's use of contemporary means of communication would perhaps help to dispel our keen and vintage image. Modern politicians should employ modern means of communication. Third, television in the House of Commons has been a distinct success. It has worked well for Canadians. It has been of inestimable value; it has brought parliamentarians directly into the homes and into the lives of ordinary Canadians. Surely this is what democracy is all about.

I would like to add one footnote about television in the other place. There is one concern we can set aside. The editing of television in the house has been proven fair to all concerned. Incidentally, honourable senators, I rather deliberately included in my motion reference to Senate committees, because so often that is where the Senate is at its very best.

Dealing with the arguments against televising our proceedings, one argument which I have heard most often, and I intend to be very frank about it, is that we will embarrass ourselves. What a sorry observation to make about this great old historic chamber. If that argument has any validity at all, then let us scrap the Senate, *Debates of the Senate* and close the public gallery. After all, honourable senators, television is simply an electronic extension of the public gallery. I concede at once that we must get our act together to improve and to become more effective. Indeed, that is one of the reasons why I am sponsoring this motion. It will force us all to become even better parliamentarians.

There are two other questions: When would we be seen on the screen, and how much would it cost? The CBC, as most honourable senators know, has a parliamentary channel which is not in use much of the time. At the very least, Senate sittings or portions thereof could be carried on TV each evening. On the other hand, Senate committees could be televised live because certainly at this time, the House of Commons committees have not yet made themselves available to television. In any event, I believe that times of broadcasting could easily be worked out.

The cost would, of course, be substantial. It cost approximately $5 million to establish television in the House of Commons and about $1 million per year thereafter to operate. For the Senate the cost would likely be about half as much to establish, but it would cost about the same amount annually to operate. I would like to stress to honourable senators at this time that these are ballpark figures.

However, either the Senate is significant and its members have useful things to say, or else we should all quietly disappear into the night. The value of democracy in action, honourable senators, simply cannot be measured in dollars and cents.

Honourable senators, I appreciate your courtesy, your time and your attention. I hope that a useful debate will ensue and that out of this debate television in the Senate will receive broad acceptance from every corner of the chamber. With that acceptance in hand, I would hope and expect that the government leader would move expeditiously to bring television into the Senate. In that way, the Senate will finally come alive.

Hon. Daniel A. Lang: May I ask a question of my honourable friend? Based on the principles that he has elucidated and the arguments in favour of the democratic process, as it would be exemplified through our exposure to the media, would he agree that perhaps in extending these principles, television coverage should also be given to the party caucuses? Would he agree that perhaps in extending these principles, television coverage should be given to the party caucuses?

• (1540)

Senator Davey: I could not imagine coverage of party caucus meetings by television because caucus meetings are private gatherings, as I am sure Senator Lang knows.

Hon. Orville H. Phillips: Honourable senators, the motion states: "Arrangements for radio and television broadcasting." I cannot recall that the honourable senator mentioned radio in his remarks.

Is that due to the fact that he is aware that the chamber has been recording the debates for approximately five years?

Senator Davey: Honourable senators, I did not make any reference to radio in my original motion, so I simply did not address that subject when I spoke today.

Senator Phillips: I am puzzled by the reply. The honourable senator said that he did not make any reference to radio, yet the motion, as printed, states:

> That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees.

So, honourable senators can see the reason for my being puzzled.

Senator Davey: Then that is my mistake; I should have corrected *Hansard*.

Let me make it clear that I have no objection to our proceedings being broadcast on radio. I would encourage that, as a matter of fact. I dealt only with television because I

believe that is the principal means of communicating directly with the people of Canada.

If that is in *Hansard*, the mistake is mine in that I should have corrected the motion.

Senator Phillips: I thank the honourable senator for his reply and move the adjournment of the debate.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 15, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

GREEN PAPER ON COMPETITIVENESS AND SECURITY

Hon. H. A. Olson: Honourable senators, I would like to refer the Leader of the Government in the Senate to an answer he gave yesterday to my question respecting a paper that he has tabled in the Senate today—namely, a green paper on foreign affairs which was, in fact, tabled in the other place yesterday afternoon.

Yesterday, when my honourable friend replied to my question, he expressed the hope that, if and when I had had an opportunity to read this paper in its context rather than taking it from a newspaper report, my concerns over contradictory statements would evaporate. I can tell the Leader of the Government that they have not evaporated; in fact, my apprehension has increased substantially since then in terms of the service to the Canadian public. Apparently, there is going to be a joint committee set up to which this paper will be referred. The difficulty is that the government has practically stated that decisions on some of the matters raised in this paper will be made before that committee reports. That is, I think, an unacceptable abuse of Parliament—

Senator Flynn: Excessive, excessive.

Senator Olson: I wonder if the Leader of the Government in the Senate can tell us whether decisions are to be left until the committee reports on such matters as defence, a subject on which we are to expect another paper—and I am not sure whether it is going to be a green paper or a white paper. In any event, it is expected that we will receive that paper within the next two or three months. Yet the committee to which this paper will be referred—and I would point out that this paper does talk about the interrelationship between defence policy and foreign policy—is not expected to report within that time frame. I hope that the Leader of the Government will be able to explain the purpose of this paper if this is the procedure that will be followed.

Hon. Duff Roblin (Leader of the Government): I will deal with the question regarding defence policy first, honourable senators. My honourable friend is correct when he says that we can expect a white paper on defence quite soon, which will no doubt subsume the focus of our concern regarding defence policy.

With respect to the green paper we already have before us, the government will not make decisions on matters included in the green paper, if it is possible to avoid doing so, for the reasons my honourable friend has stated, but one has to recognize the possibility—and I put it no higher than that—that it may be necessary to deal with some matters in advance of completion of the studies. However, we hope not. Still, it cannot be positively ruled out, as my honourable friend will understand.

The purpose of a green paper, of course, is to try to stimulate interest on the part of the Canadian public in the field of foreign affairs. In my opinion, that is a subject that is sometimes neglected by Parliament, although honourable senators have been fairly active in that domain. The aim of the exercise is to arouse public interest in the subject and to secure public input.

Although statements made in the green paper are not strikingly new—how could that possibly be the case?—they still involve issues over which there is considerable debate as to what the right policy ought to be.

Senator Frith: I would think that is the understatement of the year.

Senator Olson: I do not want to retreat from the assertion that this is a ridiculous and disrespectful way to treat Parliament.

To put before Parliament a green paper, the purpose of which is to generate discussion on matters on which the government has put out options rather than a statement of its policy, and at the same time to tell Parliament that it is prepared to present a white paper, which contains government policy, before the study gets under way, as I have said, displays a great deal of disrespect for Parliament, for its members and what they are expected to do.

So, I wonder if the Leader of the Government can try to explain why the government is proceeding with a commitment to present a white paper on defence before the committee has had an opportunity to examine the topics set out in the green paper, and which constitute our options with respect to our role in Europe and North America.

Senator Roblin: I think the two papers are part of the same process: one is a green paper, which is a little more relaxed with respect to statements of policy; the other is a white paper. But while the latter sets out government policy, that policy is not set in concrete. Both these documents are intended to bring matters of considerable importance to the attention of the

Canadian public. Both papers will be subject to public comment and observation.

I am quite sure, depending on the kinds of representations made either on the green or the white paper, that they will have an effect on subsequent policy.

Senator Olson: I will ask a final supplementary question, if for no other reason than that I do not seem to be getting anywhere. I cannot believe that the Leader of the Government misunderstood my question.

Senator Flynn: You were more subtle and more understanding when you were sitting in his seat.

Senator Olson: The leader continues to define for me the difference between a white paper and a green paper. I know the difference.

Why are we being told that we will receive a white paper on defence, one which will contain government policy, and that it will be presented prior to the committee's examining the options? As I said earlier, that is being disrespectful to Parliament. Why does the leader not deal with that rather than trying to deal with these other things?

Senator Roblin: I would be glad to deal with that. Parliament will be dealing with both the green paper and the white paper; Parliament is not precluded from dealing with the white paper. In fact, it is intended that Parliament will deal with them. My friend does not like the timing or the connection between the two. Well, he is welcome to his opinion.

• (1410)

Senator Frith: What is the committee supposed to do?

Senator Olson: Yes, what is the committee supposed to do?

Senator Roblin: The committee will decide its policy when it meets; it will decide its own affairs. My honourable friend knows that these committees, particularly ones with Senate representatives, are ones that are able to make up their own minds as to how they will deal with matters before them.

Senator Frith: The point is, what can it do except take a useless trip around the world?

[*Translation*]

Senator Denis: Honourable senators, perhaps my question ought not to be directed to the Leader of the Government in the Senate, but I will ask it of him anyway.

[*English*]

Senator Flynn: You're invited, Senator Frith.

Senator Frith: Thanks for inviting me, but no, I won't.

Senator Roblin: I should like to ask you to respect the honourable senator who is trying to ask a question. I cannot hear what he is saying.

[*Translation*]

Senator Denis: Honourable senators, I did not want to disturb my colleague Senator Flynn.

Senator Flynn: No, it was Senator Frith.

Senator Denis: Well, both did interrupt me, as they are wont to do.

Hon. Senators: Agreed.

PARLIAMENT HILL

LANDSCAPING EAST OF CENTRE BLOCK

Hon. Azellus Denis: Honourable senators, I should like to ask the Speaker *pro tempore* to satisfy my curiosity and, I suspect, that of other senators, and tell us what is happening east of the Centre Block, next to the Senate. The beautiful grass has been removed and replaced by crushed stone. I do not know what kind of plant they want to build there, but I would be very interested to know what the government or the Speaker of the Senate intend to do.

If the Speaker *pro tempore* does not know, he might convey the message to the Speaker of the Senate to satisfy our curiosity by telling us what is going on and how much this project will cost.

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am always afraid to ask that question for fear that it will turn out to be a parking lot or something disagreeable like that. I will try to find out for my honourable friend because my curiosity has been stimulated, and he prompts me to find the answer.

FOREIGN AFFAIRS

GREEN PAPER ON COMPETITIVENESS AND SECURITY

Hon. George van Roggen: Honourable senators, I have a question for the Leader of the Government in the Senate on the green paper. I have been advised, although I did not see the program, that the minister on television, and possibly in the report, made the point that the referring of this paper to a joint committee means that it will be the first time that Canadians have been invited to have an input into foreign policy before parliamentary committees.

I would like to comment on the fact that this paper is heavily weighted toward economic and trade matters, although it is a foreign policy paper. I would first like to applaud the minister for that emphasis in this paper because trading relationships are an increasingly important element in our foreign policy, and, of course, our most important foreign relationship is that between Canada and the United States and includes our mutual trade, which is foremost in our considerations today.

Regarding the suggestion that this will be the first time that Canadians will have input into this matter before parliamentary committees, may I ask the Leader of the Government in the Senate if he will send the minister a copy of the reports of the Standing Senate Committee on Foreign Affairs which over the past few years has conducted studies on the Caribbean, and on our relationship with the European Community, also the three volumes on Canada-United States trade, and our

present study on Canada's relationship with countries of the Middle East and North Africa and the testimony of several hundred witnesses before that committee on all of these subjects from all parts of Canada and all walks of life?

Some Hon. Senators: Hear, hear.

Senator Frith: For once, I know Senator Roblin's answer is going to be, "Yes, I will."

Senator Roblin: Before I say, "Yes, I will," I want to say that I am not surprised to hear my honourable friend advert to the trade focus in this green paper because I do not think any committee of Parliament has done more to examine the impact of economic matters on our foreign policy than the committee chaired by my honourable friend. As he knows, I am an admirer of the work that that committee has done, and this gives me all the more reason to accept his proposal that I should point out to the minister concerned that in this case he is far from accurate.

REFORM OF THE SENATE

ELECTION OF MEMBERS—STATEMENT OF MINISTER OF JUSTICE

Hon. Keith Davey: Honourable senators, I have a question for the Leader of the Government in the Senate. I come to him looking for help. The other day the Minister of Justice, Mr. Crosbie, indicated that the government was opposed to an elected Senate. Then he took great exception to published reports that the government opposed an elected Senate.

What is the difference? What does this mean, and what is Mr. Crosbie trying to say?

Hon. Duff Roblin (Leader of the Government): Mr. Crosbie is well known for being able to express controversial opinions, and I am not surprised that my honourable friend should raise this point.

I have to say—and I think Mr. Crosbie made it perfectly clear in his own statements—that he was not stating government policy with respect to the future of the Senate in those comments he has made from time to time. That is a matter which will receive active consideration in the not too distant future.

Senator Davey: I have a supplementary question. Is it a case of an elected Senate if necessary, but not necessarily an elected Senate?

Senator Roblin: If my honourable friend had remembered everything that Mr. Crosbie said on the subject, he would have added to his statement that, while he had some views about the present Senate, he did not rule out the possibility of a body that might replace the Senate more effectively.

In other words, the principle of a second chamber in a federal society was not discarded out of hand by Mr. Crosbie in any of his statements. In his later statements, which resulted in a retraction, or at least a correction, on the part of the press, he stated clearly that he was not talking about government policy.

[Senator van Roggen.]

Senator Davey: I also have a further supplementary. Can we expect further retractions or explanations from the minister?

Senator Roblin: I think the minister is all too capable of speaking for himself.

EMPLOYMENT

JOB CREATION

Hon. Philippe Deane Gigantès: Honourable senators, I address my question to the Leader of the Government. I was wondering if he could convey my congratulations to his government on the figures on unemployment.

Yesterday I did some further digging. I said to the honourable senator that I did not think the increases in jobs were consonant with the increase in population.

I have looked at the Statistics Canada figures and if anyone wants to see them I will make them available.

Hon. Jacques Flynn: We can read as well as you can.

Senator Gigantès: I have ample evidence, from his erudite and cultivated comments, that my honourable friend, Senator Flynn, is a well-read man, but I wish he would read something and allow me to continue.

Senator Flynn: But you do not have to tell me what I should read. I will just tell you to mind your own business.

Senator Gigantès: The problems of the unemployed are the business of the Parliament of this country, and the Senate is a part of that Parliament.

Senator Flynn: That is not the point. Try to understand what I am telling you. You were suggesting that I should read something. I know what I should read, and you are not going to tell me what it should be.

Senator Guay: He wants to be leader again.

Senator Molgat: Senator Flynn should rise on a point of order.

Senator Flynn: If you, as chairman of the Rules Committee, do not understand that I am rising on a point of order, perhaps you should resign.

Senator Guay: We will give him an honorary leadership.

Senator Molgat: Senator Flynn should say, "I rise on a point of order."

Senator Flynn: I don't have to say that.

Senator Molgat: Your Honour, we are constantly being interrupted by Senator Flynn. He does this even when his own colleagues are speaking. If he has a point of order, he should get up and say that he rises on a point of order, and then the house will listen to him.

Senator Flynn: I thought everyone would have understood that this is a point of order, particularly Senator Molgat.

Senator Gigantès: In the last 12 months of the Liberal government, the Canadian economy—not the government; I take the strictures of Senator Roblin on this issue—according

to this table, produced 314,000 new jobs, which come to over 26,167 per month. However, the population grows at 1.7 per cent per year.

For the Tories to match the rate at which the economy produced jobs under the Liberals, 319,338 new jobs would have to be produced during the first 12 months of the Mulroney administration, or an average of 26,612 new jobs per month.

• (1420)

Is the Leader of the Government aware that the economy during the first eight months of the Mulroney rule appears to have topped the Liberal record by 13 jobs per month, producing an average of 26,625 jobs per month, or a total of 104 more jobs per month than would have been produced at the rate of increase under the Liberal government?

Could the Leader of the Government tell me how many jobs in excess of the number under the Liberal rate would have been produced if one subtracted order in council appointments since September 17 last?

Hon. Duff Roblin (Leader of the Government): I know my honourable friend truly does not expect me to answer that question. If he wants to debate the question of unemployment and job creation, if I may use that inappropriate term, let him introduce an inquiry, pursuant to which he can present his views *in extenso*.

In the meantime, he and I had better exchange reading material, because the information that I have does not jibe with the information he has given the house.

My information is that from September 1984 to April 1985 a total of 201,000 jobs were "created"; in the period September 30, 1983 to April 1984, the coterminous period in the previous year, the number of jobs created was 93,000.

So, obviously we are miles apart in our figures. He can send me his figures if he wishes and I will send him mine, and if he wants to have a debate on the subject, then let him put an inquiry on the order paper.

Senator Gigantès: A supplementary. My figures are from *Labour Force Survey*. Since he doubts my figures, I would ask the Leader of the Government to look at the employment figure for August 1983 which was 10,727,000 and the figure for August 1984, a year later, which was 11,041,000, for an overall year-over-year increase of 314,000. When that total increase is divided by 12, we have a monthly rate of 26,167.

The difference between 11,041,000, the figure as at the end of August 1984, and 11,254,000, the figure as at the end of April 1985, is the figure I quoted.

I would be extremely grateful to the Leader of the Government if he were to use the superior resources of the government to contradict these figures of Statistics Canada as given to me by the Library of Parliament.

Senator Roblin: I detect no question of which I feel obliged to take notice.

SCIENCE AND TECHNOLOGY

RESEARCH AND DEVELOPMENT—GOVERNMENT FUNDING

Hon. Lorna Marsden: Honourable senators, I should like to ask the Leader of the Government about the very sad news today that the government does not intend to keep its promise made last summer to double Canada's research and development expenditures.

In fact, the minister responsible for research and development, who has been put in a very compromising position, has said to a committee of the other place that by 1990—never mind in the first year or the first term—the government will not be able to put 2.5 per cent of GNP into research and development expenditures.

Mr. Siddon, the minister, has now issued two or three publications, including his working paper on Science, Technology and Economic Development and his paper for the economic conference, in which he points out the very poor situation in Canada in respect of research and development expenditures.

Can you explain why it is that the government would have made that promise to that key community, why it would set out at great length to young Canadians and to our existing industry the necessity of having a diffusion of innovation and the necessary research that lies behind that innovation, which the minister and others have done very clearly, and now fails to meet the promised expenditures in that area?

Senator Flynn: A good speech!

Hon. Duff Roblin (Leader of the Government): I should point out to my honourable friend that the campaign promise in question was not referring solely to the government's contribution to R&D; rather, it was the community contribution to R&D.

I am just trying to remember the figures. I think it was at 1.5 per cent at the time and it was supposed to go up to 2 per cent, or something like that.

I think the minister's statement was related to his assessment of what the total community would do in terms of research and development, as well as what the government's contribution would be. I have to say that I have no information at the present time to clarify those figures further, but I believe it would be interesting to look into this matter further. However, I have a hunch that after we hear the budget, we may be able to come to some more optimistic estimates as to what the Canadian community's contribution to research and development is likely to be over the period.

Senator Marsden: As a supplementary, the Leader of the Government is absolutely right. The figure was 1.3 per cent to go up to 2.6 per cent. I have in front of me the minister's own figures for the contribution of government, business enterprise, and others. The point is that tax expenditures will be made, presumably, to get the private sector to stimulate its R&D funding. Certainly that has been a policy instituted by the Liberal government, one which worked very successfully; so one way or another this is going to come out of the public sector. I will be pleased if the Leader of the Government can

clarify for us how that arrangement will work—that is, whether there will be a change in policy in that regard.

Senator Roblin: Honourable senators, I have to remind my honourable friend that the major initiative taken by the former government had to do with the tax concession with respect to research and development, which resulted in abuse of the plan—quick flips, as they were called—and a haemorrhage of hundreds of millions of dollars from the public treasury in order to accommodate that new policy. If one were to have the statistics to hand as to what went into R&D after that policy came in, one would probably find that they were quite astonishing. But, on the other hand, overall that is not good policy, because it allows people to use that mechanism for ends and purposes that were never intended when that mechanism was brought in. Consequently it is being revamped. My honourable friend will have to wait until the budget has been brought down to get the details.

Senator Marsden: With respect, the Leader of the Government concentrates on a very narrow aspect of the question. In fact, we have seen the impact of that tax concession, which probably does need some modification; but it did stimulate a great deal more than had previously existed in private sector industry, and particularly in small private sector industry, which is precisely where the government has promised to create economic stimulation.

Senator Roblin: Honourable senators, I have taken note of the fact that my honourable friend supports, apparently without equivocation, the policy of special tax concessions for research and development, which, in my opinion, have proved to be unsatisfactory.

Senator Marsden: I would point out that I did say that no doubt the tax policy needs some modification.

END OF DECADE WOMEN'S CONFERENCE

COMPOSITION OF CANADIAN DELEGATION

Hon. Lorna Marsden: Honourable senators, I should like to ask the Leader of the Government a different question. Yesterday, in response to my question in March concerning the composition of the Canadian government's delegation to the U.N. End of Decade Women's Conference in Nairobi, the Leader of the Government said that the members of the delegation would be named shortly before the conference itself. As he knows, the Americans named the members of their delegation in February, the Netherlands government has named theirs, and the British have named theirs. Why is this a secret?

Hon. Duff Roblin (Leader of the Government): Honourable senators, in reply, I wish to tell my honourable friend that the names of the members of the delegation will be announced in good time before that conference meets. It is the intention of the government that before the delegation proceeds to Nairobi there will be very extensive briefing sessions so that the members will be fully informed on all of the issues involved. My honourable friend can rely upon it that Canada will be well represented by informed people.

[Senator Marsden.]

Senator Marsden: The Leader of the Government says that the delegation will be named in good time. However, I suggest to him that if the critics in the House of Commons, who have traditionally been part of that delegation, are to prepare themselves adequately to be part of the Canadian representation, the "good time" would have been two months ago. I just do not understand why our government—in marked contrast with other governments—cannot name the delegation.

Yesterday the Leader of the Government said that the draft of the principal document in connection with the conference had been circulated to provincial officials and national women's groups. Indeed it has, and that is where I have seen it. But the critics of the two opposition parties in the House of Commons have yet to receive a copy of that document, and I wonder if they could.

Senator Roblin: Honourable senators, I believe they can easily obtain a copy by asking for it, and no doubt they will. My respect for the critics on the opposition side is such that I believe there will be no problem in their mastering all aspects of this question before they get to Nairobi. They will manage, and very well too.

Senator Marsden: Nevertheless, the critics of the two opposition parties have not yet received a copy.

• (1430)

FOREIGN AFFAIRS

GREEN PAPER ON COMPETITIVENESS AND SECURITY

Hon. Jerahmiel S. Grafstein: Honourable senators, I would like to revert, if I may, to the green paper on foreign policy and ask the Leader of the Government in the Senate whether the government is announcing in this paper the first step of a quiet yet dramatic retreat to a policy of neo-isolationism, reminiscent of the 1930s, by suggesting, as does the Secretary of State for External Affairs in his foreword when he refers to Canada's efforts to improve the international order, "But not everything is possible."

Hon. Duff Roblin (Leader of the Government): The answer is an emphatic "no".

Senator Grafstein: I would point out to the Leader of the Government in the Senate that the Secretary of State for External Affairs, in that same foreword, goes on to say:

> In fact, reduction of the budget deficit may require further retrenchment in some of our international activities.

Is this not the herald of a policy that suggests that we intend to reverse a long line of activism on the international front in dealing with improvement in the international order that was started after World War II and promoted by sucessive governments headed by Mr. St. Laurent, Mr. Diefenbaker, Mr. Pearson and Mr. Trudeau?

Senator Roblin: My honourable friend need not be alarmed. We will try to take care of our international responsibilities in a way that reflects credit on the country and encompasses the interests of Canadians.

Senator Grafstein: I have a final supplementary question. If the government, in effect, is sending out a signal to the rest of the world that we are about to reduce our activities on the international front because of our budgetary difficulties at home, is that an appropriate signal to send to the people of Canada, as well as to our friends around the world?

Senator Roblin: I think my honourable friend is the only one, to my knowledge, who has detected this signal so far. Others may feel that such a signal is being given, but I certainly do not, and I have to say that the policy of the present administration, particularly with respect to its treatment of the crisis in Africa, speaks volumes for the intention of the government to fulfil its role in the international sphere.

If my honourable friend wishes to debate the matter, I suggest he put it on the order paper.

Senator Grafstein: I would bring to the attention of the Leader of the Government in the Senate the fact that there is a statement of policy in the foreword, and I would ask him to comment on that statement of policy.

Hon. David Walker: Honourable senators, I would point out that my honourable friend has been out of order several times. Rule 20(4) of the Rules of the Senate states:

> A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

Of course, my honourable friend is a new boy and does not know any better.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to ask for clarification. I did not understand what Senator Walker's point of order was.

An Hon. Senator: He did not, either.

Senator Frith: If he did not understand it either, then that is all right.

Senator Roblin: Honourable senators, there are no delayed answers today. We are doing pretty well but we still have one or two answers outstanding and they will come in due course.

Senator Frith: Oh, yes; the famous "in due course".

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C., for the second reading of the Bill C-30, intituled: "An Act to amend the Bretton Woods Agreements Act and to repeal the International Development Association Act and amend certain other Acts in consequence thereof".—(*Honourable Senator MacEachen, P.C.*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have no problem in supporting the thrust of this legislation because it is an effort on the part of the government to provide a more orderly way of arranging financial support for the World Bank group of international financial institutions. The three members of that World Bank group—International Financial Corporation, the World Bank or the International Bank for Reconstruction and Development, and the International Development Association—are to be consolidated under one piece of legislation. Also, authority hitherto stated to be lacking is now to be provided legislatively for the financing of the International Financial Corporation. With these objectives, certainly there cannot be any fundamental disagreement.

The sums of money involved are considerable, and of course they are sums of money that flow to the developing or underdeveloped countries of the world. The statistics put on the record by the government indicate that the International Financial Corporation, which operates in the private sector, expects to invest $4.5 billion over the next five years in projects estimated at a total value of $30 billion.

The subscribed capital of the World Bank now amounts to $80 billion and, last year, the World Bank approved some 130 loans valued at approximately $12 billion to more than 43 developing countries, and the International Development Association last year provided loans valued at over $3.5 billion to 43 countries. So, all told, this is a very considerable flow of funds, however inadequate it may be in the minds of developing countries.

I think it should be mentioned that the World Bank does operate on a commerical basis and provides loans on commercial terms and under commercial criteria. IDA, or the International Development Association, is the concessional window of the World Bank and provides loans on a long-term basis and at very low rates of interest. For that reason, it is a facility of the World Bank which is of deep interest to the developing countries.

I certainly continue to support, as I have done in the past, credible Canadian financial participation in the World Bank group and in the International Monetary Fund. Not only do I believe in that support, but I believe that the support should be credible and adequate so that Canada has a convincing say in the operation of these financial institutions, and can show that we are carrying a fair share of the burden commensurate with our industrial strength and our political status. Usually, the government has dedicated a flexible portion of its international development budget to the maintenance and support not only of these World Bank institutions but also of the regional development banks. I think that is an extremely good policy, but we must watch very carefully that the magnitude of our support does not fall below an amount that would signal either a lack of interest or a lack of influence in these international institutions.

Senator Flynn, in introducing this bill, told us that its contents would be a reminder to us of past events, and certainly the contents do remind us of past events; they remind us of the effort made at Bretton Woods, following World War II, to create a new international economic system, and the efforts that resulted in the creation not only of the International Monetary Fund but the World Bank and the various facilities which have been mentioned already.

● (1440)

These institutions, in my judgment, have operated effectively since that time; they have assisted in the maintenance of international financial stability, and they have contributed to the prosperity which countries such as Canada have enjoyed since World War II.

There is no doubt that the economic difficulties which the world entered, particularly at the beginning of the 1980s—including high interest rates, fluctuating exchange rates, high inflation and recession—have put an enormous strain on those international financial institutions, so much so that we have heard a call for a new Bretton Woods, for a restructuring of these financial institutions in order to meet the new challenges.

The first international figure who called for a world monetary conference, or a new Bretton Woods, was the former Prime Minister of New Zealand, Prime Minister Muldoon. At a meeting of finance ministers of the Commonwealth, he issued a call for a world-wide conference that would be a new Bretton Woods. The result was that the finance ministers of the Commonwealth commissioned a study of the international economic system led by Professor Helleinar from the University of Toronto, which made some suggestions about a fine tuning of the international economic system, but certainly not a restructuring.

Subsequently, and as is well known, the President of France, understandably concerned about the wide fluctuations in the exchange rates and the powerless state of the French franc, called for a world monetary conference. That was raised at at least one Economic Summit. However, the industrialized nations of the world, acting together, through the Interim Committee of the International Monetary Fund, or through the Economic Summit, have never responded to the pleas for steps that might be interpreted as a lack of confidence in the viability of these international institutions, particularly the Fund. They have never really yielded to the pressures coming from a number of industrial countries, and strongly from developing countries, to restructure the Fund.

It is notable that in the communiqué released after the recent Bonn Economic Summit there is no reference whatsoever to a restructuring of these financial institutions, or to a call for a world monetary conference. There is a reference to international monetary stability in the communiqué under the heading of "Multilateral Trading System and International Monetary System," as follows:

> It is also essential to improve the functioning of the international monetary system. We take note that the Finance Ministers of the Group of Ten, at their meeting in Tokyo in June, intend to complete their current work on ways to improve the functioning of the monetary system and to put forward proposals, to be discussed at the next meeting of the Interim Committee of the International Monetary Fund in Seoul in October—

These institutions, particularly the Fund, have shown remarkable adaptability and have improved their effectiveness as new challenges have arisen. But because of the discipline which the Fund has imposed on the world, and because no one has been able to define a new system that would be better, these institutions still continue. I must say that, in my view, they have carried the burdens of the past several years effectively, and it is a tribute to the resilience, not only of the leaders of these institutions, but of the industrialized countries and the developing countries, that they have remained intact and have come out of this period of deep recession and instability in reasonably strong condition.

As I have mentioned, honourable senators, the cluster of institutions with which we are dealing in this bill are concerned basically with providing either commercial loans or concessional financing to the developing world. It is obvious that the International Development Agency of the World Bank, or IDA, as it is called, is the largest single development agency in the world and constitutes an important source of financial flows to developing countries.

In the operation of the International Development Association, the concept of burden sharing has been a leading concept. In recent years, a major obstacle to maintaining adequate levels of financial flows to the developing world has been the reluctance of the United States to carry what other donors regard as a fair share of the international burden.

When the United States, as the largest donor, is allotted a share of the replenishment of IDA, then, of course, other significant donors, such as West Germany and Japan, fall in line, but because it is burden sharing, they are not prepared to accept responsibilities beyond their fair share or fair burden. The International Development Agency has been hampered by the reluctance of the United States to carry its fair share of replenishment. The Administration says that the House of Representatives and the Senate are unsympathetic to the work of the World Bank and, therefore, it cannot go as far as it would wish.

We were told that last year the replenishment was $9 billion; I think that the original goal was at least $12 billion. Other countries were prepared to go up to that amount, but the United States refused, and the Bank was, therefore, unable to go to its maximum targets. Not only that, but because of the delays in the provision of pledged funds by the United States, other countries have had to step in and provide bridge financing.

So, no one can be pleased at this development, all the more regrettable because the poorest countries, the low-income countries, need not only what they are getting but much more if they are to meet their responsibilities. Due to the fact that the replenishment was inadequate, the Development Commit-

tee of the World Bank at its recent meeting in April asked the management of the World Bank to conduct a mid-term review of the IDA VII replenishment. The intention is, undoubtedly, in the direction of seeing whether the atmosphere might be more favourable for an improved or greater replenishment from the United States.

● (1450)

I have been mentioning the official development assistance because that is the name of the game in this series of bills, particularly with respect to the World Bank group of institutions, but I would not want to sit down without mentioning other factors which may be of even greater importance to the developing world at the present time. One is increased access to markets of the industrialized countries. Greater access to markets in Canada, Europe and the United States can do much more to increase the incomes and the standard of living of the developing world than ever can be done through the provision of official development assistance. That is why the developing world is constantly urging us to open our markets to their products. If there is to be a new round of multilateral trading negotiations, then, of course, the access to markets by developing countries will be a major item on the agenda; otherwise, the exercise will be of little interest to many countries of the developing world. Not only is access to markets important but there is also the necessity of increased long-term financing for developing countries, particularly in the form of equity capital. We are told by the government that it will make a contribution to the increased capital stock of the International Finance Corporation, and that the institution will be able to, as I said, invest in projects valued at over $30 billion in the next five years. It will be interesting to know more about the International Finance Corporation and what it is doing and how effectively it is operating in the private sector in the developing world.

I noticed, honourable senators, that at the Bonn Summit the leaders called for improved co-operation between the International Monetary Fund and the World Bank Group. The leaders stated and I quote:

> We emphasize the crucial role of, and the improved cooperation between the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development.

Of course the leaders referred to the necessity of increased resources, but their reference to increased resources for these institutions was far from a commitment. This reflected, no doubt, the reluctance of the United States to undertake additional obligations.

The leaders said:

> We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank—

Perhaps it is a help to say that you are prepared to discuss an increase, but when these increases have been refused in the past, maybe the words from the leaders of the seven industrialized countries will not be credible. I am personally pleased that the matter is raised and that they are allied to the necessity of increasing the resources to the World Bank institutions.

We all know that one of the big burdens that is carried, and has been carried, by the developing countries is high interest rates. Some of them have been pushed to the walls by the burden of these interest rates. In many cases they have inadequate earnings of foreign exchange to service their international debt, and they increase their indebtedness sometimes in order to discharge their interest payments. It seems to me that what is absent from the Bonn Summit is any real commitment to do something about the interest rate question. I think one of the significant things of the Bonn Summit is the low-key manner in which interest rates are dealt with. That, undoubtedly, is because of the necessity of reaching a compromise and the reluctance of the United States to have a finger pointed at it and its crucial role in the world economy, and the impact of its interest rates not only on Canada, the United Kingdom and Europe but also on the developing world. All that is said in the Bonn Summit is that:

> We will follow prudent, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment.

I think that we all agree on the necessity for lower prices, more stable prices, productive investment and lower interest rates, but I do not think that each of them is in the same category of importance. If we are talking under this bill of ways to assist the developing world, we cannot be blind to the burdens that have been placed on those countries as a result of high interest rates, let alone the burdens that have been placed upon countries like Canada. In this case we are talking about developing countries.

It is true that interest rates have come down, and that has been mentioned at the development committee meeting in April and at the Interim Committee of the International Monetary Fund. Even though the Interim Committee of the Board of Governors of the International Monetary Fund did refer to the lowering of interest rates, they took occasion to point out the heavy burdens that are being borne by the developing countries as a result of higher interest rates. I should like to quote one sentence which is as follows:

> The committee noted, however, that the external debt problems of a number of countries remain serious and have been exacerbated by rates of interest which, while they have declined, remain very high.

We all know, and the developing countries know, that interest rates will come down for them and for us when the United States succeeds in bringing rates down in that country. Some progress has been made but not enough. At the Bonn Summit, both Canada and the United States undertook to take steps to reduce fiscal deficits.

● (1500)

Canada may succeed in reducing its fiscal deficit, but let there be no mistake about it, it will not have an impact on the rest of the world. It will have an impact on Canada. The country whose deficit has an impact not only on the developing world but on the industrialized world is the United States.

Honourable senators, it would be wrong not to put the valuable work of these institutions into context so that we understand that what they are doing is addressing only part of a very large problem which has to be tackled from a number of angles.

It is interesting how the United States has been able to operate a monetary, budgetary and trade policy that has been, in a sense, so damaging to the rest of the world. No one can escape from that fact. The United States, of course, has its own explanations for the necessity of that policy, but it has had a damaging effect on the rest of the world. I do not think it was ever put any better than it was in the British House of Lords last November by the former Prime Minister of the United Kingdom, who is now a member of the House of Lords, Harold MacMillan.

Those of you who may have listened to Senator Davey talk about the possible televising of Senate proceedings may be attracted by the impact which Harold MacMillan's speech made in the House of Lords. He, at age 90, spoke for over 30 minutes without notes. So impressive was his speech that it was reprinted in full in *The Sunday Times*. Anyone who wants to be impressed by a speech, whether given at age 30 or 90, should take a look at that address, which I think is worth reading, by the former Prime Minister of the United Kingdom.

He talked about the United States and its role in the world economy. As you know, he has a great interest in the United States. He said, "Let us look somewhere else—at the country of my dear mother, the United States." He then went on to talk about what has happened there. He mentioned the reduction in unemployment with the creation of five million new jobs and new industries. He said, "It is a miracle;—"

He went on to say:

> I think I know how it has been done: it is because they have had the sense to make somebody else pay for it. By keeping the bank rate at 1% above everybody else they have attracted all the money from the old world to the new. It has been flowing in—not only the quick money, but also serious investment, because everybody believes in it. It is not only the quick money that moves about. If you ask any investment banker, the trustees of funds, and even I expect, the trade union pension funds, you will see that they are all making long-term investments in the United States. In a word, Reagan . . . has called in the resources of the old world in order to finance the expansion of the new.

He said that they have had this miracle because they have made the rest of the world pay for it.

Honourable senators, I think it is true that they have had this miracle. They have had this enormous flow of funds. They have had a huge balance-of-payments deficit which is being financed because the United States is the haven at the present time. Let it not be stated that I am anti-American; I think it is an economic reality that is apparent, as it was stated so forcibly in the British House of Lords by that televised, I hope, speech of the Earl of Stockton. He said that the world has paid for the miracle in the United States. If the world has paid, then the developing countries have certainly paid a high price, because they have borne the brunt and are least able of all to bear that brunt.

It is for that reason and many others that I wanted to make some comments about this important piece of legislation. It raises an important area of foreign, international and economic policy. If this bill cannot now be referred to a committee, I hope that it will be possible to raise a number of these questions before some expert witnesses in order to have additional information and a deeper understanding of these particular problems.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn: Honourable senators—

The Hon. the Speaker *pro tempore:* I have to inform the Senate that if the Honourable Senator Flynn speaks now, his speech will have the effect of closing the debate on the motion for the second reading of Bill C-30.

Senator Flynn: I believe I am expressing the sentiments of all senators in thanking Senator MacEachen for his most interesting contribution to the debate on second reading of this bill. His long experience in the Department of External Affairs and his knowledge of the institutions concerned in this bill make him an extraordinary expert in the problems these institutions are trying to solve, especially with regard to developing nations.

I am not in a position to argue with him on the problem of high interest rates. I agree that they present a problem to developing countries, as they do to Canada and most of the countries of the world. He may be right in saying that the United States is responsible for that situation because with its high interest rates it has been able to attract a very large share of the investment including, as he said, the good, bad and quick money.

This question would justify a much longer discussion than is allowed by the restricted purpose of this bill.

I merely want to say again that I think everyone appreciates Senator MacEachen's contribution, and again I say, I am sure that all senators are grateful.

Hon. Senators: Hear, hear.

Senator Flynn: As I mentioned yesterday, this bill is really a housekeeping bill. It tries to bring under the umbrella of one bill all the contributions that are made to the three institutions concerned and to simplify the procedure for the contributions to be made by Canada by providing that, and I quote from the proposed subsection 5(3) as it appears in clause 6 of the bill:

> Sums required for the purposes of subsection (2) shall be paid out of moneys appropriated by Parliament for the purpose.

• (1510)

The proposed subsection 5(4) also deals with the question but in the negative, in saying:

> (4) The amount of financial assistance provided pursuant to subsection (2) in any period shall not exceed the amount specified for the purpose in respect of that period in an appropriation by Parliament.

Once this bill becomes law, we will find in the main estimates the amount of the annual contributions which Parliament will authorize the Minister of Finance to make to these institutions.

Because this bill is being dealt with only at this time, that could not be done in the main estimates for 1985-86. However, the contributions for the current year will be set out in the supplementary estimates to be tabled at the end of this month, assuming the bill is passed into law in the coming days. Those supplementary estimates, as is usual, will be referred to the Finance Committee, and it will be up to the committee to decide who they want to hear in respect of this particular item, and others. The Leader of the Opposition and any other honourable senator will then be in a position to indicate to the committee the witnesses they would like to question on this matter. All of the matters raised by the Leader of the Opposition can also be dealt with at that time.

Given that the questions raised by the Leader of the Opposition can be dealt with at the time the Finance Committee is considering the supplementary estimates, it may not be necessary to refer this bill to committee.

With that in mind, assuming the bill is approved on second reading today, I shall move that it be placed on the Orders of the Day for third reading tomorrow. If, nevertheless, it is the desire of any honourable senator to have the bill referred to committee, it could be dealt with by the Banking, Trade and Commerce Committee tomorrow morning. If need be, the committee could go through the mechanics of the bill at that time. I do not think it is necessary, but certainly it could be done tomorrow morning, if it is so desired.

Insofar as the substance of the questions raised by the Leader of the Opposition is concerned, I think we will be in a better position to deal with that when the supplementary estimates are before the Finance Committee in due course.

Motion agreed to and bill read second time.

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

On motion of Senator Flynn, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

MEAT INSPECTION BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Robertson, seconded by the Honourable Senator Doyle, for the second reading of the Bill C-33, intituled: "An Act respecting the import and export of and interprovincial trade in meat products, the registration of establishments, the inspection of animals and meat products in registered establishments and the standards for those establishments and for animals slaughtered and meat products prepared in those establishments".—(*Honourable Senator Stewart (Antigonish-Guysborough)*).

Hon. John B. Stewart: Honourable senators, Bill C-33 will revoke the Meat and Canned Foods Act and will replace, with some amendments, two other statutes, the Meat Inspection Act and the Humane Slaughter of Food Animals Act.

Bill C-33, although relatively short, covers a great deal of important material relating to the food industry. Its implications are extensive and detailed.

I want to congratulate Senator Robertson for the adroit way in which she analyzed the bill, summarizing its content succinctly for the benefit of this house, yesterday.

What we have here is an extensive and detailed intervention by the government in our domestic economy. In addition, it has implications for the international market. It provides for government approval of the design of registered establishments, and an "establishment" is defined as "any place in which animals are slaughtered or meat products are prepared, packaged, labelled or stored."

As I said, the bill provides for government approval of the design of "registered establishments" and for government approval of facilities and equipment placed in such registered establishments. It then provides for government inspection of animals *ante mortem,* and *post mortem* if necessary, and of meat products in these registered establishments. It provides for the prescription of quality standards for meat products prepared or stored in registered establishments. It provides for a national trademark for the exclusive use of persons designated by the Minister of Agriculture as meat inspectors.

The bill prohibits the export of any meat product that was not inspected under the provisions of the act.

It prohibits the marketing of any meat product that, among other things, does not conform to the standards prescribed for imported meat products.

It prohibits the transport from any province in Canada to another province of any meat product that was not inspected under the provisions of the act and that does not conform to the prescribed standards.

I go into this detail, honourable senators, to point out to you that this is a very highly regulated industry. This is a massive intervention by the government in the economy.

The proposed act, of course, is couched in very general language. I am sure that it will produce a plentiful progeny of regulations. Indeed, I suspect that people in the industry will say: "We are not so much interested in the bill as we are in the regulations. It is the regulations that we really want to see."

There is a long list of topics on which the Governor in Council may make regulations. Of course, honourable senators will realize that many of these regulations are already in effect under the statutes that this bill will revoke and replace.

I have some questions to which I should like answers. I really do not expect Senator Robertson to undertake to deal with these questions as many of them go to the regulations and, of course, the regulations are not before us. I think it would be useful for us to have answers to these questions. I am not implying, honourable senators, that there are any great, dark secrets hidden behind the words of the bill. However, simply for the record and to show that we have done our job properly, we ought to have answers to certain questions. I will mention one or two, to show what I mean. We are told that the provisions of the Humane Slaughter of Food Animals Act are being carried forward into this new legislation. However, I have gone through the bill carefully, but I find no specific reference to the provisions of that act. I suspect that the truth of the matter is that the content of that act will be found in the regulations, and by that I mean the regulations to which an establishment will have to conform if it is to achieve registration. I suspect that the truth of the matter is that the substance of the Humane Slaughter of Food Animals Act is being moved out of statute law into regulation. I have no objection to that, but I should like the record to show that that is what is being done, if indeed it is being done.

• (1520)

Then there is the question of who may apply or use the "meat inspection legend." In the Agriculture Committee of the other place there was considerable discussion of this, because evidently it is the practice that companies in the meat business have a supply of these "meat inspection legends" which their employees apply to the products under the guidance, more or less vicarious, of the inspectors. Questions were raised in the other place as to how close the surveillance of the Minister of Agriculture's men is over the employees of the packers. I did not consider that the answers given were sufficiently clear to be entirely reassuring.

Another question concerns fees for inspection. One of the topics on which the Governor in Council would be authorized to make orders is as follows:

> 20.(g) providing for the inspection of establishments and registered establishments and the animals and meat products in registered establishments and prescribing the fees payable therefor;

I understand that the existing act permits fees. Whether or not they are actually prescribed and collected is a question to which I should like to have an answer. I should also like to know the intention of the present government if this power is conferred on the Governor in Council by Parliament.

There is a rather interesting delegation, in that the bill would authorize the Governor in Council to make an order:

> 20.(r) Exempting any person, establishment, registered establishment, animal, meat product or any class thereof from the application of this Act or the regulations or any provision thereof;

That is a virtual repeal, in specific instances, of a statute of Parliament. I am sure that the Minister of Agriculture, from past experience, has in mind the kinds of situations for which that power would be appropriate. But I think we should have on our record an explanation to justify this vast power.

Honourable senators, I have no objection whatsoever to the bill. It looks like a good bill, but it is couched in very general language, a situation which is inevitable when we are dealing with this kind of regulatory intervention in the market, and I hope that the house will find it agreeable to send it to committee. If the questions I have in mind—which can be answered by an expert witness in 20 or 30 minutes—are answered satisfactorily, as I am sure they would be, there should be no problem in moving the bill forward.

Hon. Brenda Robertson: Honourable senators—

The Hon. the Acting Speaker: I wish to inform honourable senators that if Senator Robertson speaks now, her speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Robertson: Honourable senators, I thank the honourable senator for his comments. He is absolutely right. Although it is a short bill, there is a lot in it. There is also a good deal in the regulations. I am advised that it has to be that way because of the necessity to comply quickly with the requirements of other countries as they change their qualifications. I will not, of course, attempt to answer questions relating to regulations. The honourable senator is quite right in saying that he will obtain answers to his questions in committee. I believe that the expert witnesses will be able to explore in committee a number of his concerns.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Robertson, bill referred to the Standing Senate Committee on Agriculture, Fisheries and Forestry.

NOTICE OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, some members of the committee will not be present tomorrow because of other senatorial obligations. However, there will be a committee meeting at 9.30 tomorrow morning in room 256-S to deal with this bill.

STANDING RULES AND ORDERS

FIRST REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the First Report of the Standing Committee on Standing Rules and Orders, which was presented on Tuesday, May 14, 1985.

Hon. Gildas L. Molgat moved that the report be adopted.

He said: Honourable senators, I would first like to thank my colleagues on the committee who, together with myself, spent a considerable amount of time on this question. It might surprise people that what, at first glance, seemed a simple issue should take such a large amount of time.

• (1530)

Honourable senators will recall the incident which brought this matter before the Senate. It occurred in a committee on the 18th of February of this year when a news reporter had a hand-held tape recorder in that committee room. This was noticed by an honourable senator; the question was asked whether this was in order and the chairman, I think quite properly, said, "There is no rule. I will try to find out what the situation is." Eventually, the matter ended up before our committee.

The first thing that the committee did was to look at the incident, and the committee concluded that, indeed, the person who had the tape recorder was not authorized to do so and, hence, was out of order. I have to say in fairness to that reporter that, the moment the matter was brought to his attention, he ceased to make the recording. I think the whole thing was a very innocent incident, in the first instance.

The next thing the committee then had to look at was: What is the present situation here in the Senate and in the committees with regard to recording and broadcasting through the audio-reception system? We found that, as a result of a decision of the Senate in 1980, arising out of a recommendation from the Standing Committee on Internal Economy, Budgets and Administration, that permission had been granted by the Senate for the audio recording and broadcasting of proceedings. This chamber is therefore wired and the audio goes out from this chamber from the moment that the Gentleman Usher of the Black Rod turns the key at the beginning of our proceedings, and that system remains on during the whole of our proceedings in this chamber. However, the material that goes out over that audio system is obviously only that which goes out via the microphone or the receiver switched on at that time. Other conversations, unless they are very loud, cannot be picked up.

We also found that room 356-S, our main committee room, is wired in the same fashion and that there is a control within that room for each one of the microphones. The other two committee rooms, namely room 256-S and room 250 in the East Block, are presently not wired. Therefore, by decision of the Senate, it is possible now to record and broadcast the proceedings of this house, and the proceedings of a committee held in room 356-S could also be broadcast but, at the moment, that is not done.

The committee then looked at the whole issue of what ought to be done and we came to the conclusion that, in a modern society, it would be proper to extend the original decision of the Senate to the other committee rooms and that it is proper to have an audio recording and a broadcasting of the proceedings of the chamber and of meetings in those three committee rooms. We felt, however, that there had to be some way of controlling the process within those committee rooms in that, if there were simply a broad authorization, the risk would be that someone could come in with a hand-held tape recorder and, at any location within that committee room, that tape recorder could pick up all sorts of conversations. This was not felt to be desirable. It was felt that the rule should be made clear and that it should be the same rule for all committees, in other words, that it should not be simply at the choice of the committee chairman. If the Senate decided that audio broadcasting was to be allowed, then the same rule should apply to everyone in every committee.

The committee then looked at the implementation of this conclusion, and I think it is correct to say that the view of most senators, in the first instance, was that this should simply be done by a general recommendation to the Senate. However, as we looked into the details of the matter, we came to the conclusion that a rule change would be preferable so that the matter would be crystal clear; that any committee chairman could refer to it at any time and that there would be no possibility of confusion on the issue.

As a result of that decision, there arose a recommendation for a new rule, in addition to rule 109(a)(1) and (2), as they are listed here. Those amendments to the rule will provide for audio recording and broadcasting from the Senate chamber, room 256-S, room 356-S and room 250 in the East Block. In all cases, this facility would be available through the outlets that are provided in each one of these rooms so that someone could record by plugging in to those outlets, as we do with our earphones at our desks here in this chamber.

Then came the question of how the matter would be handled if there were more requests from people who wanted to broadcast the proceedings than there were outlets to accommodate them. It was decided that the best way of doing this was to leave the arrangements in the hands of the Clerk of the Senate or his designate where there were difficulties; for example, where there might be 10 or 12 people who wanted to record at one time and possibly only six outlets available.

The other issue, then, was how these requests could be complied with in rooms where there is not presently a wiring system or where one cannot be installed. As honourable senators are aware, we occasionally use room 260-N and room 263-S and sometimes there are, of course, travelling committees. When committees are out travelling on the road, they should have the same facility available. It was felt that we should not insist that these rooms be wired and that travelling committees would not necessarily need to have with them a wiring system for tape recordings. It was felt that, in those cases, we would leave the matter up to the discretion of the chairman of the particular committee and that, wherever practicable, they would find some way of allowing the tape recording. In those cases, it might mean recording with a hand-held tape recorder but that, then, would be at the discretion of the committee itself, and persons who asked for the right to record could be clearly identified; they would request the right to do so and they could be seated in one part

of the room. In any case, the honourable senators who were present would know exactly what the situation was and there would be no risk of inadvertent recording of conversations other than those specifically relating to the work of the committee.

Honourable senators, I recommend the report to you and hope that the Senate will be agreeable to including these two rules in our rule book.

[*Translation*]

Hon. Jean Le Moyne: Would Senator Molgat entertain a question?

Senator Molgat: Of course.

Senator Le Moyne: Honourable senators, since the Liberal Caucus of the Senate meets in Room 356-S, can Senator Molgat give us the assurance that our proceedings are perfectly secure and that there can be no breach of security either purposely or through any oversight?

Senator Molgat: Honourable senators, I think we can give that assurance, because the control mechanism is in the same room and can therefore be watched by the Liberal caucus. Since you are the chairman of the caucus, the security of your meetings is in your hands. No broadcasting takes place unless you activate the sound system or order it to be activated.

In the Senate, for instance, if the Gentleman Usher of the Black Rod does not turn the key, the sound cannot go beyond this chamber. He controls the sound, and we can see him. We trust him to do his job, obviously.

The same system applies to the committee rooms, the person at the console can turn the key.

Motion agreed to and report adopted.

● (1540)

[*English*]

BUSINESS OF THE SENATE

Hon. Orville H. Phillips: Honourable senators, before moving the adjournment, I should like to inform honourable senators that Royal Assent is scheduled for 4 o'clock tomorrow afternoon.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 16, 1985

The Senate met at 2. p.m., the Honourable Rhéal Bélisle, Acting Speaker, in the Chair.

Prayers.

FOREIGN AFFAIRS

GREEN PAPER ON COMPETITIVENESS AND SECURITY—QUESTION OF PRIVILEGE

Hon. Duff Roblin (Leader of the Government): Honourable senators, before we proceed to our business for today I would like to raise a matter that touches on the privileges of the Senate. It has been pointed out to me by the chairman of what was then the Senate Subcommittee on National Defence that in the green paper entitled "Competitiveness and Security: Directions for Canada's International Relations" an error has been made in figures 13, 14 and 15 on pages 26 and 27. The error consists of having failed to recognize that the charts set out in those three figures were prepared and included in the report of the Senate Subcommittee on National Defence. The reference to the Senate in those instances has been omitted, which I think is quite unfair to the committee and to its distinguished chairman. I shall certainly take the first opportunity to bring this matter to the notice of those concerned so that an appropriate correction can be made.

Senator Perrault: In the second edition!

PRIVATE BILL

BILL TO EXTEND TERM OF CANADIAN PATENT NO. 855,255—FIRST READING

Hon. Orville H. Phillips, for Hon. Nathan Nurgitz, moved the first reading of Bill S-4, to extend the term of Canadian Patent No. 855,255.

Bill read first time.

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

On motion of Senator Phillips, for Senator Nurgitz, bill placed on the Orders of the Day for second reading on Tuesday next, May 21, 1985.

PARLIAMENT

REPORT OF COMMISSION TO REVIEW SALARIES OF MEMBERS OF PARLIAMENT AND SENATORS—DEFINITION OF "MEMBERS OF PARLIAMENT" AND "SALARIES"—QUESTION OF PRIVILEGE

Hon. Daniel A. Lang: Honourable senators, I rise once again on a question of privilege I have raised many times in the past. I guess it does not sink in anywhere, particularly in the other place and among the bureaucracy. I do not know who the barbarians are around here in terms of constitutional law, custom and practice, but I have before me a document entitled, "Report of the Commission to Review Salaries of Members of Parliament and Senators" which was placed on my desk this morning. I am commenting on the face of the document. I shall not protest its contents, which are rather ill-considered.

Senator Perrault: A total ignorance.

Senator Lang: Can honourable senators imagine a government publication including in its heading the words "Members of Parliament and Senators"? Don't they realize that the members of the House of Commons and the members of the Senate are all members of Parliament—period?

I do not know how often this has to be reiterated to get it through the dull minds that compose these documents. If it does get through to them, is this, then, a deliberate act to try to separate members of Parliament, in the minds of the public, from senators and to obfuscate the fact that the members of both houses are in fact members of Parliament?

Hon. Duff Roblin (Leader of the Government): Let me say a word on the point of privilege raised by my honourable friend. I want him to know that I am most sympathetic to his complaint, a complaint that is well justified.

I regret to say that this sort of thing has happened in the past and continues to happen. We are going to have to work hard to prevent its happening in the future.

I shall take advantage of the position I hold to bring this matter to the attention of not only those who read the report but also those who might have been involved in its printing, so that we can at least draw their attention to this egregious solecism.

[*Translation*]

Hon. Eymard G. Corbin: About this question of privilege, honourable senators, it is interesting to note that the French version appears to be fully in accordance with usage and practices concerning senators and members of Parliament.

However, there is a breach of the practice whereby reference to members of this honourable house should precede reference to members of the other place.

Here is how the title reads in French:

> Rapport de la Commission chargée d'étudier les traitements des députés et des sénateurs.

According to a long-standing practice observed by the government, when one addresses or refers to both houses senators are named first, followed by members of the other place.

[*English*]

Hon. Ann Elizabeth Bell: Honourable senators, since we are dealing with these fine points, may I just point out that members of the House of Commons and the Senate do not receive salaries, unless they are cabinet ministers; rather, we receive indemnities.

MEAT INSPECTION BILL

REPORT OF COMMITTEE

Hon. Royce Frith, Acting Chairman of the Standing Senate Committee on Agriculture, Fisheries and Forestry, presented the following report:

Thursday, May 16, 1985

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

SECOND REPORT

The Standing Senate Committee on Agriculture, Fisheries and Forestry, to which was referred Bill C-33, intituled: "An Act respecting the import and export of and interprovincial trade in meat products, the registration of establishments, the inspection of animals and meat products in registered establishments and the standards for those establishments and for animals slaughtered and meat products prepared in those establishments", has, in obedience to the Order of Reference of Wednesay, May 15, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

ROYCE FRITH
Acting Chairman

THIRD READING

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

Hon. Brenda M. Robertson: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. John B. Stewart: Honourable senators, our committee considered this bill and, as was expected, the evidence of the officials from the Department of Agriculture was most helpful. However, I wish to draw the attention of honourable senators particularly to clause 20.(r) under which Parliament would authorize the Governor in Council to make an order or orders:

> (r) exempting any person, establishment, registered establishment, animal, meat product or any class thereof from the application of this Act or the regulations or any provision thereof;

As honourable senators will realize, that is a sweeping delegation of legislative authority by Parliament to the Governor in Council. It is interesting to recall that it was just 30 years ago, these very weeks, that John George Diefenbaker was mounting his great attack on the St. Laurent government, claiming that that government was guilty of arrogant contempt of Parliament by pushing through bills which conferred upon the government the right to make regulations and orders. That was the foundation from which Mr. Diefenbaker and the Progressive Conservative Party went on, in the following years, to win a great electoral victory after the pipeline debate.

Over the 30 years since then, this whole question of delegating legislative power to the executive government has been a matter of constant complaint in Parliament, in both the Senate and the House of Commons. For evidence of that one has only to turn to the index of the *Debates of the House of Commons*. I did that quite at random and I chose a quotation from Perrin Beatty, who is now the Honourable Perrin Beatty, Minister of National Revenue. When speaking in the House of Commons on May 12, 1978—and I submit, honourable senators, that this is relevant to the passage to which I have called your attention—he said:

> The issue is nothing less than the need to preserve parliamentary sovereignty. No issue is more important to members of parliament than this. To this government the issue of parliamentary sovereignty appears to be an arcane one and parliament is viewed as an impediment, not as a partnership. I say to you, Mr. Speaker, the power of parliament is nothing less than the power of the people of Canada. If the government takes away the ability of parliament to debate, scrutinize, and hold it accountable for its actions, it undermines the ability and power of the people to keep an effective check on democracy and on this government.

He, of course, was speaking about the Trudeau government; and those Canadians who have lamented the growth of the practice of delegated legislation over the years must have applauded that statement. Those same people, I am sure, if they happen to see this particular provision in the Meat Inspection Act, will deplore it and be aggrieved.

Honourable senators, I have two particular complaints. The first is that this subclause authorizes the Governor in Council effectively—not formally, but effectively—to repeal the entire act in particular instances. I do not suggest that the Minister of Agriculture is likely to do that. I raise the point as a question of legislative principle. Is it desirable that Parliament should confer upon a minister or upon the Governor in Council the authority to wipe out all the provisions of an act of Parliament by a subordinate instrument?

• (1410)

My second complaint is that as this provision is worded it permits the Governor in Council to deal with particular instances and particular persons. It authorizes the Governor in

Council to exempt any person, any establishment, any meat packing plant and so on. Surely that is offensive. If we are going to have this kind of sweeping delegation, it should authorize the Governor in Council to exempt any particular class of persons, such as airlines flying between provinces, or any particular class of establishment rather than giving authority to deal with particular persons and particular establishments.

I suggest, honourable senators, that this is a very offensive type of provision and that we ought to deplore it every time the present government indulges in what they used to deride as the arrogant contempt of Parliament. We ought not to give up on this but be persistent. I shall rely upon the Honourable Leader of the Government in the Senate to raise this with his colleagues and suggest to them that at least some of us here object to this kind of absolute and extensive delegation of power.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if I may add a word of support for Senator Stewart of Nova Scotia, I think that this is an issue that most of us have confronted many times over the years as parliamentarians and I do not think there is any partisan division about it. The problem is not, then, a new one and that is why we feel so frustrated. No matter how often it is raised by parliamentarians, no matter what government is in power, it seems to be brushed aside. In effect, the executive branch or the bureaucracy is given the right to legislate. The difficulty often is to find an example that will attract attention. For example, the wording of subparagraph (m) of clause 20 which reads: "respecting the inspection and disposal of imported meat products" makes it difficult to get people excited about the principle. The reaction is that that sounds quite reasonable. It is worth repeating our objection, and I am sure if Senator Godfrey were here he would have a comment to make, as would Senator Nurgitz as past joint-chairman and present joint-chairman, respectively, of the Standing Joint Committee on Regulations and other Statutory Instruments. That committee has the power to review these regulations but only after they are passed, not before. So, its exercise tends to be, though persistent and scholarly, a bit academic. By picking out clause 20, subparagraph (r), which provides for the exemption of "any person, establishment, registered establishment" and so on, we see that that provides the authority, in effect, for the bureaucracy not to have the act apply.

Senator Flynn: I doubt that.

Senator Frith: There may be some doubt as to how effective it could be, but that does not change the fact that we should draw attention to it.

Senator Flynn: Oh, sure.

Senator Frith: In doing so, Senator Stewart has picked a particularly meaty example, if I may use that expression.

Senator Flynn: I doubt that you could find a formula that would replace this one. The exemption has to be something special.

Senator Frith: The only way that you could do it is to try, at least, to reduce it to classes instead of to individual persons. It is persons and "classes" of persons.

Senator Flynn: It would be the same thing.

Senator Frith: I am not willing to give up that easily.

Senator Flynn: I am not saying that you should give up.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I rise to speak in the debate following on the opportunity provided to me by Senator Stewart. I should like to make a comment on his observations. I believe that he has a point, but did he not rather overstate his case by saying that this clause could be used to abolish the act insofar as people are concerned? I do not really read that into it. It seems to me that it renders the person exempt from the regulations. Perhaps it is a nice point but there is a difference between regulations and the statute, and I would think that perhaps Senator Stewart is over-reaching a little in making such a wide claim.

Nevertheless, from the point of view of strict parliamentarians—and we all belong to that category, I suppose—these clauses do cause some problems. However, as Senator Flynn has pointed out, there does need to be some kind of escape clause or release valve within the system, because it is entirely conceivable that there are instances where undue hardships will undoubtedly be imposed if, under certain circumstances, all the regulations under this law apply to a certain plant. I say that because, in my own province of Manitoba, we have had, from time to time, a number of smaller plants, and they are the ones who have found difficulty in complying with regulations laid down in good faith by the federal authority on interprovincial trade, but which impose an unrealistic obligation on some of the smaller livestock operations in a province such as Manitoba. Therefore, there is a reason for this and I do not object to it on the grounds that it is unreasonable. But let me be candid about it; I would feel happier if there were some provision whereby any exemptions, no matter how unusual they might be, were publicized in some way so that if there did appear to be an abuse of the system it would be brought to the notice of Parliament and others concerned.

What I would like to do, honourable senators, is to take advantage of the opportunity raised by this complaint to consult with my colleague, the Minister of Agriculture, to see whether there is any procedure in his system whereby he could do something to allay the concerns of members of the Senate about conveying a power of exemption which, in the opinion of some, appears to be extreme. As I say, there is a good reason for having this clause in the bill, but there also may be a good reason for keeping an eye on it. So I will look into that situation to see whether anything can be done.

Senator Stewart: Honourable senators, I want to ask the Leader of the Government in the Senate two questions. First, he said that I over-react, and then he says that this simply exempts any person, establishment, et cetera, from the regulations. I wonder if he would read what the bill says. It does not say "only the regulations." It says:

> . . . from the application of this Act or the regulations . . .

It seems to me that he misreads the words of the bill.

My second question to the Leader of the Government in the Senate is this: Are we to understand from what he has said that it is the intention of the government to use this power to exempt smaller plants? If that is indeed the intention, I should think that it really is cause for alarm, because here we are dealing with regulations concerning the humane slaughter of food animals and the sanitary packing of meat. I should think that we would not want any exemptions, whether plants were large or small, in these regards. Perhaps he was grasping for an example and picked an unfortunate one.

Senator Roblin: No, on the contrary, and I will come to that in a moment. With respect to the first observation, I see the weight of my honourable friend's argument about the "application of the Act" phrase, but that applies only to the single instance that might be exempted. He left the impression in my mind that the act would be rendered null and void on a wide scale. But that is all right; we will not argue about that.

However, on the question of the smaller plant, I can tell him from my experiences as a person formerly in charge of livestock regulations in a province, that we had difficulty in devising regulations which were fair and equitable for plants of various sizes, and if I remember my own experience correctly, it was in that area that some degree of discretion was required. I have no means of knowing whether that was the motive behind the inclusion of this particular clause, because I have not had the opportunity to ask about it, but I do know from my own experience that that could probably be a reason why this is so.

Motion agreed to and bill read third time and passed.

● (1420)

PARLIAMENTARY EMPLOYMENT AND STAFF RELATIONS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION TO EXAMINE SUBJECT MATTER OF BILL C-45

Hon. Duff Roblin (Leader of the Government): Honourable senators, I give notice that on Tuesday next, May 21, 1985, I will move:

> That the Standing Committee on Internal Economy, Budgets and Administration be authorized to examine the subject matter of the Bill C-45, intituled: "An Act respecting employment and employer and employee relations in the Senate and House of Commons", in advance of the said Bill coming before the Senate, or any matter relating thereto.

BUSINESS OF THE SENATE

Hon. Orville H. Phillips: Honourable senators, normally at this time I would move a motion indicating the date until which the Senate will adjourn. I am sure it is of particular interest to honourable senators, and I am happy to advise that the motion will be moved following Royal Assent this afternoon.

[Senator Stewart.]

Senator Frith: At four o'clock, as planned?

Senator Phillips: At 5.55 p.m.

Senator Roblin: It is Opposition Day in the House of Commons, and you cannot shorten that.

Senator Phillips: I am sure Senator Frith will agree that we cannot be too certain, when things are in the hands of the opposition in the other place. This happens to be their day.

Senator Frith: Were it up to me, I would arrange it for four o'clock.

Senator Phillips: Honourable senators, I should like to point out that next week the Senate may not have formal sittings in the chamber. However, all committees have permission to meet even if the Senate should not be sitting. It is expected that the following schedule will apply for committees next week.

On Tuesday, the Special Senate Committee on Youth will be meeting in Winnipeg; the Standing Senate Committee on Agriculture, Fisheries and Forestry will also meet, as will the Standing Senate Committee on Foreign Affairs, the Standing Joint Committee on Official Languages Policy and Programs, and the Standing Committee on Standing Rules and Orders.

On Wednesday, the Special Senate Committee on National Defence will meet and it is expected that the Standing Senate Committee on Legal and Constitutional Affairs will meet. The Special Senate Committee on Youth will meet in Regina.

On Thursday, the Special Senate Committee on Youth will meet in Edmonton and there will be a meeting of the Special Senate Committee on National Defence. The Standing Senate Committee on Legal and Constitutional Affairs will also meet on Thursday, at 9.30 a.m., to hear the Minister of Justice on the amendments to the Criminal Code.

Some committees may hold additional meetings if the Senate does not sit. I have in mind, particularly, the Standing Senate Committee on Legal and Constitutional Affairs which has a very heavy schedule, as well as several other committees which are trying to complete their reports.

Honourable senators, I anticipate that the Senate will not sit next week, but I would point out that, as is usual in the case of such an adjournment, the Senate will be subject to recall, since there is a possibility, and it is only that, that this chamber may receive Bill C-32, to amend the Fisheries Act. If that happens, we will be recalled to deal with that piece of legislation.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF HOUSE OF COMMONS

Hon. Orville H. Phillips: Honourable senators, the Senate Gallery in the House of Commons will be reserved for honourable senators wishing to listen to the budget speech. I should point out that guests will not be allowed into the gallery so

that all honourable senators can hear the wisdom contained in the budget.

Senator Frith: I was going to go until you added those last words!

Senator Perrault: Beautiful dreamer!

QUESTION PERIOD

[*English*]

THE BUDGET

REQUEST FOR BRIEFING

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate. I understand that the Minister of Finance has arranged for officials of the Department of Finance to brief members of the House of Commons about the budget after its presentation. Will the leader ask the minister if the same useful briefings on the budget by persons from the Department of Finance will be available to honourable senators?

Hon. Duff Roblin (Leader of the Government): I shall make inquiries.

[*Translation*]

ROYAL COMMISSION ON THE ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

REQUEST FOR INQUIRY INTO LEAK

Hon. Jean Le Moyne: Honourable senators, I wish to draw the attention of the Leader of the Government in the Senate to another leak just as astonishing as the other one. I am referring to the Macdonald Commission's report which is now in the hands of the editors of *La Presse*.

Would the Leader of the Government tell us whether the government intends to launch an inquiry into this matter?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that when the report is officially received the government will announce what it intends to do about it. To the best of my knowledge, and in spite of what appears in the newspapers, the report has not been completed to the point where it can be handed to the Prime Minister. When that is done, the Prime Minister will make a statement as to the government's response to the report.

[*Translation*]

REQUEST FOR TABLING OF REPORT

Hon. Jean Le Moyne: A supplementary question, honourable senators. Should the situation be cleared up, can the Leader of the Government tell us whether the government would then direct that the report be made public forthwith, considering that it is now readily available in newsrooms?

[*English*]

Senator Roblin: Honourable senators, I think we will have to wait until we see the official report before anything can be done about that.

Hon. Royce Frith (Deputy Leader of the Opposition): I have a supplementary. Would the leader determine if there is any intention to inquire further as to the leak and as to whether any steps will be taken against the person who did leak the document?

Senator Roblin: We will have to await the Prime Minister's reaction to that because the report was commissioned by the Prime Minister and I presume the report will be made to the Prime Minister. It will be up to the Prime Minister to decide whether or not the leak is a matter that needs further attention.

Senator Frith: Will the Leader of the Government ask the Prime Minister, and inform the chamber when the Prime Minister makes a decision on the subject of the leak?

Senator Roblin: I think that if my honourable friend is patient the Prime Minister will tell him directly.

Senator Frith: That's a difficult "if".

Senator Perrault: The universe will unfold.

FINANCIAL INSTITUTIONS

FAILURE OF PIONEER TRUST—REQUEST FOR INVESTIGATION

Hon. D. G. Steuart: Honourable senators, on Tuesday last I asked the Leader of the Government in the Senate if he would look into the possiblity of the federal government's conducting some kind of inquiry into the collapse of Pioneer Trust Company. He pointed out at that time that there had been a trustee appointed and that he would want to see the terms of reference for the appointment of the trustee before he could answer the question.

Has the leader examined that document, and is he now in a position to answer the question?

Hon. Duff Roblin (Leader of the Government): I am in a position to say that receivers in bankruptcy are officers of the court, are appointed by the court, and make their reports to the court.

Among the items on which they will have to report is the conduct of the directors in the recent past insofar as that might have had any impact on the bankruptcy, as well as a great many other factors in connection with the events leading up to the bankruptcy. If in that process they discover matters that require further attention, then the court will be seized with them.

• (1430)

Senator Steuart: Honourable senators, I have a supplementary question. My understanding is that the leader said he would look into that particular document about the trustees and find out just how broad are the terms of reference, particularly as to whether or not they are broad enough to

cover all these questions that have been raised by myself and by people in the province of Saskatchewan. Does the leader have that document in his hands? Has he examined it and, if so, is he prepared to say whether or not the terms of reference are broad enough?

Senator Roblin: The terms of reference of a body like this are part of the statutes of law. They can be obtained from the Bankruptcy Act. As I told my honourable friend—and I repeat it—I shall make additional inquiries to see whether there is any further information in addition to what he has mentioned that would be useful to him. When I get that information I shall let him know.

Senator Steuart: I do not know why it is taking the leader so long. I have the document here and I will send a copy of it to him. The document is quite straightforward and begs the question. As a matter of fact the trustees were appointed by the Attorney General of Canada, so I would not think that the leader should have much trouble finding the document. I certainly had no trouble getting a copy yesterday. The order bears out what I said at the time. Under paragraph 2(d) of the document it says, "for an order that the liquidator"—which is Touche Ross—"until further order of the court and to the extent that he deems it prudent so to do, may . . ." As I read that item, the trustee need only look at what he deems prudent, and even then it says that he "may" look into it. In other words, he does not have to look at anything as long as he carries out his first responsibility which is to the creditors, to pay them off and get out as quickly as possible, which is mostly what such people do.

The former Minister of Justice shakes his head. I do not know whether he is trying to clear his brain or whether it is a habit.

Senator Flynn: I am trying to understand the honourable senator's point.

Senator Steuart: The honourable senator has the same problem no matter who is talking. He seems to have trouble understanding any point that anybody makes.

I will give the Leader of the Government an opportunity to look the document over and to respond. However, as I read it, and I have had legal advice on it, there is no requirement that Touche Ross look into anything that has been done wrong, whether it be by the directors, by management or anybody else. The point I have been trying to make is the one which the opposition in the Legislature of Saskatchewan has been trying to make, that if the Government of Saskatchewan will not do anything, then it is the responsibility of the federal government, which has appointed Touche Ross, to look into the affairs of this company and the terrible default on hundreds of millions of dollars. There is no guarantee that Touche Ross will go beyond paying off creditors and getting out, and there is nothing in here or anywhere else that will force them to do so.

Senator Roblin: Honourable senators, it would have been more courteous of my honourable friend to have informed me right away that he had this document in his hand. I confessed that I did not have it. It is not very productive for him to conduct himself in the way that he has. I have to tell him from a cursory look at this thing that it is a legal document and that it requires a legal opinion. I certainly do not think that it comes within my terms of reference to supply legal opinions. However, I shall not allow that to divert me from the intention I expressed the last time we discussed this subject to look into it further. I shall look into it further and take the points my honourable friend has raised and examine them seriously to see whether or not they fall within the four corners of the statements I have been making or whether or not there is another approach to the matter. I tell my honourable friend that I am not yet ready to do so. When I am, he shall hear from me.

Senator Steuart: Honourable senators, I do not need a lecture on courtesy from the Leader of the Government. I first asked my question last Tuesday. I received this document Tuesday evening, a document put out by the Government of Canada. Surely, if the leader wanted to fulfil his responsibility, he could have had it today. I had no trouble getting it. When I asked my questions of the leader I thought that perhaps he had a copy of it. Obviously, he did not, or if he did he ignored it. Therefore, I ask that he not give me lectures on courtesy. I am suggesting that he should do his job because there is some importance and urgency to this matter.

Senator Roblin: I think my honourable friend will find that I do my job. I do not know his sources of information, but it looks to me as though somebody is feeding him the information that he wants. I congratulate him on his sources of information. I am doing my best with the poor facilities of the Goverment of Canada.

Hon. Ian Sinclair: Honourable senators, last Tuesday I raised a question with the Leader of the Government about the directors of this company. I was told that I had received my answer because his colleague had said that it is the law. The petition on behalf of the Attorney General, which is dated February 8, has with it an exhibit which is also dated February 8, 1985—a long time ago. This information has been available since then. I think I know a little bit about the Bankruptcy Act. This document specifies what Touche Ross will be looking at. The question I asked of the Leader of the Government was: Would he not undertake to have it specified that the liquidator look at the conduct of the directors to determine whether or not they carried out their duties as prudent men? I put that question to him again.

Senator Roblin: I give my honourable friend the same answer that I gave Senator Steuart. I take the matter seriously and I shall see that all aspects of the situation are reviewed.

Senator Sinclair: All aspects of the situation may not include a specific designation to Touche Ross, which has the right to employ counsel and the right to employ solicitors, to look specifically into the conduct of the directors of the company over a period of time. Will he undertake to make sure that that specific responsibility is brought to the attention of the liquidators?

Senator Roblin: In my vocabulary, "all" means "all."

Senator Sinclair: Thank you.

INDUSTRY

YUKON—CLOSING OF CYPRUS ANVIL MINE

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. There was an announcement this morning that the Cyprus Anvil Mine in the Yukon will be mothballed and that all employees will be paid off. I am wondering whether the Leader of the Government has an update on the information on this matter.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I would like to thank my honourable friend for giving me notice of his question. He assumed, quite correctly, that without notice I would not be able to give him an answer on the spot, so I thank him for his courtesy.

I can tell him that the minister, the Honourable David Crombie, has received a letter from the Amax/Samim Group, which is a mining group, outlining a letter of intent with respect to their proposals for the re-opening or reactivation of this mine. This proposal has been presented to the owner, which is Dome. The fact that this private investor has made a serious proposal is a hopeful omen because we are all concerned about the future of that mine. It is one of the main sources of employment and income in that part of the world and its closure is a local disaster. So anything that leads to the re-opening of that mine has to be encouraging.

I would point out that these are merely negotiations. I cannot give any more information than that. Even if I knew, which I do not, it would not be very helpful. I can tell my honourable friend that there is an interest in this mine and that it is hoped that something good will come of it.

Senator Lucier: Honourable senators, the word I received from the Yukon this morning was that people were concerned that the mine was finished, that it is closed and it is being mothballed. What I am being told now is that the negotiations for the sale of the mine are ongoing and that there is still a possibility that the mine will be purchased by Amax and re-opened.

Senator Roblin: I can tell my honourable friend what Amax is saying about it. Their feeling is that the proposals they have made provide a sound base for the development of a viable operation, which obviously means re-opening the mine. Amax feels positive about the outcome. That seems to me to be hopeful.

● (1440)

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—THIRD READING

Hon. Jacques Flynn moved the third reading of Bill C-30, to amend the Bretton Woods Agreements Act and to repeal the International Development Association Act and certain other Acts in consequence thereof.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

16 May 1985

Sir,

I have the honour to inform you that The Right Honourable Brian Dickson, The Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 16th day of May, 1985, at 5:55 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
A. P. Smyth
Deputy Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

At 6 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Brian Dickson, Chief Justice of Canada, Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to dissolve the Crown Assets Disposal Corporation and to amend the Surplus Crown Assets Act and other Acts in consequence thereof (*Bill C-43, Chapter 13*)

An Act to confirm certain acts or things done on behalf of the Deputy Minister of National Revenue for Customs

and Excise and to amend the Customs Act and the Special Import Measures Act (*Bill C-40, Chapter 14*)

An Act to provide for the continuation of payments under certain guaranteed income averaging certificates issued by the Pioneer Trust Company (*Bill C-50, Chapter 15*)

An Act to amend the Bretton Woods Agreements Act and to repeal the International Development Association Act and amend certain other Acts in consequence thereof (*Bill C-30, Chapter 16*)

An Act respecting the import and export of and interprovincial trade in meat products, the registration of establishments, the inspection of animals and meat products in registered establishments and the standards for those establishments and for animals slaughtered and meat products prepared in those establishments (*Bill C-33, Chapter 17*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, May 28, 1985, at two o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Tuesday, May 28, 1985 at 2 p.m.

THE SENATE

Tuesday, May 28, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-52, to amend the Unemployment Insurance Act, 1971.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

STANDING RULES AND ORDERS

SECOND REPORT OF STANDING COMMITTEE PRESENTED

Hon. Gildas L. Molgat, Chairman of Standing Committee on Standing Rules and Orders, presented the following report:

Tuesday, May 28, 1985

The Standing Committee on Standing Rules and Orders has the honour to present its

SECOND REPORT

On April 30, 1985, a motion by the Honourable Senator Godfrey relating to the invitation to provinces to appear before Senate committees was referred to the Standing Committee on Standing Rules and Orders.

Your Committee met on May 14 and May 28 to examine the matter. Your Committee concludes that the motion should not become a formal rule of the Senate at this time. It does recommend, however, that the following be observed by committees of the Senate as a general practice:

That, whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which, in the opinion of the committee, a province or territory has a special interest, alone or with other provinces or territories, then as a general policy, the government of that province or territory or such other provinces or territories should, where practicable, be invited by the committee to make written or verbal representations to the committee, and any province or territory that replies in the affirmative should be given reasonable opportunity to do so.

Respectfully submitted,

GILDAS MOLGAT
Chairman

The Hon. the Speaker *pro tempore:* When shall the report be taken into consideration?

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

[*English*]

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SIXTH MEETING—NOTICE OF INQUIRY

Hon. Richard J. Stanbury: Honourable senators, I give notice that on Thursday, June 6, 1985, I will call the attention of the Senate to the Twenty-sixth Meeting of the Canada-United States Inter-Parliamentary Group, held at Niagara-on-the-Lake, Ontario, from May 16 to 20, 1985.

BUSINESS OF THE SENATE

On Notices of Inquiries:

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on behalf of Senator MacEachen, later this day I will be presenting a Notice of Inquiry. It is not yet ready, so later I will be asking for leave to revert to Notices of Inquiries. I have already mentioned the subject matter to Senator Doody.

QUESTION PERIOD

[*English*]

THE BUDGET

TAX INCREASES—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government one or two questions with respect to the budget that was presented during the Senate's short recess. I would draw to his attention the statement made by the Minister of

Finance on November 8, 1984, in which he stated, under the heading "Our Strategy for Growth and Jobs":

> Our immediate goal is to reduce the deficit through expenditure reductions and not through major tax increases.

Can the Leader of the Government explain why the government has had such an abrupt change in policy, and why it has misled the Canadian people in bringing in massive and inequitable tax increases, when the minister assured the Canadian public last November that he had no intention of bringing in major tax increases?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I understand from my colleague sitting next to me that the inquiry, of which notice is to be given later, has to do with the budget. If that is correct, then I believe it would be more fruitful for us to deal with our examination of that subject in the course of debate.

The question asked by my honourable friend is one that does not permit itself of a short answer such as "Yes" or "No," but it does permit itself of an answer, and I am looking forward, in the course of the debate on the budget, to offering some comments on that subject.

Senator MacEachen: Honourable senators, obviously I cannot force an answer out of the Leader of the Government, but it certainly would be better to be entering the debate on the budget with a better knowledge as to the reasoning of the government. If the minister is not able or is unwilling to tell us why this abrupt change in policy has taken place, then, until we have that information, we can only regard it as a cynical misleading of the Canadian people. If the minister were to give us some reasonable explanation, we might take a different view. It is not just a commitment that was made only last November. On March 1 of this year the Minister of Finance also stated publicly that he had no intention of increasing taxes for the Canadian people. Therefore, I believe it is reasonable, before we enter into debate on the budget, to know why the government has had such an abrupt change in policy. So I invite the Leader of the Government to give us at least a tentative answer. I invite him into the ring.

Senator Roblin: Honourable senators, I believe my honourable friend will recollect his own experience as Minister of Finance, and he will understand that these matters cannot be dealt with in Question Period. Indeed, I will go further and say that they should not be dealt with in Question Period. They require extensive consideration, and when our policy is under challenge, as it will be in the inquiry we are to consider with respect to the budget, we fully expect to defend it and to defend it successfully.

● (1410)

Senator MacEachen: Why is it not possible to defend it in Question Period, which is the normal forum for the cut and thrust of parliamentary debate? It is obvious that the minister is unprepared to deal with that difficult question; he has to get some briefing somewhere, or get some fraudulent reasoning that would be difficult to find.

[Senator MacEachen.]

May I give the minister another opportunity to come to the bat on what appears to be an indefensible budget, even in the mind of the Leader of the Government in the Senate? The Minister of Finance has told us, as has the Prime Minister and the Leader of the Government, that extensive consultations would take place before any major changes were made in Canadian practice. Will the minister tell me what consultation took place on the question of the elimination of the full indexation of the tax system? Was that a matter of discussion at the economic conference which the minister attended and where the personalities were asked to give their views on the elimination of the full indexation of the tax system?

Senator Roblin: When my honourable friend was on the government side of the house he never hesitated to point out that Question Period is Question Period; that it is restricted to those matters which can be dealt with in a succinct and successful manner; and that it is not a substitute for debate. Now, my honourable friend wants to debate. I encourage him to debate. But he should restrict his debating proclivities to the proper form—namely, the resolution which he himself is prepared to propose. If he is prepared to propose this resolution, as I understand he is, then he can give vent to all his suspicions about "fraudulent reasoning" and other unworthy statements he has been making in this connection. I look forward to receiving the full thrust of his argument and his intellectual curiosity on these matters, and I expect to be able to give an adequate answer.

Senator MacEachen: An adequate answer, but not today. Why not answer today? Is there not an answer for this reversal on the part of the government, which has now launched a savage assault on the middle- and lower-income people of Canada? The minister cannot tell us why. He cannot tell us anything about indexation. He has to wait. Why the delay? Is he merely justifying what we all think, that the budget is indefensible and the minister cannot answer anything unless he goes and consults with more imaginative members of his party?

Senator Roblin: I doubt that my honourable friend really thinks that I am in that position. He is merely attempting to use Question Period to draw me out on to grounds which ought to be covered properly in debate. He knows that as well as I do. If he were standing, in my position, he would be presenting those arguments himself, I have not the slightest doubt. So I suggest that he restrain his impetuosity and, if I may say so, his petulance and wait until he is able to present his case in the appropriate manner, in the appropriate way, by means of the debate—and we look forward to hearing from him on those occasions.

Senator MacEachen: I am not impatient. I am incredulous that the Leader of the Government should say now that it is not parliamentary practice to answer questions on a budget statement. From the day I entered Parliament there was no Question Period more lively than the ones following budgets, when Ministers of Finance daily and for weeks answered questions on the budget. That has been the traditional parliamentary practice, not to hide behind spurious points of order,

raised not because they are valid but because the minister is reluctant to deal with the inequities of this budget.

Senator Roblin: Well, it is perfectly clear that my honourable friend has not considered very seriously the way in which we deal with the budget in the Senate, because that has not been our custom in the past. My honourable friend knows perfectly well that the Minister of Finance is in the House of Commons, not here, and the Minister of Finance is therefore, I think, quite logically expected to deal with these matters in the House of Commons. In the Senate that has not been the case. My honourable friend should check the record and he will see that it has not been the case. What we have done is, we have had a resolution such as the one that is now being proposed, and when that resolution has been put forward we have dealt with matters in connection with the budget, so my honourable friend really need not try to impute to me any motives I do not have.

Senator MacEachen: Is the Leader of the Government seriously stating that it is inappropriate to ask in the Senate questions on a budget presentation; that that is not the practice? I must say that I cannot give an answer because I have not had the experience of the past, but if the Leader of the Government tells me that it is not the practice and that it is inappropriate, of course, I shall accept it as truthful. I must say that if there is a case for Senate reform, it should begin immediately and we should insist on getting answers from the minister on budgetary matters.

Senator Roblin: I give my honourable friend no advice about asking questions in the Senate. He is entitled to ask any questions he likes. However, I have to tell him that he is proving every minute the point that I am trying to make, that this is a matter of debate and not a matter for Question Period. Look at the smile on his face.

Senator MacEachen I smile at ridiculous answers.

Senator Roblin: He knows very well that this topic is a matter for discussion and debate. How on earth can I answer in the course of Question Period complicated questions which involve answers that might extend to 20 or 30 minutes? That is not the purpose of Question Period. If we had in this house rules such as they have in the House of Commons, my honourable friend would never get away with the kind of nonsense he is trying to get away with now.

I tell my honourable friend that if he stands up tomorrow or the next day and introduces his motion in connection with the budget, we will be able to answer the questions that he raises and give satisfactory explanations on the points that bother him.

Senator MacEachen: After you have had a caucus.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government which arises out of the answer he has just given and is stimulated by his belief that someone is getting away with nonsense.

Senator Flynn: That is nothing new.

Senator Frith: Nothing new for the—

Senator Flynn: There is nothing new in getting away with nonsense.

Senator Frith: I do not agree. I think that for Senator Roblin to try to get away with nonsense is not usual.

Senator Flynn: Do not distort what I said.

Senator Frith: It is not usual for him to make such an attempt, but in this case he is. If the leader is suggesting that there is to be an inquiry dealing with the budget and that, therefore, it ought not to be a subject for Question Period, in the first place, that assertion is clearly unreasonable and, in the second place, it is not supported by practice in the Senate. As I recall, one of the first times we ever dealt with the budget in debate was the last budget, when the then Leader of the Government, Senator Olson, introduced an inquiry. I agree with Senator Roblin that an appropriate way to debate the question is to deal with it on an inquiry.

But, as Senator MacEachen has pointed out, in the House of Commons the budget can be a subject matter for Question Period, notwithstanding the fact that they have set aside a number of days to debate it. If the point being made is that anything that is the subject matter of debate, either by inquiry, resolution or otherwise, should not figure at all in Question Period, particularly as it refers to the budget, there is no authority whatsoever for that position. Certainly, Senator Roblin can say, "Look, I don't want to answer that question" or he can refuse to answer the question, because, as we know, he is entitled to do so. However, I do not think he can reasonably take that position on the basis that the topic is going to be the subject of an inquiry. If the leader is saying that he does not want to answer such questions until the matter is debated, that is fine, but to suggest that there is something improper about raising the subject in Question Period is supported neither by reason, practice, tradition nor order.

Senator Roblin: Of course, my honourable friend omitted to remember the fact that I said that honourable senators on the other side—indeed, any senator—can ask any question he or she likes. It is not up to me to tell him or her what questions he or she should ask. That is at the discretion of the senator. But when a question involves a matter that is debatable in the sense that it requires an extensive answer, as the points we are discussing today require extensive answers, I do not think it is a proper subject for Question Period, because it cannot be dealt with satisfactorily in that way. If we think about it for a minute, we will all agree that Question Period was not intended for that purpose.

Senator Olson: Since when? Since Senators Flynn, Roblin and Murray—

Senator Doody: Order!

Senator Roblin: I did not get answers either.

Senator Olson: No, but you tried.

• (1420)

Senator Roblin: I must say that the questions I have received so far I am prepared to deal with not in Question Period but in the debating forum.

Senator Frith: Honourable senators, as long as it is clear that we are not referring to questions relating to the budget being out of order during Question Period; rather, we are talking about questions that the Leader of the Government in the Senate says he would rather debate than answer. That is a different matter.

I hope it is clear that there can be questions during Question Period relating to the budget; that such questions are perfectly proper; that they are normal; that they are common. When Senator Olson introduced the inquiry that had as its subject matter the last budget, there were plenty of questions every day for many days, including days on which we debated the inquiry. On those days, there were questions during Question Period and of course, under those circumstances, as was usually the case, Senator Olson did his very best to answer.

Senator Flynn: You have a good memory.

Senator Doody: You must have made a wonderful Mikado.

Senator Roblin: I must start off by saying that while there are rules in the Senate, they are sometimes hard to identify. I have to admit that for starters, because this is a free-form assembly in many ways. However, as the person called on to answer the questions, I feel I am entitled to discriminate between those questions that I think are appropriate for me to answer and those which I should answer in another way or at another time. That is all I am trying to do.

I only hope that, when I do come to speak in this debate, as no doubt I shall, I give as good an account of myself as Senator Olson has done.

Senator Frith: You are setting high standards.

Hon. H. A. Olson: The record must include the fact that Senator Roblin, who is now the leader, was at that time Opposition house leader and deputy leader and that Senator Murray who sat behind him as well as the leader, Senator Flynn, attempted to argue that they were not out of order in asking the type of questions that Senator MacEachen has just asked, and that they would never have attempted to stop that kind of questioning on the basis that it was out of order or improper during Question Period. I think that Senator Roblin ought to admit that he is not willing to answer the questions now, as Senator Frith has said. However, to try to argue that it is improper or out of order is a complete contradiction of the activities carried on for many years by at least those three senators and perhaps others.

Senator Frith: You must admit that Senator Olson did have answers. That made it easier for him.

Senator Roblin: My honourable friend, of course, ought to do me the credit of remembering that twice today I have said that I do not tell people what questions they may ask. They may ask any questions they please. I have to deal with the answering side of the matter, not the questioning side.

[Senator Roblin.]

IMPACT OF TAX INCREASES

Hon. Ian Sinclair: Honourable senators, perhaps I can help the Leader of the Government in the Senate by asking him a specific question. I have the privilege to be from Halton, Ontario. That designation may not mean very much to honourable senators, but Halton has in its environs the Ford plant. Ford employs some 35,000 people in Canada.

Would the Leader of the Government in the Senate tell me how an increase of nine cents a gallon in the price of gasoline and an increase of 1 per cent in the sales tax will result in more jobs at Ford in Halton?

Hon. Duff Roblin (Leader of the Government): I must point out to my honourable friend that one of the problems of trying to deal with his question is that it does not involve merely the tax on gasoline—although goodness knows that is important enough in itself; it involves all of the various considerations that go into the formulation of a budget and that, again, bears on the question of employment. If my honourable friend expects me to answer that specific question without discussing the whole of the rationale behind the tax and expenditure problems of the government, then I think he is asking me to do something that is unreasonable.

Senator Sinclair: It may be that you are entering into a philosophical discussion, but I think the people who work for Ford are considering what people look for when they buy a car, namely, what it will cost them to buy and what it will cost them to run. Perhaps his philosophical argument will be that these measures will result in a cheaper and lower cost of living. I find that difficult to understand, but if he does not want to answer that question, perhaps he can help me with my next question.

All of us have looked forward to the fairness that was emphasized prior to this budget and underlined in the documents that were tabled in the other place on Thursday of last week. Could the leader indicate how fairness results when there is a skewing of the impact of taxation?

Senator Roblin: Will the honourable senator repeat the last part of his question?

Senator Sinclair: The budget skews the impact. I am asking the leader how this fairness fits.

Senator Roblin: The question of fairness is an essential element of this budget, and I am sure we will hear about that later.

But in connection with the gasoline tax, I will not propose any philosophical argument; when the time comes, I will be dealing with dollars, cents and percentages; I will be speaking about deficits, expenditures and all of the elements that go into the creation of policy, of which this item is one. It cannot be dealt with intelligently, if I may be allowed to use that word, by trying to deal with each item separately. That is not the

way it works; it hangs together as one conceived whole, and that is the way I intend to deal with it.

Senator Sinclair: Honourable senators, when I graduated from university—

Senator Flynn: Did you?

Senator Sinclair: Unfortunately, they graduated me—to the great delight of my mother, but perhaps not to your great delight, Senator Flynn.

Neverthelesss, let me say this: Many Canadians have graduated from university in recent years who cannot find gainful employment. That is a demonstrable need, and those people expect that definitive, recognizable action will be taken immediately. They do not expect philosophical statements that things will be better *mañana*.

Would the honourable Leader of the Government let us know where in the budget we can find immediate action with respect to unemployment and Canada's youth?

Senator Flynn: You went to university, so you should be able to read it.

Senator Roblin: I cannot believe that my honourable friend has not taken the trouble to examine the documents that were tabled in the other place last week and those documents that were tabled in the Senate today in connection with the government's views on unemployment, and the monetary allocations that have been made with respect to that.

Senator Olson: It is $78 million less!

Senator Roblin: If my honourable friend reads those documents, he will be able to get a good deal of the answer to his own question.

I expect to hear his more precise objections to the government's policy with respect to jobs when he takes part in the debate on the budget speech. I want to hear what he intends to do with respect to job creation, and when I have heard that I will be in a position to measure his views against those of others.

AGRICULTURE

SUGAR-BEET INDUSTRY—FUTURE PROSPECTS

Hon. H. A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate respecting the future of the sugar-beet and the sugar-processing industry in Canada.

It is clear now that action has not been taken and no program has been announced which would allow the sugar-beet producers in Canada to plant a crop this year. That has many ramifications in that the processing factories will not operate this year. That also raises for the sugar-beet producers the question of whether or not they should keep their specialized machinery and other equipment in a state of readiness so that it can be utilized in future years.

• (1430)

I would ask the Leader of the Government to make inquiries of the sugar processing factories in the three areas of Canada in which they are located—southern Alberta, southern Manitoba, and Quebec—as to whether or not they will be maintaining their processing capability in such a state as to be capable of processing sugar-beets in 1986 and subsequent years.

There is of course some expense incurred by producers in maintaining their machinery in a state which will enable them to be ready for another year. There needs to be some understanding between the producer organizations and the processing factories so that the producers will be in a position to plant a crop in 1986.

This is not the first time that the sugar industry has been in the precarious position of not knowing whether or not there is going to be an on-going sugar producing industry in Canada. Many times in the past we have been faced with the very difficult situation where the price of imported sugar was below the cost of production in Canada, and at those times the federal government introduced deficiency or stabilization payments to carry the industry over such periods. That was not done this year, with the result that the industry is shut down for 1985.

I am wondering now whether we can advise the sugar-beet producers in my province and those in southern Manitoba and Quebec that this industry is going to be retained or saved for future production years.

Hon. Duff Roblin (Leader of the Government): My honourable friend was good enough to give me notice of his question, and I thank him for that.

My honourable friend is quite correct when he says that this is a very difficult year for sugar-beet producers. The price of sugar on the international market, landed at Canadian ports, is probably about three cents a pound, whereas the cost of production in Canada must be five or six times that amount. That is certainly the case in the west, as I understand the situation.

The federal government offered an element of subsidy in Alberta, Manitoba and Quebec, and I think in all three provinces there was a matching subsidy from the provincial government. So, there was an element of support. But I think my honourable friend is correct in saying that, in spite of that, in southern Alberta, at any rate, nothing is going on in the sugar-beet fields. I must confess, I am uncertain as to the situation in Manitoba and Quebec.

The question my honourable friend raises is one that is easy to answer in the short run. In the course of the next 12 months or so, one can fully expect the sugar companies to maintain their plants. It is in their economic interest to do so. I think it is safe for me to say that that will happen. But my honourable friend puts his finger on a far more important point, and that is the long-term future for this industry. On that aspect of his question, I am unable to give him an answer. I can tell him that the problem is now being considered by the federal Department of Agriculture. Consultations will take place among the sugar-beet growers, the manufacturers and the provincial governments over the next little while to see what

light can be shed on the long-term future of what is now a very depressed industry.

Apart from the fact that we are seized with the problem, it is apparent to me that it will be some few months yet before any definitive statement can be made about it.

Senator Olson: A supplementary question. I appreciate the comments made by the Leader of the Government. One question arises out of his comment to the effect that he is fairly confident that it is in the economic interests of the sugar processing factories to keep their production capabilities intact. I would ask the Leader of the Government to look into the situation to determine that that is in fact taking place as opposed to being merely an expressed hope, because many of these factories—in fact, I think all of them—are now more than 40 or 50 years old, with the result that there is the possibility of some obsolescence.

I would be interested in hearing from B.C. Sugar in the case of Alberta—and I think the same company is operating in Manitoba—as to whether it is in fact doing what the Leader of the Government says he thinks is in their economic interest to do.

Senator Roblin: I shall do my best to find out.

FOREIGN AFFAIRS

THIRD WORLD—GOVERNMENT AID

Hon. Jerahmiel S. Grafstein: Honourable senators, on May 15 last the Leader of the Government in the Senate in reply to my question assured the Senate that the government statement in the Foreign Policy green paper on competitiveness and security predicting "budget reductions in international activities" did not herald a retreat to a foreign policy of neo-isolationism.

In the November statement, Mr. Wilson cut $180 million from our foreign aid budget. On May 23 last, Mr. Wilson's budget announced a further slash of $50 million in foreign aid. We have now had a massive reduction of over $230 million in our foreign aid budget, which causes CIDA to severely cut or curtail its activities.

During the last election campaign, Mr. Mulroney promised the Canadian people that there would be no cuts in international aid. At the Bonn Summit, he assured not only the Third World but the leaders of the Free World that he would be a supporter of foreign aid to the Third World.

Could the Leader of the Government in the Senate now explain what new facts have caused the government to change abruptly or to reverse its promised policy in respect of foreign aid?

Hon. Duff Roblin (Leader of the Government): I shall have to take the question as notice.

[Senator Roblin.]

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a supplementary question to that asked by my colleague, Senator Olson.

I am wondering whether the on-going consideration the government will be giving to the problems of the sugar-beet industry will include an acceleration of the formulation of a national sugar policy, the absence of which, I believe, has been at the core of some of these problems.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I answered that question when responding to Senator Olson's question. The development of a national sugar policy is now under consideration. However, I do not expect to be able to provide an elaboration of that policy for several months yet.

Hon. H. A. Olson: I have a supplementary question, honourable senators. I would ask the Leader of the Government to find out from the Department of Agriculture, in the course of making his inquiries, whether or not there is any policy or program with respect to what these farmers are going to do with the acres that were devoted to sugar-beets in the past. I am thinking of programs for alternative crops.

In Alberta, some 30,000 to 35,000 acres were devoted to sugar-beets. The sugar-beet producers should have some guidance in terms of what they should do with those acres that were used for sugar-beet production in the crop year 1985.

Senator Roblin: I will see whether there is any specific information on that. I would expect that the farmers will do what they have always done, and that is to follow their own good judgment.

In Manitoba before we had sugar-beets, we had wheat, oats and barley. Since then we have had very considerable improvements in the different crops which are now available, such as canola, sunflower seeds, corn and many other special crops. I fully expect that the farmers will follow their own judgment as to what they think is their best market policy.

I shall ask the Minister of Agriculture if he has any comment on my honourable friend's inquiry.

Senator Olson: Honourable senators, I hope the Leader of the Government will do that, because when one is talking about a comparison between wheat, oats or barley and sugar-beets in terms of gross dollar value per acre, one is talking about a gross value for the alternative crops 20 per cent below that of the sugar-beet crop. If a producer has debt service charges and other commitments based on the value of sugar-beet production, these other crops would not even come near paying the expenses—expenses that were incurred some time in the past.

Senator Roblin: I do not argue with my honourable friend's opinion. I merely point out that one can sell canola at a market price that does represent a return to the producer, and the same is true of the other crops I mentioned; whereas, without

some special arrangement, the same is not true of sugar-beets right now. But we do not disagree on that.

INDUSTRY

RAILWAYS—WINNIPEG, MANITOBA—TRANSCONA SHOPS AND EAST YARDS

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Leader of the Government in the Senate. It concerns statements he made in Winnipeg last Friday indicating that there is going to be some "heavy spending" by the government at the Transcona shops.

As he knows, these shops represent a serious problem for Manitoba. However, after his statement apparently CN and federal transport officials said they knew nothing about such a program. In fact, we have the following quote: "I don't know what he is talking about,' a spokesman for Transport Minister Don Mazankowski said." So he leaves Manitobans in total confusion at this point as to what is going to happen, what is going to be spent and what is the proposal.

● (1440)

Senator Frith: Roblin for Minister of Transport!

Senator Roblin: I have no ambition to succeed to any other post as a gift of any government of Canada, other than the trying and taxing one that I have at the present time. I can tell my honourable friend that he is right, that the government is concerned to make it known that the Transcona shops in Winnipeg have a recognized and growing future with respect to their responsibilities in maintaining the rolling stock of the railway in western Canada. Substantial investments have been made recently, as my honourable friend knows, and in my speech I said that further investments of a substantial character would be made to further improve the capacity of the Transcona shops site in the future.

My honourable friend obviously wants to know when, where, how much and why. That information will be forthcoming. He will find that in due course the people in the Department of Transport will recognize the reference in my remarks, and, indeed, so will the Canadian National Railways. It was apparent to me at the time that it would be appropriate for me to wait for those bodies, who will actually be doing the job and providing the money, to make the statement in respect of that.

So I say to my honourable friend: Be of good cheer. The outlook for Transcona is good, and before too long—the sooner the better as far as I am concerned—the substance of my statement will emerge.

Senator Molgat: As a supplementary, I wonder if the Leader of the Government can indicate when that might happen; because we have heard such statements before to the effect that it will happen, and it seems that the same project is announced a number of times. I would like to get this matter pinned down. As he knows, the employment situation in Manitoba is critical at this point. We have been hopeful that a maintenance centre would be established by VIA Rail, but that has been cancelled. Can he tell us when this might happen?

Senator Roblin: I can understand my honourable friend's concern, because the former Minister of Transport was a past master in making statements with respect to the future of his part of the country, which perhaps were a little less concrete than one might wish. So I understand the problem that my honourable friend is worried about. I can assure him that the present Minister of Transport, who will be making the announcements in detail, can be relied upon to do what he said he is going to do.

Senator Molgat: Honourable senators, the Leader of the Government, in his reply, referred to previous ministers, and therefore I presume it is fair game for me to mention them also. I know that a number of his announcements have been cancelled by his honourable friends. For example, the research centre in Winnipeg, which was actually under construction—three floors—has been cancelled. So I do not believe he should be referring to promises that were made and not fulfilled.

I wish to return to the subject of the railway. My concern is that the Leader of the Government makes a statement in Manitoba, on his home ground, and then an official from the office of the Minister of Transport in Ottawa says, "I don't know what he is talking about." Whom do we believe, the minister or the official from the office of the Minister of Transport? Does he know what he is talking about?

Senator Roblin: I should respond first to the comment about the National Research Council building in Winnipeg. It is not cancelled. It has been completed. There it stands, and is ready for use. I can also report to the house that the federal government minister responsible for that operation is formulating plans, in connection with the private sector of the economy, to put that research centre to use, which will be focused on the small business requirements of Winnipeg and western Canada. It is perfectly true that we have changed the plan in that we are not going ahead with what seemed to us to be a less productive way of operating that national research centre. I can assure my honourable friend that we are going to operate it in what we consider to be the most productive way possible for us, and we hope that the Province of Manitoba will join in—although that is a bit of a question mark at the present time.

With respect to the latter part of the question, I can assure him that I am right.

Senator Molgat: Honourable senators, I have a question relating to further comments made by the Leader of the Government in Manitoba. It is on a slightly different subject, but still affects the railway. He indicated that the government is now interested in developing the East Yards. Can he give us some details of what is proposed there? Will it be the government, the CNR or VIA Rail, when may we expect action to proceed, and how much money is involved?

Senator Roblin: Honourable senators, I am glad that my speech attracted my honourable friend's attention. I wish I could be assured that it attracted as much attention from the

rest of the Manitoban public. I sometimes doubt that it did; but I am glad that one person is keeping an eye on me, anyway.

With respect to the East Yards, that is the area on the northwest side of the forks of the Assiniboine and Red Rivers. Just about 108 years ago, this week or next week, my grandfather got off a steamboat there. He had come up from some place on the Red River, and, in 1877, began the connection between my family and the good people of the province of Manitoba. So I have a special, what might be called emotional interest in the East Yards. Nowadays it is deserted. It is a wilderness of weeds, railway tracks and falling-down buildings, and so on, and it needs to be rehabilitated.

What I said in Winnipeg, and I am glad to repeat here, is that I intend to make it, insofar as I am able to do so, an important priority that this piece of real estate, so advantageously and historically situated in Winnipeg—probably a little removed from full commercial development at present—should be rehabilitated, so that instead of being discredited, rundown and a rather unpleasant part of the city, it can now become a credit to our community. It is a project in which I am taking an interest, and, I am glad to tell my honourable friend, so is the minister in charge of the Core Area Project. I am not entirely certain that the city or the province has the same enthusiasm for it as we have, but we think that despite that something may be done, and quite soon.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a few delayed answers, which I request be taken as read.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—HON. FLORENCE BIRD

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised in the Senate on April 24 by Senators Marsden and Wood respecting the status of women and the Honourable Florence Bird.

(*The answer follows:*)

Mrs. Bird's term of office with the Refugee Status Advisory Committee expired on March 15, 1985. The Minister of Employment and Immigration advised Mrs. Bird, in a personal letter, that she would not be appointed for a second term of office. The letter conveyed to Mrs. Bird the deepest regard the Minister of Employment and Immigration has for the contribution Mrs. Bird has made to this country.

The decision to appoint new members rather than re-appoint former members reflected the Minister's desire to alter the composition of RSAC to ensure the Committee was drawing upon expertise, from across this country, in the emerging fields of interest to refugees.

[Senator Roblin.]

FOREIGN AFFAIRS

NAMIBIA—PROPOSED ESTABLISHMENT OF INTERIM ADMINISTRATION—GOVERNMENT POSITION

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised by the Honourable Senator MacEachen concerning Namibia—proposed establishment of interim administration—government position.

(*The answer follows:*)

The Secretary of State for External Affairs issued a communiqué on April 19 which made clear Canada's position on internal developments in Namibia. We regard the unilateral measures taken by the South African Government in relation to the establishment of constitutional bodies, and the transfer of power in Namibia, to be null and void. Canada remains committed to UN Security Council Resolution 453 as the only agreed basis for achieving internationally recognized independence for Namibia. In concert with members of the Security Council who issued a statement regarding the South African action on May 6, we condemn the South African Government's action, not least because it suggests that South Africa does not intend to proceed promptly with the implementation of Resolution 435.

For Canada, the essential issue has been Namibia's independence, not the work of the Contact Group as such. The long delays in efforts to bring about a withdrawal of Cuban troops from Angola in parallel with the achievement of Namibia's independence do not give cause for optimism that this approach will lead to an early settlement. Canada has allowed much time for the pursuit of this approach but in view of the doubtful prospects, we are re-examining the question. Our aim will be to maintain and reiterate support for the United Nations plan embodied in Resolution 435, and to search for means to hasten its implementation. In theory, the Contact Group has an important role in the application of Resolution 435: The question we are addressing is whether that goal can be effectively pursued and made a reality.

EMPLOYMENT AND IMMIGRATION

LONG-TERM ILLEGAL MIGRANTS REVIEW COMMITTEE—POSSIBLE INVESTIGATION OF CONDUCT OF CHAIRMAN

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised on April 25 by Senator Frith regarding Employment and Immigration—Long-term Illegal Migrants Review Committee—possible investigation of conduct of chairman.

Hon. Royce Frith (Deputy Leader of the Opposition): I would like to hear the answer.

Senator Roblin: It is about the chairman who got into trouble regarding immigration.

Senator Frith: But I would like to hear it.

Senator Roblin: With great pleasure. It reads:

The government is not aware of any case being handled by the Long-term Illegal Migrants Review Committee in anything but the fairest manner consistent with the guidelines of the program.

There is no further investigation under way.

Senator Frith: Not there, anyway.

Senator Roblin: The honourable senator may have further questions, and we will do the best we can with them.

CANADA POST CORPORATION

LIMITED CANCELLATION OF DOOR-TO-DOOR DELIVERY SERVICE

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised in the Senate by Senator Haidasz respecting Canada Post Corporation—limited cancellation of door-to-door delivery service.

(*The answer follows:*)

No such action has been taken. It is Canada Post's intention to provide service—any of the four free service methods. The are: general delivery, suburban service, rural route, or door-to-door—to their customers in the most efficient and cost-effective manner possible.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—DECLARATION ON INTERNATIONAL SECURITY

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised in the Senate on May 1 by Senator MacEachen regarding the summit meeting in Quebec City and the declaration on international security.

(*The answer follows:*)

Canada has, both bilaterally and in international fora (NATO, the Bonn Summit) expressed support for the USA negotiating position in Geneva. In his statement to the House of Commons on January 21, the SSEA welcomed the declared objectives which the USA and the USSR had agreed on for the negotiations: the prevention of an arms race in space and its termination on earth; the limitation and reduction of nuclear arms; the strengthening of stategic stability. These themes have long been central elements of Canadian foreign policy and it is by the rigorous criteria which they imply that we will be judging developments in this area.

The Geneva negotiations, which are currently in recess, have been underway a scant six weeks. A good deal of that time has been taken up with procedural matters. This is altogether understandable given the complexity and interrelationship of the issues. At the same time, both sides have staked out their respective positions and have presented ideas as to how the negotiations should proceed.

While noting that USA positions provide the most promising course for significant progress in Geneva, we have expressed the hope that both sides will move to substantive negotiations at an early date. This process will be enhanced if the confidentiality rule is strictly adhered to.

EXTERNAL AFFAIRS

PASSPORTS—ISSUANCE AT HULL

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised in the Senate by Senator Molson regarding External Affairs—the issuance of passports at Hull.

(*The answer follows:*)

The Passport Office in Ottawa was relocated to Hull on November 19, 1982. To maintain passport service for residents of the Ottawa area, the Passport Office has a public counter in the Lester B. Pearson Building on Sussex Drive in Ottawa where applications may be submitted and passports received. The passports issued for applications presented at the Ottawa public counter and applications submitted by mail from all parts of Canada are produced by the Passport Office in Hull and are so identified. I would also like to mention that more than 75% of over 890,000 passports issued in Canada last year were processed at fifteen regional passport offices in major Canadian cities. There have been no reported instances of difficulties experienced by Canadians whose passports indicated the city in which their passports were prepared.

FOREIGN AFFAIRS

ECONOMIC EMBARGO BY UNITED STATES AGAINST NICARAGUA—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised in the Senate on May 8 by Senator MacEachen regarding the economic embargo by the United States against Nicaragua—government policy.

(*The answer follows:*)

Canada considers that the crisis in Central America stems largely from economic and social disparities which are the root causes of instability in the region. Consequently, we believe that the interests of the area are best served by stimulating economic development: trade and aid are essential components in this process and should be encouraged.

Canada has no intention of declaring a commercial embargo against Nicaragua, and we have not been asked to do so. We have received explicit assurances from USA authorities that the USA Executive Order does not apply extraterritorially to subsidiaries of USA firms outside the USA or to third country trade.

Canada enjoys normal diplomatic and commercial relations with Nicaragua and intends to continue these relationships.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—REPLACEMENT OF FEMALE APPOINTEES—ANSWER TABLED

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was raised in the Senate on April 24, May 8 and May 9 by Senator Marsden regarding the appointment of women. Because the list is so extensive, I wish to table it and have a copy sent to Senator Marsden.

Hon. Senators: Agreed.

● (1450)

PRIVATE BILL

BILL TO EXTEND TERM OF CANADIAN PATENT NO. 855,255—SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill S-4, to extend the term of Canadian Patent No. 855,255.

He said: Honourable senators, I am pleased today to move the second reading of Bill S-4, to extend the term of Canadian Patent No. 855,255. A brief explanation of the facts surrounding this matter is, I think, in order.

The patent covers an anesthetic gas with the trade mark "Forane," a life-sustaining agent used in hospital surgical procedures in Canada and now world-wide. Forane was discovered in 1965 by medical researchers working on behalf of the petitioners. By 1969 extensive toxicity studies on animals had been completed as a prerequisite to submitting requests for regulatory approval in Canada and the United States to conduct human clinical studies of Forane. In 1970 patents were granted in Canada and in the United States for this invention. These proceedings are fully described in the petition of Canadian Oxygen Limited and BOC, Inc., which support the petition which initially was the forerunner of this bill.

Regulatory review of a new drug's safety and efficiency takes a lengthy period of time. The Food and Drug Administration of the United States of America was on the verge of giving full marketing approval to the product in 1975. Canadian marketing approval was also imminent. However, at that point in time, the American and Canadian authorities received information from a medical doctor living in the State of Michigan suggesting that there might be a possibility of carcinogenicity—a cancerous agent—with this anesthetic gas. I would like to make it clear that the petitioners had nothing to do with the conduct of this study. Acting out of extreme caution, the governments of both our own country and the United States reviewed this preliminary study and suspended the approval process in February, 1976. They then required the petitioners to carry out extensive tests. These very costly studies, together with the review by the two governments concerned, were eventually completed, and I am happy to report that full marketing approval was given in 1981.

I should mention that the Food and Drug Administration in the United States issued a strongly-worded statement in connection with the studies of the Michigan doctor who caused the stall, saying that those studies had been deficient and that they were not reliable. In particular, the American authorities concluded that the Michigan doctor had used test animals which had been contaminated prior to the tests, and as a result the tests and, I might say, the results were highly suspect.

Having invested substantial time and money in the medical research on this matter, the petitioners felt that they had been deprived of a substantial part of the patent protection both in this country and in the United States. Our colleagues in the American Congress have amended the American equivalent of Canada's Patent Act to extend the term of the American patent covering Forane to make up for the United States' delay in the marketing. I have seen the Congressional bill; the extension it covers is for four years and something; it was granted about a year ago, extending the patent for virtually the space of time that it took to conduct these tests and to get the final clearance, in effect, the last time.

Hon. Royce Frith (Deputy Leader of the Opposition): As if it had been approved?

Senator Nurgitz: Exactly.

Canadian Oxygen Limited is now applying, with BOC, Inc., for a special act to accomplish under Canadian law what has already been accomplished under the laws of the United States of America. The market for this product is basically a continental one, the North American continent. Canada and the United States have traditionally worked very closely together in patents and patent-related matters, especially in these areas.

This bill would extend the term of the Canadian patent for a period of five years, four months and 26 days, a period equal to the marketing delay in Canada.

In a nutshell, therefore, the Canadian patent covers a product which is widely used in hospitals in Canada and the United States. It has been proven very effective and very safe. Through no fault of their own, the petitioners have been deprived of more than five years of the patent protection to which they would normally have been entitled. This has now been restored in the United States, and this bill would provide similar relief in Canada.

Honourable senators, I emphasize that this bill seeks to remedy an extraordinary situation. I am pleased that my colleague, the Honourable Senator Langlois, has agreed to second the motion for second reading of this bill. I initially anticipated that the matter would be dealt with by the Standing Senate Committee on Legal and Constitutional Affairs, but I am informed by the Clerk Assistant of the Senate that, it being a patent matter, it might well go to my colleague, Senator Murray, and the Standing Senate Committee on Banking, Trade and Commerce. I know that he is very anxious to receive this bill, because he has some particular questions.

Senator Frith: He is studying it closely right now.

Senator Nurgitz: Yes, he is, Senator Frith. That is just to get an embarrassing question for me.

I would invite honourable senators to support second reading of this bill so that it can be referred to committee, where I

understand officials of the company would be present to answer any specific questions.

On motion of Senator Langlois, debate adjourned.

FEDERAL-PROVINCIAL RELATIONS

FIRST MINISTERS' CONFERENCE, REGINA, FEBRUARY 1985—FAILURES AND SHORTCOMINGS—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Argue, P.C., calling the attention of the Senate to certain failures and shortcomings of the First Ministers' Conference held in Regina in February 1985.—(*Honourable Senator Macdonald* (*Cape Breton*)).

Hon. John M. Macdonald: Honourable senators, I should like to yield to the Honourable Senator MacDonald (Halifax).

Hon. Finlay MacDonald: Honourable senators, on Thursday, May 9, Senator Argue unburdened himself of some very interesting and provocative remarks, some of which actually bore on the notice he had given, which was to draw attention to the "failings and shortcomings" of the recent First Ministers' Conference in Regina, and I am impelled to give a brief response.

Senator Argue began his remarks by indicating that he thought the conference took place in what he referred to as an unreal atmosphere, and that the policies and the discussions were not entirely clear. I would think, honourable senators, that the term he used, "unreal," is rather significant, because the reality to which he referred, the past reality, the reality that he has experienced over the last 15 years, was a reality in which these conferences were doomed to failure before they began, and an entire generation of Canadians began to realize that.

The present reality is that the Prime Minister of Canada delivered totally on his promise to restore civility to the negotiation table. As well, the policies under discussion were very, very clear. There were four major ones: attracting job-creating investment, job training and retraining, regional economic development opportunities, and, finally, improved competitiveness and marketing of Canadian goods and services.

Senator Argue did not, with respect, have the grace to even indicate that for the first time in 14 years the national agenda was discussed in a major western city. He made six—there may have been more than six—wistful references to that conference being a love-in. "A love-in" was the phrase he used on six separate occasions.

It was Henry Kissinger who once said that one of the things that gave him the greatest pain was to see something working well and successfully in which he had played no part. What Senator Argue cannot bring himself to believe is the total absence of that confrontational spirit which, for 15 years, hampered any opportunity to arrive at a consensus on any economic agenda. There were 22 First Ministers' conferences presided over by the Right Honourable Pierre Elliott Trudeau of which, I believe, 12 were concerned with matters dealing with the Constitution. Whatever gifts the creator gave to that distinguished, right honourable gentleman, and they were many, persuasiveness, patience and skill in negotiation were the best concealed. Those conferences over the years were better known for the fires they set than for the bridges they built. Then, in full flight, Senator Argue committed himself to a little bit of a licence. My seat mate Senator Barootes said, "Watch your blood pressure." Senator Argue said, "There is nothing wrong with my blood pressure. This is the way I get pumped up." Then he went on to discuss his role as a wheat salesman, for which, I gather, he has never been adequately thanked or congratulated.

• (1500)

Senator Doody: And never will be. That is the tragedy.

Senator Argue: The record still stands.

Senator MacDonald: Then Senator Argue condemned the Prime Minister for hiring a number of assistants to write the Prime Minister's press releases. He said that he always writes his own press releases.

Senator Doody: That explains their quality.

Senator MacDonald: As a matter of fact, in a refreshing moment of self-deprecation, he said that sometimes you could tell from the quality of the press release. I do not know whether what I have here is his last press release, but it is the press release of May 3. While there are four mistakes in spelling in this press release, the fact is that the senator should be congratulated for his prescience or the alacrity with which people acted upon the suggestion contained herein. The press release reads in part:

> Senator Hazen Argue today called on David Peterson to form a colition—

which is misspelled.

> —with the NDP and to seek the reins of power in Ontario. Efforts should be made by David Peterson to form a colition—

which is again misspelled.

> —between the Liberals and NDP along the following lines:

Senator Argue: I did that one from my tractor early one morning.

Senator MacDonald: The press release goes on from there, but obviously we are all impressed with the alacrity with which those gentlemen acted upon the honourable senator's suggestion. I can only comment that I would have thought that because of the political party to which the honourable senator holds his first allegiance, there would have been some affection left, before he volunteered his old allies to a kamikaze squadron.

Senator Argue: They weren't even around when I was there.

Senator MacDonald: Now, I hit upon a more serious note.

Senator Doody: It could not be more serious than that.

Senator MacDonald: There was in the early part of Senator Argue's comments this reference:

> The day the conference commenced it was a bitterly cold day and there were demonstrations in progress outside the centre. Some of the demonstrators had been there for hours. They asked to be allowed to use the washrooms of the Arts Centre, but they were refused permission to do so. I thought that was almost unbelievable.

Honourable senators, I can go further. I say it was unconscionable. Senator Argue was there in the bitter cold. I was not. I take him at his word. I watched the event from the warmth of my home in Ottawa. I had assumed that the citizens of Regina who were jumping from foot to foot were doing so in expectation of the arrival of the Prime Minister. Now I know the difference. I think we are on to something here which I can totally support. I consider access to public washrooms of this country as an inalienable right. I think there is a watershed here. As a matter of fact, I think it is part of the legal rights in the Charter, which says that everyone has the right to life, liberty and security of the person and the right not to be deprived thereof. I thank Senator Argue for drawing this matter to our attention. I consider that, given the impoverishment of the resources with which he worked on his comments of that particular day, Senator Argue's was a virtuoso performance.

Senator Flynn: You covered it all.

Senator Frith: I think you got off that particular metaphor at the right time though, Fin.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered as having been debated.

ECONOMIC AND SOCIAL POLICIES

GOVERNMENT STATEMENTS—INQUIRY STANDS

On Inquiries:

By the Honourable Senator Sinclair:

> 19th December—That he will call the attention of the Senate to the growing concern, even in some cases fear, arising from the contradictory government statements on economic and social policy.

Hon. Ian Sinclair: Stand.

Hon. Duff Roblin (Leader of the Government): I thought you wanted to discuss the budget!

Senator Sinclair: Would you like me to do it now? I thought you were not prepared to discuss the budget.

Senator Roblin: It is not I who am not prepared; it is my honourable friend. He has been at it for five months.

Senator Sinclair: I could not figure out what the government was doing, and neither could anybody else.

Inquiry stands.

PARLIAMENTARY EMPLOYMENT AND STAFF RELATIONS

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-45

Hon. Robert Muir, for Hon. Duff Roblin (Leader of the Government), pursuant to notice of May 16, 1985, moved:

> That the Standing Committee on Internal Economy, Budgets and Administration be authorized to examine the subject matter of the Bill C-45, intituled: "An Act respecting employment and employer and employee relations in the Senate and House of Commons", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 29, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

STEVE FONYO

"JOURNEY FOR LIVES" ACROSS CANADA

Hon. Efstathios William Barootes: Honourable senators, today is a day of considerable significance for Canadians, and particularly for medical research in Canada. Today young Steve Fonyo poured a bottle of Atlantic Ocean water into the Pacific Ocean at Victoria, British Columbia, thereby completing a strenuous and arduous journey across Canada. On completing that journey, he brought honour to himself and honour to the many, many sufferers of that scourging disease.

Hon. Senators: Hear, hear.

Senator Barootes: Honourable senators, I rise to speak in honour of and in tribute to the tremendous accomplishment of this young man; in recognition of his courage, his determination and his perseverance, his strength of character, his tremendous will-power and the inspiration and hope that he gave to all Canadians as he ran across Canada.

He ran across Canada through heat and through cold; through rain and through snow; in humid weather, in hot weather and in freezing weather; and we saw him jogging in pain in the latter part of his journey because he was suffering from shin splints. But, always, we saw a smile and determination on his face.

Steve Fonyo completed a courageous journey, in the attempted accomplishment of which his predecessor, Terry Fox, had given his life.

To us in Canada, and perhaps even to those in the rest of the world, he brought a renewed awareness of this scourge of mankind, cancer. He brought it to us in a different way, not in that frightful, fearsome way that we knew of years ago, but in the rather gratifying way of seeing a recovered victim of that disease, an amputee, trudging and jogging across Canada. He is a living example that cancer can be conquered and that cancer victims can go on to endeavours of considerable endurance.

He did another thing. The millions of us who watched him on television and saw pictures of him in the press must have noticed the enormous number of young people who were present to greet him everywhere he went. That is very significant, because if honourable senators think back to when they were the age of those young people, they will realize how little was the significance of cancer in our lives. Those young people can understand and empathize, and they will work for us to conquer that disease.

Steve has brought most forcefully to our attention the tremendous funding requirements of researchers to find a cure for cancer. Even as we sit here today, honourable senators, there are, all over the world, thousands and thousands of skilled scientific researchers grappling with this problem in an effort to find solutions. Indeed, as I turn to see my honourable confrère seated here, I am reminded that Dr. Phil Gold, from Senator David's city of Montreal, has recently been highly honoured for work he has done in the field of cancer research—work which I believe is singularly important throughout the entire world.

Steve Fonyo, through his act of courage and strength, has raised millions of dollars in donations for this research. Furthermore, he has raised the hopes and ideals of millions of people. He has reinforced what I think are among the most precious qualities of human beings.

I know that I speak for all honourable senators—and I dare say for all Canadians who know of Steve Fonyo—when I say to him, "Hail to you, Steve Fonyo, for the inspiration and hope that you have brought to all of us by your great act of courage." May God grant to him the fulfilment and happiness of a long life, which his "Journey for Lives" has brought to so many others.

Hon. Senators: Hear, hear!

Hon. Raymond J. Perrault: Honourable senators, I know that I speak for all of us in this chamber when I say that we appreciate deeply the eloquent remarks addressed to us by Senator Barootes, who has, himself, established a distinguished career in the medical profession. I join with him, as we all do, in the sentiments which he has expressed.

Steve Fonyo completed his cross-country run today in Victoria, British Columbia. The final several miles he ran in great pain. I know that all honourable senators will wish to commend this tenacious, courageous young Canadian for his efforts on behalf of cancer research. He has inspired Canadians of all walks of life, regardless of political or religious affiliation, to contribute in excess of $8 million to the battle, through medical research, against the scourge of cancer.

Cancer can and will be beaten, and young people like Steve Fonyo and Terry Fox before him will deserve a generous share of credit for that ultimate victory, together with those who, in spirit, ran across Canada with them through their donation of funds to the fight against cancer.

British Columbians take particular satisfaction in the fact that Steve comes from that province. But his family came to this country following the Hungarian revolution. They came

here seeking opportunity, liberty and the right to contribute in a free society. That family is to be commended for its deep dedication and willingness through young Steve and with the help of other Canadians—their fellow citizens—to achieve this victory over cancer.

All Canadians take pride in young Steve's achievement, because he has done this for all Canadians, wherever they live. Quite properly, this young man, at the conclusion of his epic run, has thanked everyone for their incredible outpouring of generosity over the past few months. All of those contributing Canadians can be proud of this achievement.

Hon. Senators: Hear, hear!

[*Translation*]

OFFICIAL LANGUAGES POLICY AND PROGRAMS

FIRST REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. Paul P. David, for the Honourable Dalia Wood, Joint Chairman of the Standing Committee of the Senate and the House of Commons on Official Languages Policy and Programs, presented the following report:

Wednesday, May 29, 1985

The Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs has the honour to present its

FIRST REPORT

In relation to its Order of Reference from the Senate dated Wednesday, March 27, 1985 and its Order of Reference from the House of Commons dated Tuesday, March 26, 1985 both relating to the Report of the Comissioner of Official Languages for 1984, your Committee recommends that it be empowered to adjourn from place to place in Canada during October and November 1985 for a period to be determined at a later date, to hold hearings into the problems and concerns of language minorities and majorities, with respect to official languages rights, policy and programs, and that the necessary staff do accompany the Committee.

Respectfully submitted,

PAUL P. DAVID
for
DALIA WOOD
Joint Chairman

The Hon. the Speaker *pro tempore:* When shall the report be taken into consideration, honourable senators?

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

[Senator Perrault.]

[*English*]

THE ESTIMATES 1985-86

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending 3lst March, 1986, tabled in the Senate on 29th May, 1985.

Motion agreed to.

QUESTION PERIOD

[*English*]

BROADCASTING

TASK FORCE—QUALIFICATIONS OF CO-CHAIRMAN

Hon. Keith Davey: Honourable senators, I have a question for the Leader of the Government. My question relates to the task force which has been assigned the job of reviewing the Canadian broadcasting system, and which is co-chaired by Mr. Gerald Lewis Caplan.

● (1410)

Mr. Caplan, when asked recently on CBC *Sunday Morning* why he was chosen, said that it was because he was not a Liberal.

Some Hon. Senators: Shame!

Senator Davey: And, thankfully, he is not.

Some Hon. Senators: Hear, hear.

Senator Davey: What, in fact, are Mr. Caplan's qualifications to co-chair this important $2 million study?

Hon. Duff Roblin (Leader of the Government): I would point out to my honourable friend that this particular inquiry comes under the jurisdiction of one of my colleagues and that I am not acquainted with the details of the appointment. I shall ask my colleague to provide that information for my honourable friend.

Senator Steuart: You would be stunned.

Senator Davey: I have a supplementary question. A fact sheet published at the time the task force was established stated:

The task force shall make recommendations to the Minister of Communications on an industrial and cultural strategy to govern the future evolution of the Canadian broadcasting system through the remainder of this century.

Senator Steuart: My God!

Senator Davey: That recognizes the importance of broadcasting in Canadian life.

While I realize that television is a medium that can compact the Hundred Years' War into a 30-minute documentary, I am still astonished that the task force has been asked to complete its work within nine months. This may explain why the task force will not—and, I repeat, *not*—be holding any public hearings.

Some Hon. Senators: Shame!

Senator Davey: Apparently, everyone is going to be consulted except those who count most, Canadian viewers and listeners.

I am wondering whether the government leader would try to persuade the minister to instruct this important task force to hold public hearings, rather than to base its findings exclusively on the views of the broadcasting elite.

Senator Roblin: I have usually found, honourable senators, that work takes the time allotted to it. If a period of nine months is allotted to the task force to do its work, there is a good chance that it will get it done within that period of time. If it were given 18 months, the comment would be the same.

On the question of hearings, I think my honourable friend is aware that this task force is to advise the minister on policy. As a result of that advice and other information and advice that the minister receives, a paper will be published outlining the details and findings of these studies, and on that publication there will be public hearings, as I think there should be. That will provide a full opportunity for those interested in this fascinating topic to have something to say about it.

Senator Steuart: Is that a guarantee? Do you guarantee that?

Senator Davey: One final supplementary question. If plans are not in place now—which seems unlikely—would the government leader urge the minister and/or the task force to find out, professionally, the views of Canadian listeners and viewers, and will the results of any such survey be made public?

Senator Steuart: Not likely.

Senator Roblin: I can tell my honourable friend that the report of the task force will be made public and it will be the subject—I had better watch myself here. I am not sure that the minister intends to publish the report of this task force. I can find out whether it is his intention to do so. But I do know that the operative document—this is a pre-study, as we do in the Senate here—which will cover the policy in this respect will be made fully public and will be the subject of public discussions. That, I think, is the main point that need concern honourable senators.

Senator Davey: I thank the government leader for that information. Will the document be made public on its completion? The question in my mind is whether there will be public input during the course of the hearings. I did not quite understand the response.

Senator Roblin: I think I have given my honourable friend all of the information I have on the subject.

THE SENATE

SECURITY SERVICE—STAFF REDUCTION

Hon. Hazen Argue: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. It arises out of what seems to be a fact, that being that there has been a reduction in the number of personnel in the Security Service of the Senate. Is it government policy to reduce the amount of money available for Senate services, to the point that the size of the Senate Security Service staff is, in fact, being reduced?

I might say that my impression is that the morale of our Security Service staff is at an all-time low and there is a good deal of consternation concerning the fact that a number of cuts will be forthcoming and that the Security Service staff are being asked to undertake extra duties without the required number of personnel to do those extra duties.

Hon. Duff Roblin (Leader of the Government): My honourable friend will be aware of the fact that the budget for the Senate was approved by the Internal Economy, Budgets and Administration Committee. I stand to be corrected on this, but I believe it was also approved by the Senate as a whole when the committee reported to the Senate. That budget was accepted by the government and funds were provided in accordance with that budget. So one has to think that the financial requirements of the Senate have been adequately considered by our own committee and that that consideration has been accepted as the basis for budgeting by the government itself.

As for the details of the question about the Security Service, it is my impression that my honourable friend should refer his question to the Internal Economy, Budgets and Administration Committee, because I do not believe that it comes under my particular jurisdiction, as Leader of the Government in the Senate, to regulate that matter. It is done by the Senate itself. I believe that is the body that could probably enlighten my honourable friend with respect to the point he makes.

Senator Argue: Honourable senators, it is correct that the estimates of the Senate for those purposes have been considered; but that does not mean that some senators do not have a concern about the amount of money that has been allocated to the Senate, and the way that it has been brought about.

I have a further question: Is it the policy of the government to reduce the Security Service staff for both the Senate and the House of Commons? For example, at the East Block—which I believe is operated jointly by the Senate and the House of Commons Security Service staffs—of four entrances two have been closed. The main entrance—I will call it that; I refer to the southwest entrance—is used not only by the Secretary of State for External Affairs, the Right Honourable Joe Clark, who with others has his offices in that building, but also by distinguished guests from foreign countries who go in to see Mr. Clark from time to time. Those visitors are often confronted with freight being brought in through that same

entrance. I am wondering whether it is government policy to downgrade the services there because the Right Honourable Joe Clark happens to have his offices in that building.

I repeat that the morale of the Senate Security Service staff is at a low ebb—I believe for good reason—and when we have freight being brought in the same entrance as that used by ambassadors, I do not believe that it speaks well for the Parliament of Canada.

Senator Roblin: My honourable friend is entitled to make his opinion known to the Senate. But I suggest that if he attends the meeting of the Internal Economy, Budgets and Administration Committee, which meets this afternoon after the Senate rises, it will provide him with a forum where the whole matter could be reviewed and discussed; because, as I said previously, these matters do not come within the policy ambit of the government so much as they come under the jurisdiction of the Senate itself, and the House of Commons where appropriate, with respect to this. It is not a government matter. It is a matter for the institutions of Parliament. We have our own committee in the Senate. It meets this afternoon, and I am sure that my honourable friend will be welcome to express his concerns.

Senator Argue: In reply to the Leader of the Government, I believe it is correct that the government, by the very nature of government, sets the amount of money available for Senate services. It is correct that the Internal Economy, Budgets and Administration Committee is meeting this afternoon. I shall be pleased to attend that meeting, and I hope to repeat my points at that time. I also point out to the Leader of the Government something that he knows very well. The Internal Economy Committee usually meets in secret. The public is not allowed to attend, and I think it is very important that these issues be raised on the floor of the Senate.

● (1420)

Senator Roblin: I repeat what I have already said to my honourable friend, that the Senate set its own budget last spring and that budget was approved by the government without amendment or change. So it is a matter that lies within our control as senators. Whether or not the Internal Economy Committee meets in closed session or open session is a matter for that committee to decide. I am sure that if my honourable friend wants to raise that question the committee will consider it.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to say something for the record. This question is on the agenda of that committee this afternoon. I would like to note for the record that the approval of the Senate budget by the Internal Economy Committee was anomalous, we hope, because of the election and because of the time that elapsed between the necessity for, I assume, presenting the estimates for the Senate to the government and to the Treasury Board and the formulation of the committee after the election. All these factors resulted in the budget the committee considered being a fait accompli, because it had already been approved.

[Senator Argue.]

As I say, this situation was, I hope, an anomaly. Of course, normally what happens is exactly what Senator Roblin has described; that before the estimates are presented, the Internal Economy Committee examines them in detail.

Senator Roblin: Obviously, you did not expect a change of government.

CANADIAN BROADCASTING CORPORATION

STAFF REDUCTIONS

Hon. Raymond J. Perrault: Honourable senators, I have a question for the Leader of the Government in the Senate on the subject of CBC staff reductions. Would it be possible for the leader to provide members of the chamber with a list of the cuts in CBC personnel, by broadcast centres across Canada, updated to the most recent figures? There continues to be real concern in Vancouver that much of the creative work of the CBC will be and, in fact, is being moved back to Toronto and Montreal as a result of these budget cutbacks. I know that the Leader of the Government agrees with me when I say that creative genius exists in this nation not solely in Montreal and Toronto, but, as well, in Winnipeg, Halifax, Vancouver and other centres. They are capable of outstanding television and radio productions. One of the reasons that some of us continue to ask questions on the subject of the CBC and broadcasting generally is that during another time when there was a Conservative government in Canada a chairman of the Board of Broadcast Governors was appointed and one of his first statements was: "I bring to my task an open mind. I do not own a television set and I listen to radio very rarely." I fervently hope that the quality of broadcasting appointments by the new government represents considerably more expertise in the profession.

Hon. Duff Roblin (Leader of the Government): I wish my honourable friend would share with us the name of this celebrated expert on telecommunications. I am not sure who it is that my honourable friend is referring to, but if he said what he is alleged to have said it certainly calls for some raised eyebrows.

With respect to the question asked by my honourable friend, I share his concern. I note, of course, that while the government occasionally nudges the CBC, particularly on this point as to where the cuts are to come, ultimately the CBC is responsible for making those decisions. I shall do my best to get the information he seeks.

Hon. Royce Frith (Deputy Leader of the Opposition): I hate to be constantly standing for the record. The Chairman of the BBG was Dr. Andrew Stewart.

Senator Flynn: He was not concerned with the CBC.

Senator Frith: Only as chairman of the regulatory body, and whether or not he ever made such a statement, he turned out to be a very good chairman.

BROADCASTING

THREATENED JAMMING OF U.S. RADIO STATION BY CUBA—POSSIBLE INTERFERENCE WITH RADIO STATION CFRB, TORONTO

Hon. Peter A. Stollery: Honourable senators, I have a question for the Leader of the Government in the Senate. It concerns the recent opening in Florida of an American radio station called Radio Marti which beams its broadcasts to Cuba. The Cubans have threatened retaliation by launching a 500,000-watt station from Havana to jam Radio Marti, which is an illegal medium-wave radio station operated by the U.S. government.

If the Cubans carry out their threat to retaliate, it will have a very bad effect on CFRB in Toronto. In view of the government's close relationship with the United States, I wonder if it has, in fact, taken any steps to protect Radio Station CFRB in Toronto, which is, I think, the biggest radio station in Canada.

Hon. Duff Roblin (Leader of the Government): I am surprised to hear my honourable friend describe Radio Marti as illegal. Indeed, it may be, but there is no evidence that has come to my notice that it is illegal. However, that is a matter that really does not affect the substance of the question.

The point I would like to make is that at the present time, as far as I am aware, there is no actual interference with the broadcast efforts of the radio station he speaks of, so at the moment it is a hypothetical problem. Even should it occur, I think one has to recognize certain difficulties, because if we decided to operate a certain radio station in Canada that we thought was within our rights to operate, it would be difficult for us to accept that foreigners had the right to come and tell us to stop doing so, even though it might adversely affect some of their interests.

Senator Frith: It is the subject of an agreement.

Senator Roblin: Perhaps what I should say is that I will take the question as notice, because I do not put myself forward as an expert in these matters.

Senator Stollery: I would like to thank the Leader of the Government for his response, but I would remind him that there is a North American Regional Broadcasting Agreement to which Cuba and the United States are parties.

I would also like to remind the Leader of the Government that, with respect to AM broadcasting—as opposed to short-wave broadcasting—it is illegal to broadcast into someone else's territory. That was very clearly defined under the North American Regional Broadcasting Agreement. In fact, there was a meeting held to decide the broadcasting circumference of radio stations and that sort of thing. Therefore it is, in fact, an important matter for the government, because if the Cubans decide to retaliate against what is clearly an illegal medium-wave broadcasting station, it will have very adverse effects on Canadian broadcasters. In order to protect the Canadian broadcasting industry, I think the government should show some interest in the matter.

Senator Roblin: I must confess that my honourable friend is not reminding me about these matters; he is telling me, because I was certainly not aware of the detail. However, I have already said that I shall take a look at this matter, and I will certainly do so.

FOREIGN AFFAIRS

BANGLADESH—AID TO DISASTER VICTIMS

Hon. Heath Macquarrie: Honourable senators, my question is prompted by the disturbing news of the great tragedy that has befallen the people of Bangladesh. The stories of the tremendous loss of life and the suffering of those involved who were not killed in this terrible tragedy have, I am sure, affected all of us in this house and throughout the country.

Can the Leader of the Government in the Senate advise if our government, in consultation and in conjunction with other governments, has in mind or has in action any moves which might ameliorate the situation of these victims? Far too many people in Bangladesh have passed the stage of any help, but there are still many for whom much help is required.

Hon. Duff Roblin (Leader of the Government): I think my honourable friend is correct. There is a need for help in Bangladesh. I can say that the government has made a preliminary contribution of a relatively minor nature, to be sure, but they are consulting with Bangladeshi authorities and our other friends in the region to see what further measures might be undertaken.

CANADA DEVELOPMENT CORPORATION

SALE OF SHARES—GOVERNMENT POLICY

Hon. Jack Austin: I would like to ask the Leader of the Government in the Senate what the policy of the government is with respect to the sale of its investment in the Canada Development Corporation.

● (1430)

Hon. Duff Roblin (Leader of the Government): I will take the question as notice.

Senator Austin: I have a supplementary question. As the Leader of the Government in the Senate may know, the minister responsible, the Honourable Sinclair Stevens, made an announcement on behalf of the government this morning with respect to the sale of shares of the Canada Development Corporation. I was hoping that the leader would be up to date and that he would be able to discuss the matter with the Senate and, more particularly, inform the Senate on that subject.

However, while taking notice of the question, would the leader also advise the Senate as to when the government might be proceeding with legislation to allow the Canada Development Corporation to have shareholdings larger than 3 per cent, which is the limitation for shareholdings under the present statute?

Senator Roblin: I am sorry to disappoint my honourable friend in not being as up to date as he would like me to be. As he can appreciate, there were meetings today which precluded my having any contact with my colleague.

I will take both questions as notice and let him know as soon as I can.

PARLIAMENT HILL

SUGGESTED RE-LOCATION OF TOURIST RECEPTION TENT

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate. A couple of weeks ago I asked the leader about the famous tent on the east side of the Centre Block. When I saw it a couple of days ago, it appeared as if the circus had come to town.

Senator Flynn: There is nothing new about that.

Senator Denis: As far as I am concerned, that shows a lack of good taste.

I should like to ask a supplementary question to that which I asked on May 15. Since the former government did not consider an alternative site for the tent, would the current government give consideration to doing so?

I suggest that that tent be moved to the lawn behind the West Block. There is sufficient room there, and it would be close to the parade ground, the area where the buses park, to the drinking-water fountain, to the washroom facilities, and would give a good view of the Province of Quebec and the Ottawa River.

That tent is supposed to be there for the convenience of tourists, and if it were located behind the West Block it would be in close proximity to all facilities.

The tent was erected last summer on the site it now occupies, and the water fountain did not work then. There was an ice cream and soft drink vendor in the tent, and I might say that his prices were high. There were three or four large showcases containing photographs of the buildings so that tourists did not have to visit the buildings to see them. As a result, they did not have to hire guides. They were supposed to have everything there, but, in fact, there were no facilities.

If the tent were located behind the West Block, it would be less conspicuous, and there could be benches and seats placed in it, which would be of assistance to the tourists.

I should like to know what is going to happen after the summer. Is it going to be removed and is the grass going to be replaced? I do not know how expensive an operation that would be, but I do know that it is a goddam mistake of the former government.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): I have to say that my honourable friend's eloquence moves me. When he talks about the esthetic qualities of the tent, I am reminded of an expression in French which covers the point: "A chacun son goût." So, everyone has his own idea of what is satisfactory with respect to the appearance of that installation.

[Senator Austin.]

I owe my honourable friend an apology because I received the information he asked me for but I have not yet reported it to him. He asked why it was there. It is to provide a staging post, you might say, for high school and other students, principally, and also for other tourists who have to wait before going into the buildings.

For that purpose, a permanent platform has been laid. That platform is sheltered by a tent in the summer time. I suspect that in the winter time it will be taken down.

My honourable friend has made such a persuasive case for the proposition that it is in the wrong place that I think the least I can do is bring his comments to the attention of the minister concerned, the Minister of Public Works. I will ask him to react to the comments of my honourable friend.

ENERGY

NATURAL GAS—PROPOSED PIPELINE TO VANCOUVER ISLAND

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government in the Senate. I should like to ask the leader to have his research boffins—while they are working on my first question relating to the Canada Development Corporation—produce an answer expeditiously for Senator Roblin to give in the chamber on the question of a proposed natural gas pipeline from the mainland of British Columbia to Vancouver Island.

That proposed natural gas pipeline was endorsed and supported by the current Minister of Energy, Mines and Resources, the Honourable Patricia Carney, during the last election campaign and continues to be the subject of representations by the Province of British Columbia to the federal government for an affirmative answer.

I would appreciate, therefore, the Leader of the Government bringing the Senate up to date as precisely as he can.

Hon. Duff Roblin (Leader of the Government): I shall raise the question with my colleague.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—SECOND READING

Hon. John M. Macdonald moved the second reading of Bill C-52, to amend the Unemployment Insurance Act, 1971.

He said: Honourable senators, Bill C-52 seeks to amend the Unemployment Insurance Act in two particulars. It is not my intention to discuss the act in general, but to limit my remarks today to the proposed amendments. The bill contains only two clauses, but both are of great importance, as each has a far-reaching effect. One clause extends what is known as the variable entrance requirement, and the other freezes the contribution to the Unemployment Insurance Fund at the 1985 level to the end of 1986.

As you know, honourable senators, it was back in 1977 that a very important amendment was made to the Unemployment Insurance Act. That amendment took into account that there

was a wide variation in the unemployment picture in various regions of our country, and that being so, it was unfair that there should be uniform standards for the period of employment a person must have to be eligible for unemployment insurance benefits. The standard period was, and indeed is, 14 weeks. However, under the principle adopted in 1977, a person may be eligible for unemployment insurance benefits after having been employed between 10 to 14 weeks, depending upon the amount of unemployment in the region where he or she is employed. If the rate is 6 per cent or under, the qualifying period is 14 weeks; if the rate is over 9 per cent, the qualifying period is reduced to 10 weeks. However, the legislation set a time limit, as it were, on the variable entrance requirement. I believe the original one was for 36 months. However, that has been extended from time to time, and the current legislation sets the limit at a period of 90 months, which began December 4, 1977. This limit expires on June 1 of this year. That is why the amendment contained in clause 1 of the bill is necessary.

● (1440)

If this bill is passed, it will continue the present variable entrance requirement until December 31, 1986. If the amendment does not come into effect by June 2, the standard 14 week period will come back into effect. That, in turn, will mean that many unemployed will suffer severe hardships. Certainly, I know that in my part of the country, Cape Breton Island, the unemployment rate is well over 9 per cent. Therefore, for special and, perhaps, selfish reasons, I hope that the bill will pass as speedily as possible, though, of course, only after due study and consideration.

The second clause of the bill would freeze the contributions of the employee and the employer at the present rate until December 31, 1986. If this is not done by means of this proposed legislation, the rate will increase according to the formula contained in the act.

Honourable senators, it has been stated by the Minister of Employment and Immigration that she intends to appoint a special committee to study the unemployment insurance program. In my view, this is a good idea, as abuses may have crept into its operations. It may well be that the system can be improved in order to benefit all concerned. I recognize, of course, that great care has to be taken when it comes to correcting an abuse to ensure that innocent persons do not suffer hardships.

Honourable senators, unemployment insurance can be called a fundamental part of our whole social security system. I think that it is more important than ever in our present economic state, because we are now in a kind of transitional period and are experiencing a new type of economic development, if that is the right term to use. It is possible that there will have to be not only a broadening of the present unemployment coverage, but also some type of coverage for those who are unable to find employment due to economic change or other conditions, and not through any fault of their own.

I do not know just what the terms of reference will be for the proposed special committee. I hope that they will be very wide and I hope that the legislation which will follow its report will be beneficial to all concerned. Indeed, I feel that an injustice was done to those over 65 years of age when it was decided that they would not be eligible for unemployment insurance benefits except for a period of three weeks. I hope that this injustice will be corrected when the report of the special committee is received.

Honourable senators, I realize that my explanation of this bill has been brief. However, I do think that the principle involved is very clear, as is the effect of the two clauses of the bill. As honourable senators are aware, the House of Commons passed this bill yesterday after a very short debate. I would like to see it passed speedily in this chamber, also. However, if it is the wish of the Senate that it should go to committee, I would certainly not object.

Honourable senators, I ask your favourable consideration of this bill.

Hon. Douglas D. Everett: Honourable senators, while this legislation comes to us after brief consideration in the other place and will receive, I suspect, brief consideration here, we have had adequate warning of its arrival.

Some months ago, in the economic statement of the Minister of Finance, he stated that a special review committee would be appointed to examine all aspects of unemployment insurance. In his budget speech of this week, he came back again to that same point. In the Budget Papers, he states:

> As announced in the November 1984 Economic Statement, the government will undertake a thorough review of the UI program. This review will be carried out by a special committee composed of leading Canadians from the private sector. Its mandate will be to re-examine and redefine the role of the UI program within the context of the Canadian social security system. More specifically, the objective of the committee is to review the changes which should be made to the program:
>
> to improve the operation of labour markets in Canada;
>
> to support more effectively the nation's economic development;
>
> to ensure equitable financing of the program; and
>
> to provide new and better opportunities for Canadians experiencing temporary unemployment.

He goes on to say, interestingly enough:

> To the extent any federal savings occur, they will be reallocated to support training and employment programs.

We were warned at that time that there were two changes that would come about in the Unemployment Insurance Act by virtue of the effluxion of time. One of these changes, as Senator Macdonald has said, is that variable entrance requirements of 10 to 14 weeks would become 14 weeks for everyone on June 1 of this year. The second is that premium rates would rise by 11 per cent, adding $1 billion to the cost of unemployment insurance for employees and employers.

The government, I think quite rightly, has stated that it believes that these changes should not take place until after the review has been completed. It is my understanding that we, on this side of the chamber, are in favour of the passage of this legislation; that we hope that it will get three readings today and that it will not have to be referred to committee.

I just want to say, before I sit down, that I personally am delighted that the government is taking a look at the Unemployment Insurance Act. In appointing the special committee, I hope that this time the appointees are totally non-partisan—that the committee is composed of those people most capable of dealing with this particular subject.

Unemployment insurance is an extremely costly program. It is one that is used by a great many Canadians and, unfortunately, it is one that is abused by some Canadians. Those people who examine this program have to be possessed of the intestinal fortitude to say what is wrong with it. There are those in our society who have been looking at it not as an insurance program but as a program into which they have put some money and out of which they are going to get it back with a profit. These people work just for the 10 to 14 weeks of eligibility, only to have themselves laid off, then they collect benefits for 51 or 52 weeks. They make this a practice. It is part of their employment record.

Honourable senators, this is a situation that is costing a great many millions of dollars for other Canadians. What it means is that those who are genuinely out of work—those who need support—do not receive adequate support because the fund is constantly bumping its head against its fiscal limits. I say that this is a review that goes to the very root of economic policy in Canada.

When the Finance Committee did its study on Growth, Employment and Price Stability, we were then dealing with whether the full employment rate in Canada was 3 per cent. After much agonizing, we came to the conclusion that the reasonable full employment rate in Canada was 5 per cent. Why did we do that? We did so because Canada, as an affluent society, has concluded that it can pay for and provide safety nets for its citizens—and so it should. But the abuse of the unemployment insurance program—a safety net that should be provided and used properly—would indicate to me that the full employment rate in Canada is probably something closer to 8 per cent than to 5 per cent.

This is an important issue for Canadians. I trust that the government will not appoint people on the basis of patronage or on the basis that the committee will simply say what the government wants them to say. I trust that the appointments will reflect the kind of people who will really find out the causes of this serious problem and will articulate them for Canadians. A sound report can engender the political support necessary to change the abuses of this system and to make the act into what it was intended to be in the first place—an insurance act.

[Senator Everett.]

• (1450)

Honourable senators, as I stated before, we are in favour of these amendments, and we hope that this bill will pass its three readings today and not be referred to committee.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. John M. Macdonald: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

Hon. Robert Muir: Honourable senators, I had not planned to take part in this debate, but after hearing Senator Everett, I thought I should say one or two words. I want to commend him as being one of the hardest-working senators in the Senate; he does an extremely good job in any committee or anything he is involved with. His speech was well delivered; he did a tremendous job on what he believes is correct. However, I just want to raise one point when he says he thinks the actual unemployment rate in Canada is about 8 per cent.

Senator Frith: No, full employment.

Senator Muir: I am sorry, full employment. Senator Everett also said that the vast majority, the great number or the overwhelming number of workers work long enough to get enough stamps to receive benefits. Now, that may be correct in some areas.

Senator Everett: Could I interject there?

Senator Muir: Certainly.

Senator Everett: I thought I said—and if I put it the other way, I did not mean to put it that way—that some Canadians were abusing the system, and some of them were using the system of working for the minimum eligibility period of 10 to 14 weeks, then being laid off or leaving their jobs and being able to collect benefits for up to, I believe it is, 51 weeks, and they were doing that systematically. I did not mean by any manner of means that it applied to all Canadians, and if I did say that I was wrong.

Senator Muir: I thank the honourable senator for his explanation. I agree with him that there is a certain number of workers in Canada who will do that, of course. As long as we have human nature, as human beings, we will find that happening. However, there are in many areas in Canada good people, men and women, who would like to find employment. Those people were there under the past government and they are there under the present government, and they are people with respect to whom the present government has not had a long enough time to show their mettle and get these people back to work.

Maybe in western Canada, in Saskatchewan and areas like that, where there is not a great deal of unemployment—

Senator Steuart: We have our fresh air bums there too.

Senator Muir: In any event, in eastern Canada there is a great deal of unemployment, and there are many good people who would like work, who would be happy to have work, to have jobs. We have a minority, a small number, as Senator Everett says, who are only interested in getting enough stamps, getting on the "pogey" as it is termed, and that's it. I do hope that whoever is on this great commission that is to be formed will not get the general idea that everybody is out to rob the system, because I think the vast majority of people in Canada, working people who pay unemployment insurance, are not in this category to which reference has been made. Don't get me wrong, honourable senators. Those who pay unemployment insurance are not the only ones who work. There are many others who work hard also. I hope that when this commission is formed it will be fully representative of all members of society, not only businessmen—

Senator Steuart: And not only Tories.

Senator Muir: Regardless of their political affiliations. I hope they will be not only businessmen, but that there will be a cross-section of people from the different fields of labour in this country and from business. I hope that all will be represented. I also hope that we will not end up with an Unemployment Insurance Act trimmed to the point where it will not be of benefit to anyone, because of the effort to catch those who are attempting to do the wrong thing with it. I trust it will not hit those who might be quite sincere and who might suffer as a result of what is done. In any event, if jobs are provided for those who want jobs, I think the problem Senator Everett spoke about will be minimal. I think he expressed himself very well and I apologize to him if I misunderstood what he said.

Senator Everett: Honourable senators, I should like to speak on third reading, just to say to Senator Muir that I agree with him. My fervent hope is that this will be a blue-ribbon commission. My intervention, and my *obiter dictum*, in relation to this bill, was based on the fact that I really believe unemployment insurance is probably one of the greatest of all social programs. However, it is one that should work extremely well, and to the benefit of those who are genuinely unemployed. What I am concerned about is that there have been abuses of the system, and what I am arguing against is the fact that we say, "My goodness, this is a sacred cow. If we touch this, we are interfering with those people who are suffering the pangs of unemployment and all its deprivations." I say let us look at it to make it work better; let us make it work on behalf of those who are genuinely unemployed, not on behalf of those who are abusing the system. Let's not close our eyes to the fact that there are people who are abusing the system. I hope that this commission will be a blue-ribbon commission, that it will investigate the system, find out its abuses and then say what those abuses are in clear language.

Hon. Roméo LeBlanc: Honourable senators, I did not intend to speak until I heard this discussion. I should like to speak very briefly, because I find that every time there is a discussion about reviewing unemployment insurance it is generally advocated by those who want to reduce the protection afforded to Canadians.

I take issue with my good friend, Senator Muir, on one aspect of his intervention. He tends to define the problem as an east coast problem, or an eastern Canadian problem. If we look at the map of this country, however, and look at the northern tier extending from practically Prince Rupert in British Columbia to the coast of Labrador, we will find that seasonality determines the eligibility or non-eligibility of workers for unemployment insurance. Are we to say to the fishermen of Lac La Ronge, Senator Steuart, or to the resource-poor fishermen of the northern prairie, that somehow in the winter time they should not be entitled to what is, if we are honest enough to admit it, basically a supplementary income?

• (1500)

Perhaps we should change the name of unemployment insurance to something which would reflect the reality, which is that there are in this country hundreds of thousands of people who, if they do not want to become exiles in their own country, have to put up with seasonality and minimum wages and poor living conditions. To those people unemployment insurance is not something they receive until they get a job; it is something that they need until the thaw and the return of spring.

I am concerned about a "blue ribbon committee"; if it is a blue ribbon committee which is there to "be businesslike" in its approach to unemployment insurance, then God help the northern tier of this country and God help the major part of this country from Quebec City east.

Honourable senators, I had not intended to speak on this bill. I have sat in cabinet and have heard bureaucrats bringing in report after report, with the same clichés and the same misinformed recommendations to ministers. Many of us had to fight within our own caucus and sometimes within the cabinet to prevent those who had never been outside the Golden Triangle from making recommendations which might then be adopted by the government.

It is my hope that if and when this issue comes before the Senate, we will have a real debate, since we are senators who represent regions and not only senators who represent parties.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

29 May 1985

Sir,

I have the honour to inform you that the Honourable Gérard V. J. La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the

29th day of May, 1985, at 4.45 p.m., for the purpose of giving the Royal Assent to a certain Bill.

I have the honour to be
Sir,
Your obedient servant,
A. P. Smyth
Deputy Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

At 5 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Gérard V. J. La Forest, Puisne Judge of the Supreme Court of Canada, Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable the Speaker *pro tempore* of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable Gérard V. La Forest, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on his part necessary to be done during Her Excellency's pleasure.

The Commission was read by the Clerk Assistant of the Senate.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Unemployment Insurance Act, 1971 (*Bill C-52, Chapter 18*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 30, 1985

The Senate met at 2 p.m., the Honourable Rhéal Bélisle, the Acting Speaker, in the Chair.

Prayers.

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Acting Speaker: Honourable senators, I have the honour to inform the Senate that, in conformity with rule 112, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1984-85.

REFERRED TO COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government) moved:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[*Translation*]

THE ESTIMATES 1985-86

REPORT OF NATIONAL FINANCE COMMITTEE ON ESTIMATES FOR THE FISCAL YEAR ENDING MARCH 31, 1986 PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the fith report of the Standing Senate Committee on National Finance concerning its examination of expenditure as set out in estimates for the fiscal year ending March 31, 1986.

I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Acting Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix, p. 960.*)

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

Senator Leblanc: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

On Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, at this point in our proceedings we usually give notice as to the date of reconvening. With the permission of the Senate, I should like to revert to Notices of Motions later this afternoon.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

QUESTION PERIOD

[*English*]

THE BUDGET

TAX INCENTIVE FOR INVESTMENT IN CAPE BRETON

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to address a question to the Leader of the Government in the Senate on the subject of the new tax incentive for investment in Cape Breton.

As the Leader of the Government will know, in the Budget Papers, on page 18, there is a description of the new tax incentive for investment in Cape Breton. The word "new" may be a little misleading, because there is at present in place, as the Budget Papers make clear, a 50 per cent tax credit for special regions covering manufacturing and processing. A major feature of this particular measure is to extend the coverage to additional areas.

I would be interested in knowing whether the government has made any analysis of the impact of the investment tax credit introduced in 1980 and whether the proposal that this be applied to other sectors in Cape Breton is based upon some evidence—which I hope is the case—that considerable investment has been attracted over the last five-year period as a result of that 50 per cent investment tax credit introduced in 1980.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend is correct in his assumption that the investment tax credit of 50 per cent is being considerably widened. My information is that it takes in a range of services, and items of that kind, that were not previously included. I must say that I do not have in my possession at

present a list of the industries that are being added. However, I am sure that information can be made available.

I must also tell my honourable friend that I have no information at hand with respect to what has happened since 1950, when these investment tax credits were first implemented in this area; but I will see what I can find out about it for him.

Senator MacEachen: Honourable senators, I wonder if the Leader of the Government would find out whether the Department of Finance or the Department of Regional Industrial Expansion has made any analysis of the result of this 50 per cent tax credit introduced in 1980 and which is now being extended to cover new areas, with one or two additional features which I will not go into. I would like to know whether the new coverage, or the new features, are based upon past success, and, if so, what has been the extent of that success.

Senator Roblin: Honourable senators, I know exactly what my honourable friend is talking about, because on previous occasions when investment tax credits have been discussed in committees of the Senate, that is the question I always asked: What results have you had from the investment tax credits you have in place now? I never received an answer that specified exactly what the result had been. The reasons given were that it was not within their capacity to give me an answer—which I always found unusual. I am not sure whether the situation has improved since I asked the questions, but I will find out.

Senator MacEachen: Perhaps I can give some assistance. It is my understanding that the Ways and Means motion that introduced this credit in 1980 stated that the eligibility could only take place after the investment had been certified by the Minister of Regional Economic Expansion.

Senator Roblin: That was in 1980.

Senator MacEachen: Yes; and I wonder whether there is a record of the number of investments that have been certified by the minister of, what is now, Regional Industrial Expansion. That may be a way of knowing, because if, indeed, the 50 per cent tax credit has been effective in manufacturing and processing, then one has some confidence that it might be effective in the additional areas that are being covered. Perhaps the Leader of the Government will try to track that down.

I would now like to ask the Leader of the Government another question on the same subject. It has to do with the coverage. The following sentence appears:

> Under the new incentive, sectors such as farming, logging, and other resource-related activities henceforth will be covered by the new 50-per-cent credit, rather than the 20-per-cent credit now applicable.

What I am really asking is whether the "other resource-related activities" includes the fisheries.

Senator Roblin: I believe my honourable friend is quoting the statement accurately, but I do not have it in front of me. I have the budget speech but not that document. These new industries face the prospect of being essentially tax free on a corporate basis for a 10-year period, which should be a pretty substantial inducement, and certainly more attractive than anything that has been available there before.

With respect to the fisheries, I expect an announcement to be made quite soon on certain developments in that industry. I will be pleased to tell my honourable friend as much as I can.

Senator MacEachen: If the Leader of the Government ascertains that the fishery in Cape Breton is eligible for the 50 per cent tax credit, would he also ascertain whether, for example, fishing vessels beyond the $50,000 threshold, will be eligible for a tax credit? Whether, for example, the Cheticamp Fisherman's Co-operative which may be interested in investing in new trawlers, each costing in excess of $50,000, could consider their investments as eligible and whether, indeed, the three-year backward feature of the incentive—because I understand that it will apply ten years into the future and three years into the past—on taxable income would apply to the acquisition of these fishing vessels?

Senator Roblin: I will inquire as to whether such investments are included. I am sure that my honourable friend is aware that a citizens' advisory committee is being established in that area. One of the things that it will be expected to do is to consider opportunities or perhaps policies which have not yet been announced by government and which may be potentially useful in the circumstances. I hope some productive ideas will come from that committee. I shall do my best to get the information he seeks.

INDUSTRY

CANADIAN PORCELAIN COMPANY—OFFER TO PURCHASE BY EMPLOYEE CO-OPERATIVE

Hon. Hazen Argue: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Perhaps in posing my question I could give him some of the background. The Canadian Porcelain Company of Hamilton went into receivership in December 1984. It is my understanding that some 60 workers have formed a co-operative and have obtained a line of credit of $1.1 million from the Credit Union Central of Ontario. They are interested in buying out the company. The Lapp Insulator Company, a New York company, has also put in a bid. I believe the receiver accepted that bid and that the whole question is before the Foreign Investment Review Board.

I would ask the government leader to inquire about the matter, and I urge him to make a recommendation that the workers involved with this co-operative Canadian company be given the opportunity to put this company back on the road to success, because this is by far preferable from a Canadian point of view to having the company bought by an American company. I would urge him to use his good offices and his undoubtedly great influence so that this particular end may be achieved.

Hon. Duff Roblin (Leader of the Government): I am familiar in a general way with the problem raised by my honourable

friend. I think the allegation—and it may be a correct one—by the workers co-operative was that their bid had not received proper consideration or comparison with other bids the receiver was considering. As far as I am concerned, that issue is still outstanding. I can tell my honourable friend that I shall certainly do my best to see that that particular problem is resolved so that we have a clear idea as to whether these people have been properly and fairly dealt with.

Senator Argue: I appreciate the answer of the Leader of the Government, and I urge him most sincerely to do everything he can to give the Canadian workers a chance to establish—or re-establish—this particular company. If I may say so, I believe that this kind of co-operative way of worker ownership has a great deal to offer Canada in the future. I hope that this matter will be resolved in favour of the workers.

Senator Roblin: Honourable senators, the point is well taken.

CANADA-UNITED STATES RELATIONS

CANADIAN HOG EXPORT EMBARGO

Hon. Gildas L. Molgat: Honourable senators, I would like to address a question to the Leader of the Government in the Senate. The government has said a great deal about better relations with the United States. We, in western Canada, find ourselves experiencing a particular problem related to the hog producers. I presume the government is aware that, at the moment, four American states adjoining the prairie provinces have completely blocked the importation of hogs from Canada. That is having an adverse effect on that major industry in the three prairie provinces. I wonder if the Leader of the Government could indicate what action the current government is prepared to take, and when this problem can be resolved.

• (1410)

Hon. Duff Roblin (Leader of the Government): Honourable senators, this is a serious problem. The fact is, as my honourable friend has stated, that three, or perhaps more, American states have refused to accept shipments of live hogs from Canada on the grounds that they have been given chemicals harmful to human health.

One American state, the State of Minnesota, declared that that was a completely unsubstantiated allegation. That is the position of the Government of Canada. This chemical has not proved to be harmful to human health.

The government is giving immediate consideration to eliminating the use of this chemical in Canada so that hogs will no longer be barred from the United States on that pretext.

I think we all recognize that it is not a question of health so much as it is a question of economics, and that farmers in the United States feel threatened by imports from Canada because of the value of the Canadian dollar compared to the American dollar.

Senator Guay: And the Garrison.

Senator Roblin: Yes. I have been told that one of the states—and this is hearsay, and I label it as such—which has imposed the embargo does not even import Canadian hogs. So, that embargo is obviously in place for some other purpose.

With respect to the action of the states that have barred Canadian hogs, we maintain that this offends the American Constitution, and we have asked the United States government to look into that, and if that government determines that it offends the Constitution, we have asked them to start legal action.

The best information is that we may succeed in having the American government take that step, but everyone must realize that it will be a long time before the courts decide what is to be done.

I see that Senator Argue is also interested in this discussion. He has been through this mill before.

That is not the worst of it. The worst of it is that the countervail measures that are now being considered against Canadian live hogs and Canadian dressed hogs is 5.3 cents (U.S.). That is based largely on the stabilization plans, both provincial and federal. Up to now, plans of that sort, which really do not affect market prices but, in the main, are intended to smooth out fluctuations—that is our contention—have not been considered as grounds for countervailing. So, it is particularly worrisome that now new grounds for countervailing appear to be gaining some support in the United States.

Canadian authorities in the Department of Agriculture and the Department of External Affairs are making the strongest representations they can. I know that the hog producer associations in Canada are doing the same thing. But I have no information as to what the outcome of that might be.

BANKING

ALLEGED RESTRICTION ON LOANS TO AID-RECEIVING COUNTRIES

Hon. Richard J. Stanbury: Honourable senators, on May 8 I asked the Leader of the Government in the Senate whether he could confirm that the Inspector General of Banks had instructed Canadian banks to lend to borrowers in 32 countries only on the basis of collateral reserves.

The concern I expressed at that time was that such a blanket restriction of credit to borrowers in Third World countries, many of which receive aid from Canada, would be discriminatory against credit-worthy individuals, companies and institutions in those countries, disastrous for the poor people of those countries and, indeed, even harmful to Canadian trade.

The leader objected that I was not working from first-hand evidence since I did not have a list of the countries in hand. I now have that list. I have also determined that 25 of the 32 countries are in receipt of Canadian aid.

In view of my honourable friend's government's earlier announced determination to reduce aid to the needy Third World countries, and at the same time to marry aid to

Canadian exports in the remaining aid-receiving countries, will my honourable friend please make representations to his government to modify the Inspector General's instructions to our banks in such a way as: (1) to restrict credit only to customers with bad credit histories in those countries; and (2) to permit the financing of Canadian trade aid contracts representing the sale of Canadian goods and services in those countries so as not to conflict with his government's own announced trade aid policy?

Also, will the Leader of the Government in the Senate ask his government to act in the future in such a way as to ensure that the unfortunate people of the Third World are not further disadvantaged by even more harsh decisions of the Canadian government?

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for raising the matter again. With respect to the list of countries he has referred to, I would be grateful if he would provide me with a copy of that list. It would help me to expedite my inquiries.

INDUSTRY

RAILWAYS—WINNIPEG, MANITOBA—TRANSCONA SHOPS AND EAST YARDS

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in the Senate relating to his expertise in the railways and backshops.

On Tuesday of this week, my honourable colleague, Senator Molgat, referred to a speech that the Leader of the Government in the Senate made in Manitoba respecting this matter, and at that time Senator Molgat concluded that the Senate leader leaves Manitobans in total confusion.

In reply, the honourable leader said:

> Be of good cheer. The outlook for Transcona is good,—I wonder in light of what has recently happened—in other words, the announcements that have been made in regard to Transcona—whether the honourable leader would like to say anything further on that matter.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I said all that I could say on the matter in response to my honourable friend, Senator Molgat, a few days ago. There is further information to come, but I am not in a position to give it at the moment.

Senator Sinclair: Does the Leader of the Government in the Senate consider the lay-off of 4,000 backshop people by Canadian National good?

Senator Roblin: I am not aware of what my honourable friend is referring to.

Senator Sinclair: The chairman and chief executive officer of Canadian National has announced that he intends to lay off some 4,000 backshop workers. I am sure the honourable leader is aware that Transcona is the backshop referred to. I am just wondering whether there is something he can do about that matter.

[Senator Stanbury.]

Senator Roblin: If there is, I certainly will do it.

Senator MacEachen: Surely you can.

CONSUMER AND CORPORATE AFFAIRS

CLOSING OF PATENT OFFICE

Hon. John B. Stewart (Antigonish-Guysborough): Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. It relates to the announcement that the Patent Office is to be closed.

As I understand it, the Patent Office is a government operation which actually turns a profit. Yet I read that Arthur Brooks, the president of the Patent and Trade Mark Institute of Canada, complains that if the government contracts out the examination of patent applications to other nations, then industries believe that the examination will not be done in accordance with the specifications required by Canadian law. The implications of this for registering inventions in Canada is obvious.

Arthur Brooks went on to say:

> I don't know where the government got the idea to shut down this department. They never sought our views or anybody else we know of involved in patents.

My question to the Leader of the Government in the Senate is: Will he suggest to his colleague the Minister of Finance, or to the appropriate colleague, that this proposal to close down the Patent Office be put on hold until there has been adequate consultation with informed people such as Arthur Brooks of the Patent and Trade Mark Institute of Canada, and any other people who have a direct and relevant concern in this field?

Hon. Duff Roblin (Leader of the Government): Any provision of the Canadian patent law will be observed, regardless of how the system is operated. The international patent body to which my honourable friend refers is, I believe, just that—an international body which does this sort of work for a number of different countries. I have to tell my honourable friend, though, that I am not aware of the departmental considerations that led to this situation, and I shall be glad to try to find out for him exactly the basis for the statements that have been made.

• (1420)

Senator Stewart: I assume the answer implies that, if the kinds of consultation that would have been desirable have not taken place, there will be an immediate effort to have such consultations so that there will not be a need three or four months down the road to back up on this decision.

Senator Roblin: I will have to consult with my colleague to see exactly what he thinks ought to be done in the matter.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—HON. FLORENCE BIRD

Hon. Lorna Marsden: I should like to thank the Leader of the Government in the Senate for the two replies given on

Tuesday last in answer to my questions. One was a reply concerning the situation of the Honourable Florence Bird, and, in the original reply to me on April 24, the Leader of the Government said, in part:

I would be unhappy if she—

referring to the Honourable Florence Bird

—were discourteously treated by anyone.

I see that the reply tabled on May 28, however, refers to the Honourable Florence Bird as "Mrs. Bird" throughout. I wonder if the Leader of the Government can tell me whether or not it is true that Mrs. Bird, or the Honourable Florence Bird, is still entitled to be addressed as "Honourable."

Hon. Duff Roblin (Leader of the Government): My honourable friend raises a good point. I have never considered whether former senators are entitled to retain the title of "Honourable." If they are, then I think my honourable friend is correct to point out that she should have been referred to in that manner, and I will take the opportunity to report on that situation to those who wrote that reply.

Senator Marsden: Thank you very much.

SENIOR GOVERNMENT APPOINTMENTS—REPLACEMENT OF FEMALE APPOINTEES

Hon. Lorna Marsden: I should like to raise with the Leader of the Government a reply tabled concerning a list of appointments. I should like to ask about the gender ratio in terms of the budget document "New Management Initiatives," where we find that the Honourable Erik Nielsen's private sector advisory committee is composed of 12 men and no women at all, and various other of his special teams, which have reported on issues on which there was comment in the budget, such as job creation and training, also had no women, as was also true with agriculture. Where there were women on those teams, they turned out to be, by and large, junior administrative assistants and researchers. We are glad those people are there, nonetheless I wonder if the Leader of the Government could get a reply from the Honourable Erik Nielsen concerning the thinking behind the setting up of such major advisory teams, which benefit not at all from the wisdom that has been accumulated with respect to women and the situation of women in this country.

Hon. Duff Roblin (Leader of the Government): I think any committees I was responsible for would be sensitive to the issue my honourable friend raises. The fact is, however, that the government has been more open and, I think, more active in identifying opportunities for women to serve the country than has been the case hitherto. I know that the government will continue to try to do that. If we do not succeed all the time, then we must simply resolve to try to do better next time.

Senator Marsden: It comes as no surprise, I am sure, to my honourable colleague to hear that many members of both houses are very much concerned that there were no specific employment measures for women, and for others, in the budget, since we are experiencing a high rate of unemployment in many situations, and are in more danger of long-term unemployment through technological change and so on.

Would the Leader of the Government be prepared to ask the Honourable Erik Nielsen to re-think the composition of that job-creation and training team that is to report, in light of the outcome of the budget?

Senator Roblin: I think the plans outlined by the Honourable Flora MacDonald in connection with training and job-placement reforms that are now under way in the government have taken far more notice of the interests of women in that field than has ever before been the case. If my honourable friend examines the statements the department has made and the discussions that have been reported on between the department and the provinces with respect to this plan for the training and employment of women, I think my honourable friend will find very marked emphasis being placed on improving the opportunities for them in that sector.

Senator Marsden: With respect, I am afraid that, having examined all of the documents I have available, I cannot agree with the Honourable Leader of the Government. I wonder whether he would reply to my question. Would he be prepared to raise this, not with the minister responsible for the training issue—I am sure that she is sensitive to it—but with the Deputy Prime Minister, who seems not to be?

Senator Roblin: I will do something better than that; I will refer the matter to the minister in charge of the Status of Women.

[*Translation*]

PRIVATE BILL

BILL TO EXTEND TERM OF CANADIAN PATENT NO. 855,255—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Murray, for the second reading of Bill S-4, intituled: "An Act to extend the term of Canadian Patent No. 855,-255".—(*Honourable Senator Langlois*).

Hon. Léopold Langlois: Honourable senators, I was very pleased to agree to second Bill S-4, an Act to extend the term of Canadian Patent No. 855,255.

That patent covers an anaesthetic gas with the trademark "Forane", used for surgical operations in Canada and throughout the world.

Medical researchers, working on behalf of the petitioners, discovered Forane in 1965. By 1969, extensive toxicity studies on animals were completed, as a prerequisite to submitting an application for regulatory approval in Canada and the United States to conduct clinical studies of the effects of Forane on human beings.

In 1970, Canada and the United States granted patents for this invention. These proceedings are fully described in the petition filed by Canadian Oxygen Limited and BOC Inc.

In 1975, regulatory approval by the Food and Drug Administration of the United States for marketing the product was imminent.

Canadian marketing approval was also imminent at the time. Then the American and Canadian authorities received information from a physician living in the State of Michigan suggesting that this anaesthetic gas could cause cancer. I want to make it clear that the petitioners had nothing to do with that study. For reasons of extreme caution, the governments of both this country and the United States reviewed the preliminary study and suspended the approval process until February 1976. The petitioners were then required to carry out extensive tests. These very costly studies, together with the expert examination by both governments concerned were finally completed. Full marketing approval was given in 1981.

Thereafter the Food and Drug Administration in the United States issued a strongly-worded statement in connection with the studies of the Michigan physician, stating that those studies had been deficient and were not reliable. The American authorities concluded, in particular, that the Michigan physician had used test animals that had been contaminated prior to the tests, and that the results were therefore highly suspect. Having invested substantial time and money in the medical research on the gas, the petitioners felt they had been deprived of a substantial part of the benefits of the patent, both in Canada and in the United States. Recently, the Congress of the United States amended their counterpart legislation to our Patent Act to extend its term in order to compensate the company for the delay in marketing the new product. The amended legislation of the US Congress dates back about one year. It extends the term of the patent for a period equivalent to the delay incurred for clinical studies and the issue of the necessary final marketing approval.

The Canadian Oxygen Limited has petitioned therefore for a bill to obtain a similar extension of the term in Canada.

I should like to add that the market for this product is essentially limited to the North American continent and that traditionally the United States and Canada have worked closely together when dealing with patents, especially in that area.

Bill S-4 would extend the term of the Canadian patent by five years, four months and twenty-six days, the equivalent of the marketing delay in Canada. As further information, honourable senators, may I add that the Canadian patent covers a product which is widely used in hospitals both in Canada and the United States, and which has proved quite effective and safe.

Honourable senators, this bill was introduced for the sole purpose of remedying a quite unusual situation, for the petitioners simply seek to enjoy in Canada the right they already have in the United States with regard to this patent. Finally, I support the suggestion Senator Nurgitz has made to refer this bill to our Standing Committee on Banking, Trade and Commerce, should the Senate be of the opinion that such a study is desirable under these circumstances.

Motion agreed to and bill read second time.

[Senator L.]

[*English*]

REFERRED TO COMMITTEE

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

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

• (1430)

STANDING RULES AND ORDERS

SECOND REPORT OF STANDING COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Committee on Standing Rules and Orders, which was presented on May 28, 1985.

Hon. Gildas L. Molgat moved that the report be adopted.

He said: Honourable senators, a number of you will be familiar with the subject matter of this report. I am pleased that my desk mate, Senator Godfrey, is here, as he was the main proponent of this idea. It is something he has presented to the Senate in the past and on which he has spoken on a number of occasions to the *ad hoc* meetings of the chairmen of committees, who meet at infrequent intervals in the Speaker's chambers.

While in general there was, I think, agreement with the principle behind the suggestion, there seemed to be disagreement as to how it could be effected and how it would be put into the rules and procedures of the Senate.

I am pleased that Senator Godfrey was able to attend the meetings of the Standing Committee on Standing Rules and Orders, at which he participated fully in the discussions on this subject.

The committee in general was in favour of the procedure. On looking over the rules and procedures of the Senate, it was felt, however, that it is something that should not be made a formal rule in our rule book. Senator Godfrey agreed that the proposal set out in the report would suit his objective if there were a method of ensuring that the Senate did, in fact, follow the procedure. Hence, the committee makes the recommendation contained in its second report that we endorse as an accepted procedure that the Senate henceforth notify the provincial and territorial governments of the subject matter of bills in which it was felt the provinces and territories would have a special interest.

To make this practice effective, of course, will be the responsibility of individual senators and particularly that of committee chairmen, who would be expected to look at all bills coming before their respective committees to see whether or not there are provincial or territorial considerations and, where applicable, to so notify the affected provincial and territorial governments and arrange for their appearance before the committee.

To ensure that there shall be a regular follow-up on this, I recommend that the Director of Committees for the Senate, who is also the Clerk of the Rules and Orders Committee, be asked to send a copy of this report to all committee clerks and

that the clerks be advised that they too will be expected to check all bills referred to their respective committees and bring the matter to the attention of the committee. In that way there would be a guarantee that the procedure will in fact be followed.

The language of the proposed procedure is such that in circumstances when it was simply not possible, for reasons beyond our control, to hear the representations of the provincial and territorial governments, we could not be faulted. However, the fact of having this procedure as an accepted practice will provide the provincial and territorial governments with the assurance that we can do our job better as the house of regional representation.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, this discussion is very important. I have heard no comment about the agreement by witnesses that committee proceedings be broadcast. Certain people will appear before the committee and I am convinced that they would prefer us to proceed as we are now doing, namely without the presence of the media in committee, especially radio. Naturally, there is no question of television broadcasting at this time.

Before asking the media to broadcast committee proceedings, we should ask the people who are to appear whether they would agree to this new procedure.

Senator Molgat will raise many objections, and justifiably so. Another point which should have been raised is that of the approval of those who are to appear before the committee to give evidence.

[*English*]

Hon. John M. Godfrey: Honourable senators, Senator Molgat, I think, has given me too much credit for the substance of this report, because in fact it is something that was proposed back in 1978 by a committee headed by Senator Stanbury. So, it has taken some time to be put into effect. I do think that the rewording of the motion, as set out in the report, takes care of Senator Doody's concern as to who would make the decision to notify or not to notify. Certainly the wording is improved in that respect from what I personally proposed, because it says quite clearly—-

Senator Doody: Incredible, but there it is!

Senator Godfrey: —quite clearly "in the opinion of the committee"; so, it is up to the committee to make that decision.

If we adopt this report, my motion will not need to come before the Senate. The report itself will be the basis upon which the practice will be put into effect. The report itself is helpful inasmuch as it refers to the fact that the practice shall be observed by committees of the Senate "as a general practice." This again emphasizes the fact that this is not a rule but a recommended procedure.

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Chairman of the Committee on Standing Rules and Orders.

The report speaks of "writing to the government." Who would be "the government"? Would the committee write to the provincial premier, the executive council, the provincial minister who might be concerned with a particular piece of legislation, or who? Who is "the government," as that term is used in the report? To whom do the committee chairmen write?

• (1440)

Senator Molgat: Honourable senators, I do not believe we reached the point of discussing that specific detail, but it is my assumption that we would write to the premier of the province concerned, or the person responsible in the territory concerned. He would then seek to send it on to whoever else might be involved in the government. By "government" I do not believe it is intended to indicate the legislature. I believe that "government" means the party that is actually governing in that province, and the head of that is, of course, the premier.

Senator Doody: How about Ontario?

Senator Frith: Patience!

Senator Bonnell: Would it not be better to refer this report back to committee and change the words to read "the premier of the province" rather than "the government," in order to remove the ambiguity?

Senator Godfrey: Honourable senators, may I make the comment that in the committees I have attended—

Senator Bonnell: I have asked a question of the chairman.

Senator Molgat: Honourable senators, I am, of course, subject to the wishes of the Senate in this regard; but it would seem to me that the term "government" is clear and implies that one writes to whoever is in charge of that government. That is the premier, or, in the case of the two territories, the government leader. I believe it is an acceptable term. However, I am subject to the wishes of the Senate.

Senator Frith: I think we can safely say that the Senate demurs.

Motion agreed to and report adopted.

FINANCE

RESTRUCTURING OF FINANCIAL INSTITUTIONS—MOTION TO AUTHORIZE STUDY OF DISCUSSION PAPER BY BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE ADJOURNED

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, there are two motions which I seek leave to introduce. The first is for the referral to committee of a discussion paper that was issued some time ago by the Secretary of State (Finance), the Honourable Barbara McDougall, regarding the regulation of Canadian financial institutions. It has been suggested—I believe properly so—that the document could usefully be referred to the Standing Senate Committee on Banking, Trade and Commerce; and, with leave of the Senate, I so move.

Hon. Royce Frith (Deputy Leader of the Opposition): Has it been agreed that we revert?

Senator Doody: I assume that we have reverted. It is very important that we revert from time to time; it helps us retain a sense of humour.

Hon. Lowell Murray: Honourable senators, perhaps I may be permitted to say a few words in my capacity as Chairman of the Standing Senate Committee on Banking, Trade and Commerce. It is customary to hold sittings of that committee when the Senate rises. Because the Senate will not be sitting next week, I have decided to call the committee for 2 p.m. on Wednesday next.

Hon. Jean Le Moyne: Honourable senators, was it not our intention to put the motion that the Senate would not sit because it would not be receiving any business from the other place?

Senator Doody: Honourable senators, perhaps we should back up a little and take these matters one step at a time. The initial motion that I was given leave to present was as follows:

> With leave of the Senate and notwithstanding Rule 45(1)(e),
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study and report upon the document entitled: "The Regulation of Canadian Financial Institutions: Proposals for Discussion", tabled in the Senate on 23rd April, 1985,
>
> That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.

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

Senator Frith: Honourable senators, the motion raises for the first time a matter that has been discussed in the Standing Committee on Internal Economy, Budgets and Administration, namely, that before the Senate is asked to agree to a reference that will involve the expenditure of budget under the heading of "Committee Expenses," that the Senate be given some idea of the price tag. Last session we tried to establish a system that would have provided that the motion be not voted on in the Senate until a budget had been presented and approved by the committee. That was found objectionable—I believe for good reason—the reason being that it put the committee in a censorship position. It meant that it could defeat the motion of the Senate by simply refusing to approve the budget. The compromise that we have reached, and will try to work this session, would only require some estimate as to cost before the vote is taken. In this case it may well be that Senator Murray is able to give us an estimate, because I believe he has given some thought to it. If not, then we should adjourn the vote on the motion until we can get some idea of the price tag and a response from the Internal Economy Committee chairman as to how it stands from a budgetary point of view.

[Senator Doody.]

• (1450)

[*Translation*]

This principle should also be applied to the motion moved by Senator David. It was stood today but it will probably be on the Orders of the Day next week. In that case, Senator David, or the co-chairman of the Standing Joint Committee of the Senate and the House of Commons on Official Languages Policy and Programs, will have to give an estimate of the cost of the study by the committee.

In any case, it is certainly an opportunity to inform the Senate unofficially that we want to try to apply that principle as far as such a rule is concerned.

[*English*]

Senator Murray: Honourable senators, with regard to the motion to refer the discussion paper on financial institutions to the Standing Senate Committee on Banking, Trade and Commerce, I regret that I am not in a position at the moment to submit a budget to the chamber or to the Internal Economy Committee. I would have to consult further and give more thought to the matter.

Under the circumstances, I suggest that there are two options: one is to delay the vote on the motion; the other is to strike from the motion those references to the engagement of staff and so on, leaving it with simply the reference, it being understood that with regard to any budget that we thought was necessary I would appear before the Internal Economy Committee to get it approved.

Senator Frith: Honourable senators, I agree that those options are available. I recommend that we follow the first option—that is, adjourn the matter—because it would set a better precedent, this being a pilot for the new performance.

There are two problems with the alternative. One is that a question may arise as to whether there is some inherent ability to retain professional services. The other is that it would move this new procedure much closer to the old procedure if we make it conditional on the budget being presented to the Internal Economy Committee. As I have said, this is a procedure that will evolve. We are not insisting on a detailed budget but, rather, that the chairman give us some idea of what I have called a price tag. What we want to do is give honourable senators an opportunity before they vote on the matter and before the Internal Economy Committee sees it, to get an idea of the costs involved. So if Senator Murray and other honourable senators agree, I think it would be better to launch the experiment with the first option rather than the second option—that is, adjourn the motion.

Hon. Ian Sinclair Honourable senators, the entire question of financial intermediaries is an extremely complicated one. It is one on which there has not been a great deal of research done, except in recent times by the academics, and there are very significant amounts of material difficulties with regard to administration, and there are some legal questions as well. However, based on my experience in making estimates, I suggest to the Senate and to the chairman of the committee that we put a round figure of $100,000 on the costs with the

understanding that when we run out we will come back for a supplementary amount. Just as we learned this morning with regard to medical research, it would be up to us to prove that we needed the money. If that approach will accommodate everybody, I suggest to the chairman that $100,000 is a round figure.

Senator Nurgitz: It certainly is.

Senator Sinclair: In that way we could vote on the motion immediately.

Senator Doody: We certainly appreciate Senator Sinclair's interjection and I know that that nice round figure may seem like petty cash in some areas of the world, but certainly not in any of the areas that I have been travelling in very extensively. So, with honourable senators' permission, I think we should leave the matter and vote on it at another time. We have to establish guidelines for these budgets, and I think that this might be a good place to start. Could we adjourn this debate in my name?

On motion of Senator Doody, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Assuming that we have still reverted to Notices of Motions, I am going to move, with leave of the Senate, that we adjourn until Tuesday, June 11, at 2 o'clock in the afternoon.

I should emphasize that I hope that this motion will not affect the committee schedule. A number of committees are scheduled to meet next week. On Tuesday the Special Committee on Youth will be travelling. The Standing Joint Committee on Official Languages Policy and Programs will meet on Tuesday morning. Also meeting during that day will be the Standing Senate Committee on Legal and Constitutional Affairs; the Standing Senate Committee on Foreign Affairs; the Standing Committee on Standing Rules and Orders; and the Standing Senate Committee on Agriculture, Fisheries and Forestry. The Standing Senate Committee on Transport and Communications will meet that evening.

On Wednesday there will be meetings of the Standing Committee on Internal Economy, Budgets and Administration; the Special Committee of the Senate on Youth; and the Standing Senate Committee on Banking, Trade and Commerce.

On Thursday there will be a meeting of the Special Senate Committee on National Defence; the Special Committee of the Senate on Youth; and the Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments.

On Monday of the following week, June 10, the Standing Senate Committee on National Finance is tentatively scheduled to meet to consider again supplementary estimates (A). Those supplementary estimates were considered this morning and it was agreed to postpone further discussion until Monday, June 10, in order to satisfy the wishes of some members of the committee.

Therefore, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 11th June, 1985, at two o'clock in the afternoon.

Motion agreed to.

Senator Doody: Honourable senators, I move that the Senate do now adjourn.

Hon. Royce Frith (Deputy Leader of the Opposition): Before we do that—

Senator Doody: Honourable senators, I rescind and revert!

Senator Frith: I do not think that is necessary, but I wonder whether it has appeared on the record that one of the reasons we are not meeting next week is the absence of any government business. Has that explanation been given?

Senator Doody: I do not know whether or not it is on the record.

Senator Frith: It is now.

Motion agreed to.

The Senate adjourned until Tuesday, June 11, 1985 at 2 p.m.

APPENDIX

(*See p. 951*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE
FIFTH REPORT

REPORT ON THE ESTIMATES LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1986

THURSDAY, May 30, 1985

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

FIFTH REPORT

Your Committee to which the expenditures proposed by the Estimates for the fiscal year ending 31 March 1986 were referred, examined the said Estimates and presents, in obedience to the Order of Reference of February 26, 1985, its interim report as follows:

In its review of the Estimates, 1985-86, the National Finance Committee, as with past practice, chose to focus upon one aspect of these Estimates, specifically transfer payments to other levels of government: the payment to the provinces for post-secondary education under Part VI of the *Federal Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*. The government reports that for 1985-86 these expenditures should amount to $2.28 billion.

In undertaking this review, the Committee heard from five groups of witnesses:

1. March 28, 1985 *Department of Finance*:

   Mr. J. H. Lynn,
   General Director,
   Federal-Provincial Relations
   and Social Policy Branch;

   Mr. D. H. Clark,
   Assistant Director,
   Federal-Provincial Relations
   Division;

   Mr. Frank Gregg,
   Chief, Income Tax
   Harmonization,
   Federal-Provincial Relations
   Division.

2. April 18, 1985 Mr. A. W. Johnson
   Special Advisor to the Secretary
   of State on the Financing of
   Post-Secondary Education

3. April 25, 1985 *The Association of Universities and Colleges of Canada (AUCC)*

   Dr. W. A. MacKay, President
   Dr. David Johnston,
   Vice-President
   Dr. Allan K. Gillmore,
   Executive Director

4. May 2, 1985 *The Canadian Association of University Teachers (CAUT)*

   Prof. S. Shorten, President
   Prof. E. O. Anderson,
   Vice-President
   Dr. Don Savage, Executive
   Director

5. May 8, 1985 The Hon. Robert de Cotret, P.C., M.P.
   President of the Treasury Board

Introduction

The focus of the Committee's attention, in examining the Estimates, 1985-86, was to centre upon the responsibilities of the government of Canada in meeting this financial commitment to the support of post-secondary education.

In hearing from the witnesses, the Committee discovered that four themes or issues kept constantly reappearing. These were:

1) the nature and level of federal funding
2) national objectives
3) the quality, quantity and direction of research
4) the staffing of universities.

In the course of the hearings, it became abundantly clear that instead of seeing a resolution of the issues, only questions appeared. Accordingly, this report describes the issues the Committee felt were raised and includes examples of the questions that remain to be resolved.

1. The Nature and Level of Federal Funding

In 1951, following a recommendation of the Massey Commission, the federal government began its systematic support for the universities in Canada by providing direct grants to the institutions on a *per capita* basis. Because this direct support was objected to by Quebec, the federal government in 1960 agreed to concede some tax room to Quebec with the proviso that Quebec make additional contributions to its universities at the prevailing federal rate. In 1967, these direct grants were stopped and replaced by indirect transfers under the *Federal-Provincial Fiscal Arrangements Act, 1967*. Through this legislation, the government of Canada agreed to meet indirectly 50% of the eligible operating costs of post-secondary institutions or $15 per capita escalated at the rate of growth of the eligible operating costs; Newfoundland, PEI, and New Brunswick accepted this option.

In 1977, with the passage of the *Federal-Provincial Fiscal Arrangements and Established Progress Financing Act, 1977* (EPF), the fundamental nature of these arrangements was changed from the "shared cost" principle to one of unconditional block-funding. The essential nature of these arrangements, as they exist today, is to provide half the transfer through a concession of 13.5 personal income tax points and 1.0 corporate income tax point and the remainder in the form of cash.

These EPF arrangements have come under pressure almost from their inception. Critics argue that provinces have used EPF funds to meet their own priorities and have not increased annual university grants in line with the growth in federal EPF cash and tax point transfers. Mr. A.W. Johnson, special advisor to the Secretary of State pointed out that federal EPF post-secondary tranfers as a percentage of provincial operating grants have grown from 68.9% in 1977-78 to 79.6% in 1984-85; this represents a reduction in the purely provincial share of 10.7%. In particular, he indicated that in Newfoundland, Manitoba and British Columbia, the purely provincial share has fallen over the eight year period by over 20% in spite of federal increases.

Mr. Johnson indicated to the Committee that this represents a fundamental problem with EPF.

> "There is no assurance to the Parliament of Canada or to the people of Canada that the moneys which have been appropriated by this Parliament and transferred to the provinces presumably for post-secondary education are actually going to post-secondary education in an unattenuated way." (Issue No. 13, p. 9)

Mr. Johnson then called for a change in the funding arrangements from its unconditional nature to one which ties federal increases to the provinces for post-secondary education to provincial increases to their institutions.

Dr. Gillmore, Executive Director of the AUCC and Dr. Savage, Executive Director of the CAUT, supported Mr. Johnson's recommendation but added that at this juncture, certainty and stability in the grants universities receive over the medium to long term is most important.

The Committee, like the witnesses, felt strongly that there is a need for stability and certainty in university funding. But the Committee also felt that many questions should be addressed before a funding formula can be developed which satisfied the two levels of government and the university community. Some of these questions are:

1) In 1967, the government of Canada moved from direct support of post-secondary institutions, which it had started in 1951, to indirect support tied to operating costs. In 1977, these arrangements were changed to a program of unconditional support. If new arrangements are being considered, what should be their underlying philosophy? Should the funding continue to be unconditional? Should it be tied? Should it be replaced by a voucher system?
2) If accountability is introduced into new arrangements, how should the institutions be answerable to the legislatures of Canada? At what level of detail should the accountability take place?
3) If the growth in federal fiscal transfers become tied to increases in provincial grants to their institutions, is there not a possibility that students in one province may be treated unequally by the government of Canada relative to those in another province? That is, if one province chooses to reduce the growth in its university grants below those in other provinces, the government of Canada, by the very nature of such a law, will be forced to follow suit.
4) Can federal transfers for post-secondary education be considered a commitment of the government of Canada to promoting equal opportunities for the well-being of Canadians? If so, can such transfers be considered part of the equalization provisions of the *Constitution Act 1982*, Section 36?

2. National Objectives

In 1983, in a document entitled *Support to Education by the Government of Canada*, the Secretary of State, to help plan and review the effectiveness of its support, listed 10 federal objectives for post-secondary education. On June 5, 1984, when the Honourable Terrence Donahoe, Chairman of the Council of Ministers of Education, Canada (CMEC) appeared before this Committee regarding Bill C-12, "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act," he indicated that he believed the federal government had four primary objectives for post-secondary education: mobility, access, accountability and language. While, he believed, the provinces were already meeting these objectives, he contended that the national purposes to be served by post-secondary education could be understood only in terms of the sum of provincial purposes.

During the current hearings one Committee member viewed education as clearly a provincial responsibility and stated that

any national objectives for post-secondary education must emanate from the provinces. Alternatively, there was the view that national purposes are greater than the sum of the individual parts; that national objectives could only be met by consultation, involvement and agreement by the two levels of government and the university community. The witnesses were unanimous in their view that the setting of national objectives could not be the total responsibility of one level of government.

While the establishment of national objectives for post-secondary education is a difficult task for two levels of government to achieve, successfully meeting such objectives represents an even greater challenge. Both the federal and provincial governments face financial constraint for some time and, devoting increased resources to meeting national post-secondary education objectives may be difficult to justify. This is especially true since such objectives are usually long term in nature and show little immediate and tangible results. Furthermore as Dr. Johnston, Vice-President of the AUCC indicated,

> "...this country is simply too small in population to have 10 individual systems of higher education and research to establish a highly civilized quality of life emerging from our systems..." (Issue No. 14, p. 22)

Mr. Johnson raised an additional problem when he pointed out that these national objectives do not necessarily go hand in hand. He indicated that:

> "...whereas in 1967 the preoccupation was with accommodating the large number of students in universities and colleges, with accessibility being the critical problem, over the years we have not shifted our priorities as a country; we have continued to preoccupy ourselves with accessibility despite our conviction as a country that research and excellence are critical to our position in the world and to our position as a society." (Issue No. 13, p. 9)

Such difficulties as these point to the fact that solutions to issues are not readily available, but questions are:

1) Because of the constitution, Canada has evolved ten systems of high quality post-secondary education. With current financial constraints facing both levels of government for the foreseeable future, can ten duplicate systems be maintained? Will the federal government have to select the institutions it supports for research?

2) Are such objectives as excellence and equality of access substitutes for each other? Because of financial constraints, will Canadian institutions and the two levels of government have to address the possibility that not all objectives are achievable and that sacrifices in some areas will have to be made?

3) Are the objectives of post-secondary education, as perceived by the universities, long-term only or does the university community have to consider meeting some of the short and medium term objectives of government and the private sector if they wish to receive additional public and private research support?

3. The Quality, Quantity and Direction of Research

Mr. Johnson, in his report to the Secretary of State, *Giving Greater Point and Purpose to the Federal Financing of Post-Secondary Education and Research in Canada* (hereafter referred to as the Johnson Report) called into question the priority which governments accord to research. He indicated that because research is a contributor to economic growth, not just a sharer, research expenditures should grow more rapidly than GNP. Dr. MacKay, President of the AUCC indicated to the Committee "...that research in the universities of this country is more important than in many other countries, in part, because research activities conducted in the private sector in this country are so thin...". (Issue No. 14, p. 6)

Mr. Johnson speculated that lack of commitment to the increased funding of research may be a reflection of the fact that the university system "...is not really geared to support or to develop the kind of transcending excellence...which sets Canada apart and which gives it a lead...". (Johnson Report, p. 20)

To overcome this, Dr. Johnston was supportive of Mr. Johnson's proposal to the Secretary of State for the establishment of world class centres to foster such excellence. However, witnesses were far less certain about the form such centres should take and the methods of funding them. Mr. Johnson speculated that small, unique world-class centres were preferrable whereas Dr. Johnston suggested they be part of the already well known large universities. Some Committee members speculated that if such centres were established, keeping them small, and separate from teaching institutions, could make it constitutionally simpler for the federal government to fund them directly.

While it was clear from the hearings that the post-secondary community, in the first instance, was hoping to see an increase in the level of research funding along with stability and certainty in the new financial arrangements, they evidenced an awareness that making such a commitment with scarce financial revenues is not wihout costs. While the Committee accepted the argument of the need for high quality research in Canada, nevertheless, it felt a number of questions should first be resolved:

1) Should university research be increased to fill the apparent paucity of research in the private sector as indicated by Dr. MacKay? Should research funding from the federal government be increased across the board or should such funding be directed to meet stated national priorities?

2) Is it feasible to foster world class excellence in research in the ten jurisdictions of Canada with eleven parliaments? If world class centres of excellence are a priority for the government of Canada, who determines the kind of research to be done? What should these centres look like; should they be small research institutes or should they be attached to large universities?

4. The Staffing of Universities

The normal structural pattern for university faculty is one which finds the highest proportion of academics made up of lecturers and assistant professors, with a smaller number of associate professors, and an even smaller number of full professors. As a consequence of the post-war baby boom and the growth of universities in the late 1960s and early 1970s, this pyramid structure has gradually changed where today a large portion of university faculty is now in its fifties and sixties. Because of the higher salary costs of senior faculty, the Committee was told by Professor Shorten, President of the CAUT, that some institutions have imposed hiring freezes with the logical outcome being the contraction of departments, disproportionately small numbers of assistant professors, but continued increased enrolment.

It was clear to the Committee that if this pattern continued for the next 5-10 years, when many of the senior staff will be retiring, the universities could find themselves facing a severe shortage of qualified Canadian faculty such as occurred in the 1960s. While the Natural Sciences and Engineering Research Council has begun to address this problem by paying special attention to the awarding of research grants to young, aspiring potential faculty, this activity is small relative to the size of the problem. The Committee was again impressed by the shortage of solutions but the abundance of questions:

> If there is a structural problem in the universities with a disproportionately high number of senior staff and a virtual freeze in the hiring of junior faculty, what kind of planning is needed to avert a manpower shortage when the senior faculty retire? Are there ways of encouraging postgraduate study in Canada with university teaching as the potential career? Are there ways of encouraging early retirement of senior faculty leaving room at the bottom for junior faculty?

CONCLUSIONS

The intention of the National Finance Committee in looking at the federal fiscal transfers for post-secondary education was to examine the responsibilities of the government of Canada in meeting this financial commitment. The witnesses the Committee heard generally agreed that the federal government has a responsibility in the post-secondary field beyond providing unconditional fiscal transfers; that the establishment of national objectives for post-secondary education is clearly of interest to the federal government if for no other reason than its responsibility to be accountable to Parliament for the amount expended in the area; that the conundrum of excellence versus equality of access brought on, in part, by financial constraint, is worthy of a national debate; that the importance, quality and type of research engaged in is the responsibility of both levels of government; and that the training of sufficient highly qualified manpower to meet the future faculty needs of Canada's universities is a concern to both levels of government. Arriving at the conclusion that there is a combined role for both levels of government in maintaining a high quality university system in Canada is not difficult, but determining what this university system should look like, what it should accomplish, and how federal financial resources should be spent to support such a system is not simple.

The Committee heard from five groups of witnesses over the course of its investigation, but quickly realized that the subject requires a much more thorough review. The Committee would have to hear from such witnesses as the Secretary of State and representatives of provincial governments; it would have to hear from a wider range of universities; it would have to hear from the private sector and from students. In short, the Committee realized that to meet its requirement to report the Estimates, it must keep its hearings limited and report on the conclusions it had already drawn. The Committee is now determining whether it should undertake a larger review of this subject.

Respectfully submitted,

FERNAND-E. LEBLANC,
Chairman.

THE SENATE

Tuesday, June 11, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

WORLD WAR II

D-DAY—FORTY-FIRST ANNIVERSARY OF INVASION OF EUROPE BY ALLIED FORCES

Hon. Jack Marshall: Honourable senators, I rise, although somewhat belatedly, to reflect on the fact that last week, on June 6, we reached the forty-first anniversary of D-Day. I do so because it is our duty to place on the record of this chamber our deep regard for those who fell on the beaches of Normandy on that historic day.

Last year, on the fortieth anniversary of D-Day, my colleague, Senator McElman, and I had the privilege to represent this chamber, in participation with the leaders of the superpower countries, in a ceremony on the beaches of Normandy that was seen by the world. On that day we paid homage to those of our Allied Forces who landed and began an exercise of war that ended in a victory for peace.

We also had an experience that was more real when we, along with other Canadian veterans, were able to mingle with the citizens of the France we helped to liberate. We were able to share in the emotional re-creation of a bond between nations—a bond which unbelievably continues even after four decades.

As tensions between east and west persist, and as we learn of and wonder about the new strategies of space warfare and unimaginable methods of destruction, we should pause each year to remember the end result—that too many of our youth lie in graves throughout Europe because of a battle fought 41 years ago. To them, as well as to those who came home, we pay our respects today.

Hon. Senators: Hear, hear.

INVESTMENT CANADA BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-15, respecting investment in Canada.

Bill read first time.

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

On motion of Senator Kelly, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

PRIVATE BILL

BILL TO EXTEND TERM OF CANADIAN PATENT NO. 855,255—REPORT OF COMMITTEE

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 11, 1985

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SEVENTH REPORT

Your Committee, to which was referred Bill S-4, intituled: "An Act to extend the term of Canadian Patent No. 855,255", has, in obedience to the Order of Reference of Thursday, May 30, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LOWELL MURRAY
Chairman

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

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

THE ESTIMATES, 1985-86

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the sixth report of the Standing Committee on National Finance concerning its examination of expenditures as set out in Supplementary Estimates (A) for the fiscal year ending March 31, 1986.

I ask that the report be printed as an Appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent record of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix, p. 980.*)

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

Senator Leblanc: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*English*]

FOREIGN AFFAIRS

VISIT OF CANADIAN PARLIAMENTARY DELEGATION TO FEDERAL REPUBLIC OF GERMANY—NOTICE OF INQUIRY

Hon. Dalia Wood: Honourable senators, I give notice that on Tuesday next, June 18, 1985, I will call the attention of the Senate to the visit of a group of Canadian parliamentarians to the Federal Republic of Germany, at the invitation of the President of the Bundesrat, from May 17 to 24, 1985.

THE BUDGET

IMPACT ON SENIOR CITIZENS—NOTICE OF MOTION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I give notice that, on Thursday next, June 13, 1985, I will move:

> That in view of the adverse effects on the standard of living of senior citizens resulting from the elimination of full indexation of pension benefits, it is the view of the Senate of Canada that the government should rescind this particular provision of the budget immediately.

Some Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

COMMITTEE PRE-STUDY OF BILLS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a number of motions seeking the authority of the Senate to refer to the various committees of the Senate certain bills for pre-study. These motions concern bills which we understand will be coming to us from the House of Commons within the next few days. That is our understanding and our hope.

In order to avoid as much as possible the last minute rush to which we have been subjected over the years when approaching a recess, it has been suggested that we refer the subject matter of as many of these bills as possible to the appropriate committees for pre-study. With that in mind, I propose to move a number of motions.

BORROWING AUTHORITY

MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-51—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and consider the subject matter of the Bill C-51, intituled: "An Act to provide borrowing authority", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if Senator Doody has nothing further to explain about the reasons for this motion—and he and I have discussed it—I move the adjournment of the debate on the motion.

On motion of Senator Frith, debate adjourned.

• (1410)

SUPPLEMENTARY FISCAL EQUALIZATION PAYMENTS

MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-39—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-39, intituled: "An Act to provide for the making of supplementary fiscal equalization payments to certain provinces for the period April 1, 1982 to March 31, 1987", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

OLD AGE SECURITY

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-26—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and consider the subject-matter of the Bill C-26, intituled: "An Act to amend the Old Age Security Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

AGRICULTURAL STABILIZATION

MOTION TO AUTHORIZE AGRICULTURE, FISHERIES AND FORESTRY COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-25—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and consider the subject-matter of the Bill C-25, intituled: "An Act to amend the Agricultural Stabilization Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-27—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-27, intituled: "An Act to amend certain Acts having regard to the Canadian Charter of Rights and Freedoms", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

PRAIRIE FARM ASSISTANCE AND CROP INSURANCE

MOTION TO AUTHORIZE AGRICULTURE, FISHERIES AND FORESTRY COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-41—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and consider the subject0matter of the Bill C-41, intituled: "An Act to repeal the Prairie Farm Assistance Act and to amend the Crop Insurance Act in consequence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

WESTERN GRAIN TRANSPORTATION

MOTION TO AUTHORIZE AGRICULTURE, FISHERIES AND FORESTRY COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-44—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and consider the subject-matter of the Bill C-44, intituled: "An Act to amend the Western Grain Transportation Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

OIL SUBSTITUTION AND CONSERVATION

MOTION TO AUTHORIZE ENERGY AND NATURAL RESOURCES COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-24—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine and consider the subject-matter of the Bill C-24, intituled: "An Act to amend the Oil Substitution and Conservation Act and the Canadian Home Insulation Program Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

AERONAUTICS

MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-36— DEBATE ADJOURNED

Hon. C. William Doody: (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject-matter of the Bill C-36 , intituled: "An Act to amend the Aeronautics Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Hon. Royce Frith (Deputy Leader of the Opposition): I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Frith, debate adjourned.

QUESTION PERIOD

[English]

AGRICULTURE

PRAIRIE PROVINCES—DETERIORATING SITUATION— GOVERNMENT ACTION

Hon. H. A. Olson: Honourable senators, I have a question I should like to direct to the Leader of the Government in the Senate respecting whether or not the government is putting into place any contingency plans to deal with the rapidly deteriorating situation in southern Alberta, Saskatchewan and Manitoba because of the drought in some places, grasshoppers in other places, and the severe wind storm which occurred over the weekend in many parts of those three provinces.

The grasshopper problem has been known to the federal government for some time. To date I do not believe the federal government has announced any contingency plans to work with, or indeed to supplement, the assistance programs that have been announced by one or more of those three provinces to deal with this situation.

The situation has deteriorated very rapidly over the past few days because of adverse weather conditions. Does the leader know of any plans now, or if he does not, would he take the question as notice and refer it to the officials in the Department of Agriculture and others who may be involved in dealing with what could become a very serious matter within the next two or three weeks unless seasonal rains return to that area?

Hon. Duff Roblin (Leader of the Government): My honourable friend has raised important points with respect to the spring outlook for western agriculture. It is perfectly true that this year grasshoppers appear to be a more serious threat than they have been for some time. It is also true that the provincial governments have been very active in distributing grasshopper poison in an effort to bring that plague under some control. Judging from past experience, however, I doubt they will achieve perfect success with that campaign, though it is well worth pursuing.

With respect to the recent wind storm that has necessitated the re-seeding of substantial acreage in western Canada, the crop insurance authorities in the three provinces have been active in investigating losses in order to provide compensation where that is called for under the Crop Insurance Plan. As crop insurance is a joint federal-provincial responsibility insofar as finance is concerned, I expect that the federal government will be called upon to pay its share of the expense involved.

With regard to the grasshoppers and the re-seeding that is necessary because of high winds over the weekend, it is quite possible that measures in place now will be adequate. The drought is another matter altogether. I think we will have to wait a while to see whether spring rains come in time to save the crop. If they do not, then crop insurance coverage is also available to cover that loss.

• (1420)

I am not aware that the Minister of Agriculture has taken other initiatives in this matter, but I will make it my business to find out.

Senator Olson: I have a supplementary question. With respect to drought, I should like to draw to the attention of the minister and he, in turn, could draw it to the attention of the Minister of Agriculture, that crop insurance does not cover, nor was it ever intended to cover, such things as the problems that livestock producers face as a result of drought. We all know there was a severe drought in much of that area last year, and usually the second year is far worse because all the reserves of fodder and carry-over capacity of some of the grazing areas are gone after the first year. Therefore, potentially the problem is worse this year than it was last year. Has the movement of livestock to other areas been taken into account, or did problems arise because of dispersing breeding herds and such other remedial action that might have been part of the plans that the federal government might have developed?

In putting the question, I realize—and I appreciate what the provincial governments are trying to do—that we have a problem that transcends more than one provincial boundary. Nevertheless, following from the traditions of the past and, indeed, flowing from some of the rules, that is the point at which the federal government does take an active interest in setting up plans to deal with them.

Senator Roblin: My friend is correct in suggesting that the crop insurance program affects crops of various kinds but does not cover animal husbandry, so that becomes quite a distinct problem. I know that in situations of this sort where it becomes difficult to feed livestock, provinces usually take the first step in providing fodder in one way or another, either by delivering

it by subsidized transport or by securing supplies from other areas or, indeed, by removing cattle to community pastures of various kinds in order that they may be kept alive. As a rule, the procedure is that a province takes such steps as it feels it can take having regard to its resources, and if it finds that those are not adequate or that federal assistance is required, a request is often made for help of that kind. I am not aware that any request for help has been made. I am sure if such a request were made, it would receive sympathetic consideration.

Senator Olson: I have another supplementary question which has to do with some amendments to the crop insurance regulations so that farmers in a number of areas would be eligible for crop insurance as a result of the very severe wind storm or hurricane that swept across southern Canada this past weekend. As I understand it, there were certain dates involved by which crops had to be seeded. But in this case they had to be re-seeded because the first planting was blown away by these winds. I want to know whether or not the federal government is taking some action to amend those regulations so that farmers can qualify for crop insurance notwithstanding the disastrous events of last weekend on a particular date that was very closely tied in with the dates when certain crops had to be seeded to be eligible for crop insurance.

Senator Roblin: It is true that the crop insurance plan envisages a crop being planted and, therefore, starting to grow by a certain date to ensure the best possible results. There are cutoff dates that are set as to when such crops should be planted in order to have a half decent chance of reaching maturity and a successful harvest. The applicable date for some of the crops under stress right now is very close, and it is true that farmers are straining every nerve in order to get their crops re-seeded before the deadline.

As far as I am aware at the present time it looks as though they will succeed and there does not appear to be a necessity for extending the deadline. I am not sure that providing such an extension would be the correct course to follow in any case because after the deadline for seeding the chances of harvesting mature crops would be greatly diminished. So if people are caught in that squeeze we will have to look at other measures to see what can be done.

Senator Olson: The problem I am raising is that the farmers did meet the deadline in having their crops seeded the first time, but through no fault of their own those seeds were blown away over the weekend. Surely, some consideration should be given to providing for an extension of a day or two, or perhaps even a few days even though it involves a risk of having problems with frost in the fall. Surely, inasmuch as it was no fault of theirs that this storm swept across the region this past weekend, some consideration should be given to that factor.

Senator Roblin: I am inclined to agree with my honourable friend, and I will ask the Minister of Agriculture what his intentions are.

Hon. Hazen Argue: I have always felt that the crop insurance programs affecting the three prairie provinces should be as near to being uniform as possible. Perhaps I might add this to what has already been said. If my memory serves me correctly, I believe that the deadline for the seeding of crops under the Saskatchewan program is June 21. Perhaps Manitoba and Alberta might now take a look at the Saskatchewan program, because I do not think there is really any great difference in the crop seasons as between the two provinces. Since Saskatchewan has already established that date it could serve as a guide for the people in the other provinces.

When the Leader of the Government looks into this, I wonder if he could ascertain whether or not the provincial governments have made any request of the Minister of Agriculture, or of other appropriate authorities, that action be taken for the protection of livestock in view of the drought or the potential for drought that exists. As the Leader of the Government will recall, a year ago a beef herd maintenance program was put into effect by the previous government, and continued by the current government. I believe it paid $48 per head, and that was very helpful.

I also wonder if this government has any contingency plans, or if it is looking at anything along those lines, to be introduced again this year. If there are no such plans, is it because so far no such request has been made to the government?

Senator Roblin: I think I will include my honourable friend's points in my communication with the Minister of Agriculture, because he is the only person who can tell us about the government's intentions at the present time.

Senator Argue: With respect to the grasshopper problem and what is being done to combat it, I might say that, in commenting on the minister's statement as to the assistance being given by provincial governments, the Government of Saskatchewan, for example, provided 50 per cent payment of the cost of one insecticide, di-methoate, and that was welcome. The trouble is that di-methoate stocks did not last very long; there are no more stocks and there is no more help. Therefore, the farmer's cost per acre has gone from X dollars to 3X dollars, because some of the alternative pesticides are much more expensive, and no subsidy is provided.

My question is whether the Leader of the Government will ask the Minister of Agriculture and the government to look into the question of assisting farmers. Will the federal government itself be prepared to assist with the cost of sprays, and, since this is a dual responsibility, will they discuss this with the provincial Ministers of Agriculture? It is a very severe burden on farmers to deal with a grasshopper plague. Sometimes, as the Leader of the Government will know, farmers have to spray a given field up to four times because these insects keep on hatching, and the total kill at a given date does not mean the problem is eradicated for the year; it is eradicated for that date, and a few days later or a week later the farmer may face the same problem. I think it is important for the government to look at the question of assisting farmers in their battle against the grasshoppers, because, if the farmers can win the battle, that small investment by the Government of Canada will pay off manifold.

Senator Roblin: I see that my honourable friend and I have been through the same grasshopper wars. I understand the situation the way he does. I will keep his point in mind.

Senator Argue: Take it to the minister in charge.

FINANCE

PROTECTION OF BONDHOLDERS AGAINST INFLATION— REPORTED STATEMENT BY MINISTER

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, yesterday the Minister of Finance, in an address to the investment dealers of Quebec City, raised the prospect that a measure would be introduced to protect bondholders against inflation. I wonder whether the Leader of the Government would explain to us the reasoning of the government in holding out that prospect of inflation protection to bondholders while at the same time it is removing inflation protection from the pensions of senior citizens of Canada?

• (1430)

Senator Balfour: It was John Turner's idea.

Hon. Duff Roblin (Leader of the Government): I do not think that the Minister of Finance expressed himself in quite the way my honourable friend suggests.

Senator Olson: That is the result.

Senator Roblin: I am making no comment about what the minister said. I have not read a transcript of his remarks. I was not there and I have had no contact with him. However, I do know that in some jurisdictions they index bonds against inflation, not to protect the bondholder but to protect the public purse. In this way they can get a lower interest rate than might otherwise be the case. It depends a great deal on one's assumptions as to where interest rates will go. If one thinks that interest rates will remain steady or perhaps decline, then this method of setting an interest rate for bonds is favourable to the treasury. However, I do not have a copy of the minister's statement in front of me, so I shall make no further comment about it.

Senator MacEachen: Honourable senators, I have a copy of the minister's statement and I assure the Leader of the Government in the Senate that the Minister of Finance raised the question of a type of bond issue for those specialized buyers who seek inflation protection. It is a protection for the buyers of bonds, not for the public treasury. Quite apart from the appropriateness in some circumstances of moving along those lines, does not the Leader of the Government think it rather insensitive of the Minister of Finance to inflict, in addition to financial damage, a form of psychological damage on senior citizens by suggesting that the assets of bondholders may become more sacred in the future than the pension cheques they receive? Does he not think that this is a rather insensitive attitude on the part of the Minister of Finance toward the senior citizens who are, from one end of the country to the other, angry about the very serious erosion of their purchasing power next year and in subsequent years by the removal of full indexation?

Senator Roblin: I shall not make any comment upon the sensitivity or insensitivity of my colleague, because that is a matter which will have to be decided by anyone who wants to consider it. However, I would like to make this point: what he was trying to say—let me stop. I do not know what he was trying to say because I was not there and I have not seen his statement. However, I can tell you this, that the principle behind indexing bonds is to secure a lower rate of interest for the public treasury. It is based on a natural rate of interest, for example, 3 per cent, plus the rate of inflation at particular periods of time. The aim is to get lower prices and thereby reduce costs to the treasury. The juxtaposition of the bondholder as compared to the old age pensioner is not one that gives me a great deal of comfort, but I have to tell my honourable friend that that is my explanation of what indexing interest rates means with respect to bonds.

Senator Olson: Is that the government's position or just yours?

Senator MacEachen: Honourable senators, the Leader of the Government makes much more sense than the Minister of Finance, who did not put the proposal in that light. He said:

> Speaking frankly, some concern has been expressed about whether there would be much demand for indexed bonds. In order to test this it may be that we should consider a limited type of issue for those specialized buyers who seek inflation protection.

Senator Balfour: Why don't you read the whole paragraph?

Senator MacEachen: That is the whole paragraph, except for two preceeding sentences which I would be pleased to read:

> As you know, there has been an ongoing discussion about whether the government should introduce indexed bonds. I want to thank the Investment Dealers Association for your views on this subject.

Then the subsequent sentences which I just read complete the paragraph. Clearly, the entire paragraph states that the intention of the Minister of Finance is to protect the buyers, not the treasury. His intention is to protect those who purchase bonds at a time when he is unwilling to protect the old age pensioners. I say to the Leader of the Government in the Senate that if he cannot comment on behalf of the Minister of Finance, will he not at least apologize to the pensioners of Canada, not only for eroding their financial benefits but also for slapping them in the face by saying: "Now we want to protect the bond owners, and damn the Old Age Pension cheques."

Senator Roblin: I am glad my honourable friend preferred my explanation to that of the Minister of Finance.

Senator MacEachen: I did.

Senator Roblin: I will tell my honourable colleague of that situation, and possibly he might offer me the opportunity to speak to the bond dealers instead.

Senator MacEachen: Honourable senators, I have just one more question for the Leader of the Government in the Senate. Yesterday, in reply to a question in the House of Commons that referred to this particular measure we have been discussing, the removal of full indexation of old age pensions, the Prime Minister said:

> —this measure and its possible effects will be monitored closely over the course of the next few months.

Some clarification from the government of what the Prime Minister meant is surely in order in light of the subsequent statement by the Minister of National Health and Welfare, who said that the effects of this measure would not be monitored over the next few months because, in fact, the measure does not come into effect until January 1, 1986. Perhaps the Leader of the Government in the Senate can find out for us what the Prime Minister meant by his statement:

> —this measure and its possible effects will be monitored closely over the course of the next few months.

Did he have in mind the political effects? Did he have in mind the Decima polls, or did he have in mind the effects on the old age pensioners? Which effects did the Prime Minister have in mind?

Senator Roblin: I would suspect, if one were to attempt to reconcile the two statements, it would depend on the definition of the words "several months" or whatever phrase it was that both gentlemen used. It is perfectly true that the effects of the old age pension change will not become apparent until the first quarter of next year, so obviously that is the point at which monitoring will begin.

Just speaking in a casual way, however, I would not be at all surprised if other aspects of this move were also monitored within the next few months. I think any politician would be misleading if he said that that was not obviously a consideration in matters of public affairs.

Senator MacEachen: In this casual, almost permissive mood which the Leader of the Government in the Senate has permitted himself, would he not go a little further and say that there is some chance that the monitoring might lead to a rescinding of the measure?

Senator Roblin: I do not think I am as permissive with myself as that. It is an interesting suggestion, but I think we must leave it for the effluxion of time to clarify.

Hon. Pierre De Bané: Do I take it that the honourable Leader of the Government in the Senate is suggesting to the retired people of this country that if they make their opposition more vocal, there will be a greater chance of having that decision rescinded?

Senator Roblin: I have to say that any government and any politician must listen carefully to expressions of public opinion. He owes it to the public to do that, and I expect that that will be the course followed in the next little while. The reaction to that expression of public opinion must be gauged by the government's feeling as to what, in all of the circumstances, is the best thing to do for the public. I fully expect there will be wide disagreement with such a decision, but it is the responsibility of the government to make it.

Senator Frith: I think we are hearing a door creaking open.

Hon. Philippe Deane Gigantès: I would like to ask the Leader of the Government in the Senate whether the need to watch the polls is more important than the need to obey some principles of fairness and decency; principles which should have convinced the government, one would think, to give the same sort of indexing to the increased levels of RRSPs as it gives to pensioners. Those who can have RRSP deductions of up to $15,000 are clearly people who can spare $15,000, whereas pensioners on the guaranteed income supplement cannot spare the 3 per cent that will be taken from them. The increases in RRSPs are not indexed, yet the pensioners' pittance for buying necessities is. Does the Leader of the Government mean that polls will prevail over decency?

● (1440)

Senator Roblin: I do not think that the Leader of the Government referred to the word "polls." If I did, I retract it at once, because I am not a strong advocate of polls. There are some people who think that governments should be run by polls. I am not among that group.

There is a distinct difference between polls and public opinion in the wider sense, and public opinion in the wider sense includes these concepts of fairness and equity of which my honourable friend spoke. Those matters must always be considered by a government. I suggest to him that, as we have been given notice of a resolution to deal with this question of indexation of old age pensions, he give us the benefit of his opinions when that resolution is before the house, as I am sure he will. That will give us a chance to conduct a reasoned debate about the matters in question.

END OF DECADE WOMEN'S CONFERENCE

COMPOSITION OF CANADIAN DELEGATION AND AGENDA

Hon. Lorna Marsden: Honourable senators, my question is for the Leader of the Government in the Senate. We are now only 35 days from the opening of the United Nations End of Decade Women's Conference on the Status of Women in Nairobi, Kenya.

On March 13 I asked the government leader when the Canadian government would be naming the Canadian delegates, the delegations of other countries having already been named by that date. This list, however, appears to remain, even at this date, a state secret. My previous question was taken as notice. I wonder whether the Leader of the Government can now tell us why the list of our delegation has not yet been made public. Why do we not know which minister is going to lead that delegation? Why have Canadians not yet had a chance to speak to members of their delegation about the issues on their minds in relation to this conference?

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the details regarding the delegation—

the people who will be attending that conference and the briefing associated with it—will soon be made available to her.

Senator Marsden: I thank the Leader of the Government for his answer. I would assume that everyone who is going to Kenya must already be informed of that. Otherwise, how could they make their arrangements in such a short period of time? It is the matter of making the list of delegates public that concerns me.

I also thank the Leader of the Government for providing to me a list of women who have been appointed by this government to various positions. It is a useful list and I am glad to see so many Canadian women holding those positions. The other part of my question of April 24, however, had to do with the list of women who have either been dismissed from positions or have not been reappointed by this government. I wonder whether he would be prepared to provide me with that list?

Senator Roblin: Honourable senators, I was not aware of the other part of the question. I will have to give it some consideration before I can answer it.

CANADA-UNITED STATES RELATIONS

CANADIAN HOG PRODUCTION—UNITED STATES IMPORT DUTY

Hon. Hazen Argue: Honourable senators, on April 1 of this year, the Americans imposed an extra duty on Canadian hogs exported to the United States of 3.8 cents per pound alive and 5.1 cents per pound dressed. This decision was to be reviewed by the American authorities. Yesterday a decision was made which, far from removing the duty, increased it on live hogs from 3.8 to 4.3 cents per pound and, on dressed hogs, from 5.1 to 5.5 cents per pound. My question is: What action is the government taking with the United States authorities in view of this decision?

Honourable senators, this is a frightening situation, indeed, because this most recent decision is worse than the original one. I believe that the International Trade Commission of the United States is making a further study and that it will take yet another decision within the next few weeks. It is possible—although I hope that it will not be the case—that that decision, which is likely to be of a more permanent nature, could even be worse. I am informed by the Canadian authorities that, as of yesterday, the Omaha price for hogs was 14 cents per pound higher than the Toronto price. This indicates to me that the hog producers of Canada are taking a tremendous beating because of this action by the United States authorities.

Some of us in Canada want to move towards free trade with the United States. It would seem to me that this decision is flying in the face of that sort of move. I repeat my question: What representation is the government making now to the appropriate American authorities as a result of this latest frightening and adverse decision?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I agree with my friend's analysis of this problem. It is an important problem and a serious one. It has been the subject of fairly constant representations by the Government of Canada to the Government of the United States, and I refer particularly to interchanges between our Minister of Agriculture and the Secretary for Agriculture of that country. My honourable friend knows as well as I do that the difficulty is that, in the United States, there is a procedure for dealing with what they call dumping or countervail or unfair trade respecting various products. The allegation is that the stabilization plans—and I believe that the stabilization plan in the Province of Quebec was really the one that triggered this action off, because it is so rich—of both federal and provincial governments are being viewed in the United States as subsidies. We maintain that they are not. We maintain that they constitute an effort to promote orderly marketing by removing unnecessary fluctations in the market price. Unfortunately, the authorities in the United States who control these matters have not, thus far, taken that view.

I believe that we have until July 18, on which date a final decision will be reached with respect to this matter. I can assure my honourable friend that the Government of Canada will continue to make as serious and as firm a representation as is possible to promote our point of view. I can give my honourable friend no assurance that we will be successful in our effort. If we are not successful, we will have to give serious consideration to what measures we can take to remove this threat from our pork industry. I will not speculate at the present time as to what we might do if this regulation becomes firm and we have these onerous duties imposed on our exports of both live and finished products to the United States. It may require a very serious look at the situation in which we find ourselves.

My own province of Manitoba is particularly hard hit, so I am among those who are sensitive to the issue. I repeat that I can give my honourable friend no assurance of success, but I can give him the assurance that we will continue to do our very best to get some favourable action.

Senator Argue: Honourable senators, I want to emphasize the necessity of doing everything possible to remedy this situation. While it applies to hogs today, there is little to suggest to me that the very authorities in the United States that are now causing problems for our hog industry difficulty could not, for the same reasons, cause problems for our beef industry, for example. The Americans have raised heck over the potato industry in the past. The strawberry exporters in British Columbia are facing the same sort of attack. I wonder whether the government is fully aware that this kind of philosophy in the United States, if it is extended to other products covered by the Agricultural Stabilization Act, virtually puts almost every aspect of our agricultural industry in serious jeopardy, indeed.

Could the Leader of the Government prevail on the Prime Minister to take action? We read that he has a great relationship with the Government of the United States. Perhaps he could lend the authority of his office to an attempt to solve this problem. Is he currently planning to do that? Is the Government of Canada assisting in a material way, perhaps through

providing personnel to the hog industry to assist them in making their representations to the authorities in the United States? It would seem to me that the Government of Canada should lend every possible support in every practical way to that industry and to the hog producers so that they can make their strongest representations.

If this problem is not resolved to our satisfaction, I think that all of the stabilization programs will be put in very serious jeopardy.

• (1450)

It has to call into question the effects that may follow the beef stabilization program, in the event that that is passed. And I am in favour of it. But is the government going to start down a road at the end of which we are going to lose more than we might gain?

The Leader of the Government has said that it was triggered by the Quebec situation. In a sense it was. But we are in Canada and the solution was applied to all Canada. No particular payments were made to the Province of Quebec, or at least I do not believe there were. They were made to the hog industry generally. It arose out of the fact that the Province of Quebec had particular policies in effect which gave the producers in that province some consideration that was not given to producers in the other provinces.

Senator Roblin: My reference to Quebec had to do with the provincial subsidies on pork.

Senator Argue: I know that.

Senator Roblin: They were considered to be rather generous, and aroused some concern among hog producers in other parts of the country, and still do, I believe.

This is not only an international question; it is an internal question as well. And it has to do not only with agricultural trade as between Canada and the United States but with agricultural trade throughout the world.

Agricultural trade is bedevilled with this whole system of quotas and subsidies, and God knows what. We are seeing—rather belatedly, perhaps—the backlash resulting from some of these actions in North America, and we don't like it, and we don't want it. It is particularly ironic that in respect of some of the crops in the United States, the farmers are given support payments of the same kind as those that are being criticized in the case of our hog production.

Senator Argue: And much higher!

Senator Roblin: So, it is not a logical open-and-shut, black-and-white situation. It is a very mixed one. And it has to do with—guess what?—politics, and very much so.

It is not just in the agricultural sector that we face this problem; it has to do, as well, with the trade in lumber, and particularly so in the case of British Columbia, in respect of which the same kind of reasoning is used to suggest that the stumpage system in existence in that province constitutes a form of subsidy.

If that form of thinking should prevail, then the two problems added together present a real crisis in our trade relations with our neighbours, and we are doing everything possible to see that that does not come to pass.

If I may be allowed to pontificate on this point for a moment, the problem is this: In Canada we have one authority—or, at the most, two—in dealing with agricultural trade. If we can get agreement between the provincial and federal governments, we know where we stand. In the United States, due to their congressional system, that is not the case.

The President and the Executive may have certain views in respect of a problem, but if they are not supported by Congress—or, indeed, if Congress makes an end run around the President, as it sometimes does in these matters—it compounds the nature of the problem and it deepens the crisis we face. It means that in addition to having to convince the American Administration of the unwisdom of a particular policy, we have to convince the Congress, because more and more Congress is taking the initiative in matters of trade and foreign affairs. That is part of our problem.

That is no comfort to my honourable friend. I know that. I just wanted to sketch the dimensions of the problem for him. I assure him that we will do everything that we think is practicable, feasible and effective, in trying to present our views to the Government of the United States, and I know that in doing so we will have his support.

Senator Argue: I appreciate the answer of the government leader in the Senate. However, he did not answer the specific question I put to him as to the role being played by the Prime Minister in all of this. The Prime Minister is alleged to have a special relationship with the President of the United States. All of us here understand the division of powers in the United States. But the President is quite an influential part of that whole process. It seems to me that if the President of the United States were doing a little to help Canada's case, that might just do the trick.

So, my question is: What role is the Prime Minister of Canada playing in this? Is he lending his weight in dealing with the United States in this very adverse decision that has been taken?

Senator Roblin: I think there are some instances where it is wise to maintain a certain confidentiality in respect of interchanges of this sort, and I ask my honourable friend to consider that.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers, which I shall be pleased to give to the Senate now.

NATIONAL DEFENCE

INCREASE IN CANADIAN FORCES CONTINGENT IN WESTERN EUROPE—EFFECT ON ESTABLISHMENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was asked in the Senate on March 13,

1985, by the Honourable Senator Lafond and the Honourable Senator MacEachen regarding national defence and the increase in the Canadian forces contingent in western Europe.

(*The answer follows:*)

Regarding the increase of 1,200 in Armed Forces personnel in Western Europe, some of these personnel will come from redeployment of existing personnel and some will be new personnel.

The minister hopes to realize the $50 million cost for the 1985-86 year within the existing budget. If this is not possible, the minister has stated he will go to Treasury Board for the funds. Therefore, this item is not included in the main estimates for 1985-86.

AGRICULTURE

FERTILIZER SUPPLEMENT—POSSIBLE LEGAL ACTION

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was asked in the Senate on March 21, 1985, by the Honourable Senator Olson regarding the fertilizer supplement and possible legal action.

(*The answer follows:*)

Although farm fertilizers are not prescribed for registration, all fertilizer supplements are; thus the product, Agrispon, cannot legally be imported for general sale in Canada.

Amendments to the Fertilizers Regulations have been proposed which would apparently shut off the loopholes which have been employed by the promoters of the products, Agrispon and Nitromax. The proposed amendments would restrict importation of non-registered products to use for bona fide experimental purposes only. The proposed regulations amendments have been with the Department of Justice for review for a number of months and the minister had hoped to be in a position to present these proposed amendments to Governor-in-Council prior to the present time. The proposed amendment has been strongly endorsed by the Saskatchewan Deputy Minister encouraging the adoption of this amendment with the least possible delay.

The Department of Agriculture's research scientists have published the results of their studies on Agrispon which have in essence shown it to have little or no value in crop production, both in the scientific literature and made available through news releases and summaries to the popular press.

Regional personnel of the department's Agriculture Inspection Directorate in both Manitoba and Saskatchewan have granted media interviews in which they stressed to farmers the dangers inherent in purchasing unproven, unregistered products such as Agrispon.

In regard to the second part of the question, the Director of Investigation and Research under the Combines Investigation Act, who administers the misleading advertising and deceptive marketing practices provisions of the act, will examine the matter in relation to these provisions. However, it should be noted that an offence must be proven beyond a reasonable doubt in a court of criminal law.

To date, the Director has not received any complaints or information alleging there has been a misleading representation.

CANADA-UNITED STATES RELATIONS

CANADIAN POTATOES—UNITED STATES IMPORT DUTY

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was asked in the Senate on March 27, 1985, by the Honourable Senator Corbin regarding Canada-United States relations, and specifically the United States import duty on Canadian potatoes.

(*The answer follows:*)

The Honourable John Wise and U.S. Secretary of Agriculture, Mr. John Block, met in Ottawa on October 17-18, 1984. Their agenda and discussions focussed on a variety of agricultural trade issues, including potatoes from eastern Canada.

On January 28, 1985, Congresswoman Olympia J. Snowe (2nd District, Maine) wrote to Mr. Wise. She suggested that a specific meeting be held between the U.S. Secretary of Agriculture and the Canadian Minister of Agriculture to discuss/resolve trade related potato issues.

Mr. Wise replied to Congresswoman Snowe on March 25, 1985, indicating his preference to "—reserving judgement until my next meeting with Secretary Block as regards your suggestions for specific bilateral discussions on trade in table potatoes—".

A meeting of the Secretary and Minister took place on May 8, 1985, in Washington, at which time the subject was raised but not resolved. Discussions on the subject are continuing.

WORLD WAR II

40TH ANNIVERSARY OF SURRENDER OF GERMAN FORCES

Hon. Duff Roblin (Leader of the Government): A question was asked in the Senate on May 2, 1985, by the Honourable Senator Haidasz regarding World War II and the 40th anniversary of the surrender of German forces.

(*The answer follows:*)

The Government of Canada marked the 40th anniversary of the end of hostilities in Europe with pilgrimages to The Netherlands and Italy. Canadians commemorated those who were killed liberating The Netherlands and also shared in the celebrations recalling Canada's role in restoring freedom to the Dutch people.

In Italy, Canadian representatives paid their respects to Canadians and those of our allies in the Eighth Army who

lost their lives during the long Mediterranean Campaign. No ceremonies were conducted in Canada.

FOREIGN AFFAIRS

IMPOSITION BY UNITED STATES OF ECONOMIC SANCTIONS AGAINST NICARAGUA

Hon. Duff Roblin (Leader of the Government: Honourable senators, a question was asked in the Senate on May 2, 1985, by the Honourable Senator MacEachen regarding foreign affairs and the imposition by the United States of economic sanctions against Nicaragua.

(*The answer follows:*)

Canada considers that the Central American crisis stems largely from socio-economic problems, and that these should be addressed by encouraging economic and social development, not by measures which impede progress in these areas. Hence, a substantial Canadian aid program in Nicaragua which has recently been increased.

We continue to maintain normal trade and diplomatic relations with Nicaragua.

Canada continues to see the Contadora process as essential for achieving a framework of reconciliation in central America and that the embargo will hinder that process.

We give more than rhetorical support to the Contadora process. In response to the meeting that the Secretary of State for External Affairs convened with Contadora Ambassadors in November, Canada was asked to provide detailed comments on control and verification. This was done and the comments have been welcomed by all concerned in the region.

Canada remains concerned that the embargo and President Ortega's visit to Moscow have increased the problems of East/West tensions in Central America.

Canada hopes that Nicaragua will return to the original commitments of the revolution, e.g. non-alignment and political pluralism.

ECONOMIC SUMMIT

BONN, WEST GERMANY—WORLD DRUG TRADE—GOVERNMENT POSITION

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was asked in the Senate on May 7, 1985, by the Honourable Senator Marsden regarding the Economic Summit and the world drug trade, and government policy thereon.

(*The answer follows:*)

At the present time, the Prime Minister's Office has nothing further to comment on the drug issue.

[Senator Roblin.]

BANKING

ALLEGED RESTRICTION ON LOANS TO AID-RECEIVING COUNTRIES

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was asked in the Senate on May 8 and again on May 30, 1985, by the Honourable Senator Stanbury regarding banking and the alleged restrictions on loans to aid receiving countries.

(*The answer follows:*)

The Inspector General of Banks has issued guidelines to Canadian banks for establishing provisions in the range of 10 per cent to 15 per cent of their total claims on thirty-two countries by October 31, 1986. The group of countries include those that have recently encountered problems in servicing their external debt or have restructured all or part of that debt.

Such provisions are prudential in nature and are to cover sovereign and transborder risks. As a result, should any country default, the provisions would be applied to absorb the attendant losses and thereby reduce the impact on the bank.

The establishing of these provisioning standards is not expected to cut-off the lending by Canadian banks to public or private sector entities in these countries, since the final decision as to extending loans to credit worthy customers remains with management. For this reason, when the guidelines were issued, the banks were given three years to comply. Accordingly, current trade finance and other short term credit decisions should not be unduly impaired, particularly where such loans mature before October 31, 1986.

The Committee of Bank Supervisors, which meet at the Bank for International Settlements, is encouraging this approach to provisioning. Hence, other industrialized countries have simultaneously implemented similar techniques. For example, Japan has called for mandatory provisions on a list of approximately 35 countries; Switzerland has done the same, listing 100 countries; the United States has named five countries and has imposed a range of requirements against these exposures in conjunction with strengthening capital requirements for banks with significant exposure to debtors which have exhibited problems.

Prior to implementation concerns surrounding international risks were discussed with banks and bank auditors. This method was generally accepted as a tough but prudent approach which would leave banks well-placed, vis-à-vis their international competitors.

PARLIAMENT HILL

SUGGESTED RELOCATION OF TOURIST RECEPTION TENT

Hon. Duff Roblin (Leader of the Government): A question was asked in the Senate on May 29, 1985, by the Honourable

Senator Denis regarding the suggested relocation of the tourist reception tent.

(*The answer follows:*)

The National Capital Commission are the originators of the tent idea and the operators of this facility. Initial discussions last year between the National Capital Commission and the Public Works Department officials included the possibility of locating the proposed tent on the lawn behind the West Block as suggested by Senator Denis. This location was ruled out by the National Capital Commission on the grounds that the tent would visually interfere with their Sound and Light Show.

The NCC have acknowledged responsibility for reinstatement of the grounds after the tent is removed in the fall.

CANADA DEVELOPMENT CORPORATION

SALE OF SHARES—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was asked in the Senate on May 29, 1985, by the Honourable Senator Austin regarding the sale of shares of the Canada Development Corporation and government policy in respect thereto.

(*The answer follows:*)

The Minister of Regional Industrial Expansion announced on May 29th, 1985, that the government will sell its share interest in the Canadian Development Corporation to the public. The sale of 23.8 million shares will take place under the terms of existing legislation which governs the Canada Development Corporation. However, Mr. Stevens stated that the Government will proceed as soon as possible to introduce new legislation to enable CDC to operate in the future as a commercial enterprise with full private sector ownership. This proposed legislation will increase the maximum voting interest which may be held by any one Canadian individual or institution or associated group of Canadian individuals or institutions from 3 per cent to 25 per cent.

CONSUMER AND CORPORATE AFFAIRS

CLOSING OF PATENT OFFICE

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question was asked in the Senate on May 30, 1985, by the Honourable Senator Stewart regarding Consumer and Corporate Affairs and the closing of the patent office.

(*The answer follows:*)

Concerning the possible closure of the Patent Office, the Ministerial Task Force on Programme Review did not in fact recommend such a measure but rather a better utilization by Canada of the international patent system by avoidance of duplication and the ratification of the Patent Cooperation Treaty.

In the interest of Canadians, a more efficient patent system is being sought by providing the best service at the lowest cost. It is in this regard, that the Minister has received a mandate from the Neilsen Task Force. It is the Minister's responsibility to see that the recommendations are put to best use. In doing so however, it is not the intention of the Government to give up its responsibility for intellectual property to foreign countries. Canada will benefit from the experience of other countries, but as well it will still be in a position to decide for itself what is good for the country. The present staff is the one which will be needed to do this job.

[*Translation*]

THE ESTIMATES, 1985-86

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Fifth Report of the Standing Senate Committee on National Finance which was presented on Thursday, May 30, 1985.

Hon. Fernand-E. Leblanc: Honourable senators, I think it is appropriate to give a brief explanation on the Fifth Report of the National Finance Committee concerning the consideration of expenditures proposed by the estimates for the fiscal year ending March 31, 1986.

In its review the committee decided that the best way to consider these estimates was to focus upon recipients rather than the departments and agencies responsible for distributing the funds. Our task is made easier by focusing upon recipients, for this will enable us to find out whether the efforts of the government were successful, since all the attention is directed towards the outcome of those efforts.

Since recipients can be provinces and municipalities, crown corporations and departments, including lenders on our outstanding public debt, the committee chose to focus its attention upon the amounts paid to the province for financing post-secondary education pursuant to the provisions of Part IV of the Federal-Provincial Fiscal Arrangements Act, 1977, and upon federal contributions with respect to secondary education and health, the EPF arrangements.

Under this agreement, the most recent statistics of the Department of Finance reveal that payments for 1985-86 will be about $4.532 billion. This includes a $2.353 billion cash transfer, 8.5 per cent more than the previous year, and $2.179 billion in tax point transfers, again 7.4 per cent more than the previous year. In the course of this study, Mr. A. W. Johnson, Special Advisor to the Secretary of State on the Financing of Post-Secondary Education, informed members of the committee that the percentage of federal transfers paid under PSE financing arrangements had increased from 69 per cent in 1977-78 to 80 per cent in 1984-85.

In an excellent report for the Secretary of State, published under the title: Giving Greater Point and Purpose to the Federal Financing of Post-Secondary Education and Research

in Canada, tabled in both chambers in February 1985, the emphasis is on the need for a new fiscal arrangement to replace PSE, and on tying the rate of increase of federal transfers to each province to the increase in provincial subsidies to the provinces' respective post-secondary institutions.

Mr. Johnson criticized the overriding concern of Canada's universities and eleven legislatures for equal opportunity for post-secondary education, at the expense of excellence.

The Association of Universities and Colleges of Canada and the Canadian Association of University Teachers showed appreciation for the recommendation made by Mr. Johnson concerning the unconditional aspect of federal transfers, without, however, entirely supporting the search for excellence at the expense of equal opportunity. They did realize, however, that owing to a scarcity of financial resources, the goals and aspirations of Canada's universities and colleges will be difficult to attain. Furthermore, the associations observed that as a result of budgetary constraints, Canadian universities pay very high salaries for experienced professors, and also that there is a lack of training for junior professors. There may well be a crisis in the 90s, when there will be a drop in the number of individuals sufficiently trained to replace experienced professors when they retire.

Honourable senators, as witnesses were heard, there was extensive questioning, and committee members realized that it would be impossible to find the answer to all the problems raised, on such short notice. Many of these questions are mentioned in the report, but I would like to quote only a few:

First, the establishment of national objectives for post-secondary education is clearly of interest to the federal government, if for no other reason than its responsibility to be accountable to Parliament.

Second, the importance, quality and type of research engaged in is the responsibility, at least in part, of the federal government.

Third, the training of highly qualified manpower to meet future needs of universities is a concern to both levels of government.

Arriving at the conclusion that there is a combined role for both levels of government in maintaining a high quality university system in Canada is not difficult, but determining what this university system should look like, what it should accomplish and how federal financial resources should be spent to support such a system is not simple.

The committee realized that to meet its requirement to report to the estimates, it must keep its hearings limited and report on the conclusions it had already drawn. The committee is now determining whether it should undertake a larger review of this subject.

On motion of Senator Doody, debate adjourned until next sitting of the Senate.

[Senator Leblanc.]

• (1500)

[*English*]

AGING

JUSTICE FOR THE ELDERLY—DEBATE ADJOURNED

Hon. David A. Croll rose pursuant to notice of December 19, 1984, that he will call the attention of the Senate to justice for the elderly.

He said: Honourable senators, I had no idea that you would make the way so clear for me by adjourning each item in order. My topic, as you can see, is pretty broad. It is justice for the elderly. In the past, the elderly, the poor and the unfortunate have had occasion to look to the Senate for help. They consider the Senate particularly charged with the greater responsibility for the poor, the elderly and the pensioners because we have been around longer and we understand the problems.

Before getting into the problems—and you will hear more about them on Thursday, if I am any judge of what has been said here—I would like to say something about the responsibility of the Senate and the methods for meeting that responsibility.

Everyone has been kicking us around lately. They do not even wait for the football season to start. They start on us early. It is my considered view that there is no constituency out there for abolition of the Senate. There is a constituency out there for reforming the Senate; and the best, the most dedicated and the most competent persons to do that are in this very chamber. We do not resist reformation. We have different views, and those views can be reconciled to build a more modern and effective Senate.

Mind you, there are some, but very few, who want to abolish the Senate. But they have no constituency. They are the "holler" brigade, and they appear at all times everywhere.

Unpleasant things are being said about the Senate. There seems to be no end to the critical barrage. Proposals for reform are plentiful. They urge varying degrees of reform, ranging from severe limitations on the powers of the Senate to a system of elected senators who would represent various regions of the country.

The reason I am on my feet today is because I wish to offer a solution that has not yet been proposed. I have been doing more thinking on this. Honourable senators may not like it, but I like it. What do we do about those angry proposals? Do they represent more than the emotional attitude of a handful of critics, supported by the media, which finds such controversy excitingly newsworthy? Or do they speak only for themselves? We really do not know.

We do know that it is important how Canadians feel about the Senate. Has anyone ever asked them? No, not for 118 years. Everyone elso talks about it, but the Canadian people have never been asked to give their opinion. We have had small-scale opinion surveys done in a superficial way. We have had a Gallup poll, and other polls—sometimes 400 people have been surveyed, sometimes 200, sometimes even 1,000 people.

But the method of polling on national issues is entirely unsatisfactory, because the questions are pointed in connection with a questionnaire. The result is that to wishy-washy questions you get misty answers.

• (1510)

I believe it is about time we put the question to the people of Canada, and we should do it clearly, comprehensively and soon.

The Prime Minister has, time and again, made this statement, and I quote:

> My budget calls for Canadians, not government, to choose what is best for Canada.

I propose a "National Referendum" which would go to all Canadians to ask them what they wish the Senate's future to be. It is, I believe, the only way to base any decisions for such change on proper ground. If Canadians want to abolish the Senate, let them say so; if they want to reform the Senate, let the referendum show the options for change fairly and honestly, and let it record the people's views.

We have heard cries for change coming from several directions. I suggest we go to Main Street, Canada, to find out what people think—all the people. We live in a country whose national government makes much of consultation with special interests so that no one's views are overlooked. Are not the people special in this particular instance?

What does the man on the street say? For 100 years nobody has asked him. Is it not about time?

I suggest that we go to our biggest interest of all, the Canadian people, and establish their views on this issue. Such a referendum would be the ultimate expression of a working democracy. What have we to fear from finding out what the Canadian people think?

The questions on the referendum need to be simple and easily understood. There are two types of questions, the Gallup poll question and the referendum question. The Gallup poll type questions could be:

(1) Do you favour a Senate with equal representation on a
  (a) provincial and territorial basis, or
  (b) regional basis?
(2) Do you favour
  (a) an elected Senate or
  (b) an appointed Senate?
(3) If appointed, do you prefer
  (a) all senators to be appointed by the federal government, or
  (b) half of the senators to be appointed by the federal government and half by the provincial governments?
(4) Do you prefer a Senate with
  (a) the same powers it now has, or
  (b) reduced powers?

These are not tricky questions. Anyone who has an idea of what is going on can answer those without any difficulty.

The referendum question is a little different. It could be:

> Do you favour amending the Constitution in order to provide for an elected Senate with an equal number of senators from each of the provinces and territories and with powers similar to those that it now possesses?

I thought it might be useful to set out an example of the types of questions.

As for the powers, that can be settled by an eminent group of Canadians who are qualified to deal with the subject, their recommendations to be passed on to a small committee of an equal number of senators and members of the House of Commons.

I am calling for a national referendum. It would be the ultimate expression of democracy in action.

The tragedy is that our story has never been told. People do not listen. People speak of a Senate that existed 20 years ago without giving the subject any thought. They just write us off as old cronies and bagmen. How mistaken they are! A national referendum would give us a chance to meet the people at the polls. I look forward to the day when I can tell the story of the Senate publicly time and time again, and so should every one of you. I want to get out on the hustings to tell it as it is.

I have spoken on the subject of help to pensioners to four generations of Canadians. I have made hundreds of speeches. The latest observation I made was, and I quote:

> They have already paid a thousand times over by paying taxes all their lives, and should not now be asked to help cut the deficit.

The opposition in the House of Commons cannot stop the government from passing a bill to end full inflation protection for old age pensions.

It is interesting to note the powers of the Senate, and I quote:

> Thus the Senate was intended to represent regional and property interests and serve as a check or brake on the House of Commons: it was to constitute, in Sir John A. Macdonald's phrase, "the House which has the sober second-thought in legislation".

Something that is seldom discussed is that when the Senate was established wealth was measured by property. They did not know anything about corporations. The people in Quebec and Ontario who were wealthy were careful about letting the frontiersmen and fishermen get too much of what they then possessed. They protected themselves by giving themselves good numbers of seats.

Senator Everett: That is still the case.

Senator Croll: We have already reformed that.

The point I want to make is that the reference is to people, not regions. They had in mind that the Senate would be there to slow down a government that had a terrific majority. They wanted to slow it down and stop it. They were concerned about the possibility of a Social Credit government taking over. They wanted to slow that down and stop it. They were concerned about a Socialist government taking over. They wanted to slow

that down and stop it. That was the general thought in the minds of those who established the Senate.

The Prime Minister has stated that there will be no change. "The government will not retreat from its plan to end full inflation protection for old age pensioners," despite mounting public protest, the Prime Minister is reported to have said yesterday. "There will be no change," the Prime Minister told the House of Commons, as Liberals and New Democratic Party MPs continued to hammer at the government for a reversal of the curb on indexing announced in last month's budget. The honourable Minister of Finance complains that we have too few rich people in our country. What he should concern himself with is that we have too many poor people in the country.

● (1520)

The Senate has already been advised to keep the pension matter at low key. The advice is to "keep barking but don't bite." I have news for those people: If I am any judge of the mood of this house, we will not only bite but we will leave an imprint.

If the bill comes here in form and substance I, for one, will vote against it, no matter what the consequences. I have reason to believe that I will be joined by enough Liberals to defeat the bill so that the Senate can return to its sense of purpose.

I should like to say a few words about the resolution presented to the House of Commons by the Minister of Justice dealing with the Senate. I think that the resolution is a very sensible. However, he presented it with vehemence and with an element of maliciousness and directed it against the "unelected coterie of Liberals." He has the audacity to suggest that we, the Liberals, are the secret and the hidden Government of Canada. I feel rather uncomfortable about that.

The resolution was not to be introduced until after Parliament returned from its vacation, but because rumours reached the minister that the Liberal majority in the Senate would defeat the budget, he took the first opportunity to toss the resolution at us. I tell him, "I'm not afraid of the big bad wolf."

There are some good portions of the resolution that I can support, but I cannot support it totally. I should like to explain why. It will eunuchize this chamber and make it a nullity. I will not agree to support it and I do not suppose that the rest of you will either until he makes some real changes.

I prepared two speeches, one of which totals 23 pages and the other 22 pages, but I do not intend to go into both of them. Instead of speaking about it, I told you how I was going to act about it. That power to act is a power that not too many people have unless they have the position that I have. So I shall not inflict that speech upon you. You will hear much discussion from others in the days to come and until such time as the problem is settled.

I have been here longer than most of you. When I was first appointed to the Senate it bored me to death. I tried to build it up to where we could start doing some investigative work in committees, and that work has now become a major asset to

the Senate. The deputy leader proposed this afternoon the pre-study of five pieces of legislation. But nobody pays any attention to our doing this work. We know what we are doing and we know that we are doing good work here.

Sometimes we are divided on political grounds but that does not happen often in committee. There we try to play it fair. It bothers me that nobody knows what we are doing and that nobody will listen. I think we have reached the point where we should ask the people of Canada to make up their minds. The questions that I placed before you anybody can answer because they are not involved. Most of my questions require yes or no answers. "The people showed a lot of wisdom," the Conservatives would say because they elected them as the government of the day. So the people have the ability to deal with these questions. Let us give them the chance. This provides a rare chance to be able to write at least part of the Constitution of an ongoing country like ours with an ongoing economy, and without hurting anybody along the way. We should take advantage of that. Think of the interest it will create in the government of the country. An 18 year old would have the choice of deciding whether he wants an elected or an appointed Senate.

I am not going on with the other speech, but I will just move the adjournment of the debate.

Hon. Senators: Hear, hear.

Hon. John M. Godfrey: Will the honourable senator permit a question? He referred to the fact that he is going to vote against the removal of pension indexing and that he thought he would be supported by a majority of the Liberal members of the Senate. My question is: Is this just an opinion or has he actually canvassed his Liberal senators and, if so, how many?

Senator Croll: I have not canvassed them, but I assure you that there will be a majority. Perhaps a few of them will not show up, but be assured that it will not pass this house.

Hon. Philippe Deane Gigantès: Will the honourable senator permit a question? He proposed a referendum but he also said that the press does not know what we do nor does it want to know what we do. One of the consequences of that is that the public probably does not know what we do. How can we go to the public when it has been deliberately uninformed?

Senator Croll: The press has to discuss a referendum broadly whether they want to or not. One of the tragedies in this place is that once upon a time we used to have a Canadian Press man up in the gallery but all of a sudden they could not afford it. For 15 years the press have insulted the Senate. If a senator gets thrown in jail because he wanted to speak to the sergeant at the police station with regard to being run off the road on his moped, the press give that item front-page news especially when he was convicted. When he appealed that conviction you will find a little note in the newspaper that he was acquitted on page 58 of a 59-page printing. That is the kind of situation the media always plays up, but we cannot be denied attention on a national issue as important as this. We need to get people interested and ask for their answers to these

important questions. You have to treat it in the same way as it is done during an election.

● (1530)

Hon. C. William Doody (Deputy Leader of the Government): Has the honourable senator finished his remarks? If any other honourable senator wants to speak, can he move the adjournment? The honourable senator did move the adjournment himself, but if another senator wished to adjourn the debate, would he allow that?

Senator Croll: If other honourable senators wish to speak, I should be glad to have them do so.

On motion of Senator MacDonald (Halifax), debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 964*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE
SIXTH REPORT

REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1986

Tuesday, June 11, 1985

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

SIXTH REPORT

Your Committee, to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1986, were referred, in obedience to the Order of Reference of May 29, 1985, submits its interim report as follows:

The Committee heard evidence from the following witnesses:

From the Treasury Board:

Mr. J. L. Manion,
Secretary;

Mr. D. J. McEachran,
Senior Assistant Secretary,
Program Branch;

Mr. Harvie T. Cocks,
Assistant Director,
Crown Corporations Directorate.

From the Department of Finance:

Mr. B. Hunter,
International Finance and
Development Division.

Supplementary Estimates (A) totalling $350.6 million brings the total Estimates tabled to date to $103.9 billion. The entire $350.6 million is for non-statutory items and consequently requires parliamentary approval through an appropriations bill. Treasury Board supplied the Committee with a list of two $1 votes included in these Supplementary Estimates (A) which is attached as an appendix to this report.

The Committee questioned Treasury Board officials about the $110 million investment in equity to de Havilland Aircraft of Canada, particularly since this comes on top of a similar investment of $150 million to the same company only months earlier under Supplementary Estimates (C), 1984-85. Senators learned that the government was investing in equity rather than making loans to de Havilland because it was keeping the company's debt level to zero in the hope of attracting a private sector buyer. Senators also learned that the equity route was being used rather than the issuing of loans because of the absence of a reasonable chance of seeing the loan repaid. This perturbed some Committee members because it calls into question the reasons for keeping de Havilland afloat.

The Committee was surprised to learn that in spite of the precarious financial position of de Havilland, the company is the major shareholder of Brymon Airways, a small airline which operates Dash 7's and Twin-Otter aircraft within Britain. De Havilland, which was the chief creditor, rescued Brymon in late 1983 after the company lost $4.7 million in 1982-83. While de Havilland is trying to sell Brymon today, Senators wondered about the management decision to buy Brymon when de Havilland was not on a stable financial footing.

Treasury Board officials indicated that of the $209.7 million requested by Employment and Immigration for employment initiatives, $175.9 million was for the student summer employment program, *Challenge '85*. This program which replaces *Summer Canada*, was announced in February 1985 and calls for about $145 million to be distributed across provinces. While it was clear that this financial distribution did not follow the population distribution, Treasury Board officials were unable to explain the rationale for it and agreed to supply this information to the Committee at a later date. Senators also asked the Treasury Board officials to explain how *Challenge '85* differs from previous summer employment programs.

The Committee learned that for the third year in succession, the Medical Research Council (MRC) is in need of supplementary funds ($30.9 million in these Supplementary Estimates (A))—to meet its commitment to existing programs. Senators were perplexed by the fact the government had agreed to include MRC's budgetary requests in these Supplementary Estimates but is only now undertaking a review of MRC's long term plans. Senators suggested that as part of this review, Treasury Board should examine the rationale for the level of support for MRC. This should include not only the level of demand for MRC's program, but also the level of need for this research by government and the Canadian public.

The Committee will continue to study the international financial arrangements arising in Vote L2a—Financial and

Economic Policies in accordance with the *Bretton Woods and Related Agreements Act*.

Respectfully submitted,

FERNAND-E. LEBLANC,
Chairman.

APPENDIX

LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES (A), 1985-86

There are two One Dollar Votes included in these Supplementary Estimates. The votes have been included in the Estimates to secure Parliamentary approval for the following reasons:

Page 12 *Energy, Mines and Resources*

Vote 20a—To authorize a transfer of $54,999,999 from Vote 15 to provide for additional payments under the Oil Substitution and Conservation Act.

As noted in the Vote wording the purpose here is to transfer funds between Votes.

Page 16 *Indian Affairs and Northern Development*

Vote 5a—To extend the purposes of this Vote so as to reinstate the Ministerial Guarantee of Housing Loans to the Cree and Naskapi Bands.

The Minister of Indian and Northern Affairs is authorized by previous Appropriation Acts to guarantee housing loans to Indians by Canada Mortgage and Housing Corporation, banks, or other approved lenders. Cree and Naskapi Bands of Quebec ceased to exist under the Indian Act when the Cree-Naskapi (of Quebec) Act was proclaimed on July 3, 1984 and so they became inadvertently ineligible for these ministerial guarantees. This $1 item will amend the previous Appropriation Acts to add the Cree and Naskapi Band Corporations created under the Cree-Naskapi (of Quebec) Act as entities for whom the Minister of IAND may guarantee housing loans.

May 1985
Estimates Division

THE SENATE

Wednesday, June 12, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DIVORCE

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-46

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-46, intituled: "An Act to amend the Divorce Act", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-47

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-47, intituled: "An Act respecting divorce and corollary relief", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

FAMILY ORDERS ENFORCEMENT ASSISTANCE

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-48

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-48, intituled: "An Act to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

INTERNATIONAL TRADE

IMPORTATION OF JAPANESE AUTOMOBILES—GOVERNMENT ACTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to address a question to the Leader of the Government in the Senate concerning the importation into Canada of Japanese manufactured automobiles.

In the past an arrangement has been entered into between Canada and Japan setting the level of imports of Japanese manufactured automobiles. Are there negotiations with the Japanese currently going on in this connection, and are we close to reaching an agreement with the Japanese on this important question?

Hon. Duff Roblin (Leader of the Government): I can give my honourable friend some information about the present status of the trade, but I am unable to give him any information as to when negotiations may be completed in this matter.

If my memory serves me well, the voluntary limitation at the moment is set at a level of 18 per cent of the automobile market, a level that is subject to monitoring by Statistics Canada.

Some figures have been given in the newspapers, and my information is that those figures overstate the current situation. In other words, the number of automobiles imported from Japan is not as great as those quoted in those newspaper reports.

Nevertheless, the matter of the quota is under serious consideration. One problem is that some of the Japanese-type automobiles are manufactured in the United States, and while it is true that they are subject to a 10.6 per cent duty, the argument by some is that those automobiles constitute American manufactured imported automobiles and not Japanese manufactured automobile imports. That is an added problem.

The point of my honourable friend's question relates to how we are getting along in our negotiations. All I can say is that we are monitoring the situation very closely indeed, and if we perceive that there is a need to do so, we shall have to take some other steps to come to some measure of agreement with the Japanese government. I do not know that we have reached that stage at the present moment.

Senator MacEachen: Can the Leader of the Government tell me what requirements or what demands Canada has made of the Japanese as preconditions for concluding an arrangement of this kind? Have we stipulated a requirement for the Japanese to enter into investments in Canada as a *quid pro quo* for access to the Canadian market?

We know that the Japanese have undertaken investments in the automobile industries of other countries as a way of safeguarding their markets in those countries, and I am wondering whether that type of condition is up front in these negotiations and whether the fact that the Canadian negotiators are pressing for Japanese investment in Canada is a sticking point in the negotiations.

Senator Roblin: In these negotiations, one has to bear in mind that most of the time we sell far more to the Japanese than they sell to us. That is a background factor that cannot be overlooked.

In connection with the Canadian sourcing of Japanese products, if my memory serves me correctly, in 1987 or 1988 a plant to assemble Japanese cars will be opened in the province of Ontario. That is certainly part of the *quid pro quo* in the negotiations which are being considered now.

The whole question of sourcing in Canada is very important to the government, and we are doing what we can to encourage the Japanese to do this. I am sure that it is certainly an important part of the negotiations on the quota.

Senator MacEachen: May I carry the point a step further and ask whether it is a fact that the Japanese are requesting of Canada an arrangement similar to the understanding which they have reached with the United States and that that is unacceptable to Canada; and that we have insisted upon sourcing or investment by the Japanese in Canada, and that is unacceptable to the Japanese?

In other words, the Japanese are asking for an arrangement similar to the understanding reached with the United States, which we do not accept; and they do not accept our requirements for investment. As a result, we are at an impasse.

I do not know the answers. I should like the Leader of the Government, if not today at least at an early date, to throw some light on this, because there does not seem to be very much information in the public domain.

Senator Roblin: Of course, if there were no disagreement there would be no need to negotiate. The fact that there is disagreement on several topics—and I am sure the two my honourable friend mentioned are among them—means we have the need to negotiate. It is really not practical for me to undertake to offer to my honourable friend information about our negotiating stance if, by doing so, it might hinder the success of our efforts in that respect. I would therefore like to be excused from dealing with the matter further. I will, however, ask my colleague, the minister in charge of this particular item, where he stands in these negotiations with the Japanese, and whether there is any further information he can offer that it would be appropriate to release in the public domain at this time.

Senator MacEachen: In his first answer the Leader of the Government implied, I think, that in the absence of progress, or in the absence of an understanding, the government might take steps that would force the matter along. Maybe I am stating it too strongly, but I think there was an implication that the government may have in mind some action that would make the Japanese think more clearly on the matter. For example, the question of restricting the entry of Japanese cars to western ports been considered by the cabinet? Has that been before the cabinet, and is it one of the options the minister had in mind in replying to the first question?

Senator Roblin: My honourable friend knows it is very difficult for me to tell him what went on in cabinet. I cannot do that. All I can say is that negotiations are proceeding, and common sense tells me that our negotiators will use every tool they feel they have at their disposal to get a decision that they regard as acceptable.

BEEF IMPORTS FROM EUROPEAN ECONOMIC COMMUNITY

Hon. H. A. Olson: I should like to ask the Leader of the Government in the Senate a question about beef imports from the EEC generally, and I think more particularly from Ireland. As the Leader of the Government knows, there has been a very large increase in such imports with some almost disastrous effects on the beef market in Canada during the past year or so. The government's response, after some negotiations about mid-May, was to set up an import quota far in excess of what it was prior to the last year, almost guaranteeing that there will be an oversupply of beef on the market in Canada for some grades of beef, which, of course, would lead in turn to a depressed price in Canada during that period of time.

I would ask the Leader of the Government if the government has reconsidered, because of the devastating results of this quota, the level of import quota granted, which is, I think, somewhere around 22 million pounds or 23 million pounds, so that it will be brought more in line with the market demand here in Canada and so that our beef industry does not have to face that kind of competition.

The other point involved is whether or not the government have considered modifying it so that the terms and conditions under which that beef comes into Canada would be the same as those for Canadian beef moving into their market, which, as he and other people in Canada know, are very much different at the present time.

Hon. Duff Roblin (Leader of the Government): With respect to the second question, I can say that I do not think that comes within the practical possibilities of the GATT, so I do not think it is an option where we have much elbow room.

I should like to deal with the first question in somewhat more detail. My friend is right in saying that an agreement has been reached with the European Economic Community on a quota of some 20 million pounds approximately of beef to come into Canada. What happened was, a few years ago there was nothing coming from the EEC. Then, I think as a result of their common agricultural policies, very large surpluses of beef

were developed, as one might expect, and these have been pushed into foreign markets, of which Canada is one. As I said, a few years ago it was nothing. Three years ago the volume of imports into Canada from that source began to increase. In the recent past they were very much larger than 22 million pounds, and the forecast for 1985 was for a very large increase, amounting to, if memory serves me correctly, some two or three times the amount of the quota that we set.

● (1410)

In our negotiations with the EEC we established a quota based on the historical record. This historical record ran from zero to about the projected figure of 83 for 1985. We arrived at a certain figure. The EEC then made it clear to us that they regarded this as unacceptable under GATT. Indeed, upon looking at the rules of the GATT we concluded that we had to reconsider the amount of beef to be imported into Canada. To the best of my information, it was in accordance with the rules of the GATT that that final figure was agreed upon. Why did we agree to it under any circumstances at all? Force majeure was the reason, because the EEC said that if we did what we were proposing to do with their beef—that is, for all intents and purposes, keep most of it out—they would to take action against our imports into their community. They listed some $80 million worth of Canadian imports into the European community on which they said they would erect barriers.

So it was the usual question of a trade-off. We had to decide what would be the best deal we could make in view of the threatened limitations or barring of some $80 million of our agricultural products going into the EEC if we took action which they regarded as unfair with respect to their beef. They were able to make this proposal because the conditions of GATT provided for it. So we were in the position of having no standing in court, so to speak, with respect to the matter. Therefore, we were under some real pressure to make the best deal we could, and that is where the decision was made to settle on the figure of approximately 20 million pounds.

As to the related question on imports from other places, I believe that matter is being examined. I must be careful of my response here because I am relying on my memory, but I believe that the matter is being examined with respect to some other people who export very large quantities of beef to Canada, particularly from the Antipodes. American trade is not affected because it is a different class of beef and, therefore, it seems to be a different matter. The long and the short of it is that we made the best deal we could under rather trying and irritating circumstances.

Senator Olson: Honourable senators, I have a supplementary question. I hold in my hand a news release issued by the Alberta Cattle Feeders Association, and I have seen a couple of other press releases by the Canadian Cattlemen's Association that state that they have been sold out for some other commodity. Judging from the response from the minister, it seems that that is in fact the case, that they were traded off in the interests of some other commodity. Will the government come clean now and tell us for whom they were traded off? Why does the beef industry have to accept this kind of competition in the trading and dealing that is done in the interests of some other commodity? At least, if you are going to be sold out, you should know who you are being sold out for. Would the Leader of the Government in Senate provide us with the rest of the story? It would seem that what he has already said gives credibility to the press release and the accusation that this new government has sold them out.

[Senator Roblin.]

Senator Roblin: I would not expect any cattle raiser to be ecstatic about the deal.

Senator Olson: You are right there.

Senator Roblin: I am a realist and I know that when an action is taken that affects a particular interest group, we will hear from them, and why not? That is the way our system works and I respect the right of the Alberta cattlemen to take the view that they take. The question is: How can you limit the damage?

If we had not been able to make some deal by way of a trade-off here, then we would not have been able to keep the quota from the European Economic Community to 23 million pounds, and a very much greater amount of beef would be coming in. Therefore we must saw things off and make the most advantageous arrangement we can, considering all the factors.

If my information is correct, I take the view that if we had not been able to make this deal with Europe on the 23 million pounds and if we had allowed the regular GATT trade regulations to apply without any bargaining on them, then we would probably have had to absorb, or expose our market to, a larger import of beef than we have at the present time.

The possibility of reducing the quotas of other suppliers into the Canadian market is one that, as I have already said, is under examination. You must remember that, while 23 million pounds is a great deal of meat, the European Economic Community is not the only place that exports beef and other livestock products into Canada. Others do so as well in very large amounts—indeed, in greater amounts.

I am not trying to say that the Alberta cattlemen have nothing to be worried and annoyed about. I am sure they have, but what I am saying is that this arrangement that was made was not only a reasonable one but, what is more to the point, it was the best that could be made in the circumstances. There is no sense in sacrificing all elements of our agricultural community. Everyone takes a little share in this, and the Alberta people are taking a very big share at the present time. I simply say that when you have all the facts on the table, you make the best deal that you can. If some people feel that it is unfair to their interests, you must listen to what they have to say, which heaven knows the minister did, because these negotiations took place over several months. The minister heard from everybody in the industry in no uncertain terms and at great length, so the views of the industry are well known. It is the minister's responsibility, however, to make the best deal that he can with the knowledge that it is in the general interest of the nation.

Senator Olson: Honourable senators, I have a final supplementary. Now that the government has admitted that they

have done damage to the beef industry in Canada, what is the next action that they are prepared to take to pay for that damage? Obviously, someone is benefiting from the deal, as he puts it, that was made when the minister had all of the so-called facts on the table in front of him, along with the terms and conditions that we are required to abide by under the GATT regulations. However, the result was that the beef industry was damaged. Does the federal government not feel some responsibility to make some transfer or institute some program to compensate for the damage that they have done to the beef industry as a result of this deal?

Senator Roblin: Of course, I do not agree with my honourable friend's premise, because I think the action of the government has limited the damage to the beef industry. If the action had not been taken, the damage would have been much greater. I think that is the point that my honourable friend is ignoring.

Senator Olson: I would point out to the honourable Leader of the Government in the Senate that his explanation does not apply to the beef industry. I accept your argument that it might have been greater in aggregate to all sectors that would be affected by imports or Canadian exports to the EEC. However, I am talking more specifically about that sector, namely the beef industry, that was damaged as a result. On balance, it seems to me that that is what governing is all about; that you try to work these things out and be fair to everyone involved. If you damage someone's interests for the financial benefit of someone else, then you do something that affords some compensation for that damage.

Senator Roblin: I do not see eye to eye with my honourable friend, because if the government had not made this arrangement, the imports of beef from the European Economic Community would not be 23 million pounds; they would be several times that amount. That is the situation that would have prevailed if no agreement had been made with them. The amount of beef imported from the EEC would have been much greater. In fact, if you look at the figures for 1984, if my memory serves me correctly, they were much greater. So there actually has been a reduction over the period, and that is what the government has been trying to do—to limit the damage to that industry. I think we have been reasonably successful.

• (1420)

Hon. Earl A. Hastings: Honourable senators, I have a supplementary. When the leader responds, he might explain the term "force majeure"—force majeure made you do it. I know that the cattle producers of Alberta would be interested in that definition. At least we have now finally come to the point where the Liberals did not make you do it. In any event, in posing my question I should like to draw your attention back to July of 1984 when you made the pilgrimage to Prince Albert to herald the P.C. Agenda for Government Policies on Agriculture. The Prime Minister at that time said:

> We will impose an effective Fast Track Tariff Policy, so that responsive action can be taken to protect producers by imposing import restrictions when necessary.

When can the producers look forward to this Fast Track Tariff Policy promised to them or is this another broken promise?

Senator Roblin: If I thought my honourable friend did not understand the meaning of "force majeure", I would explain it to him.

Senator Steuart: Isn't it "force manure"?

Senator Flynn: I know something about that!

Senator Roblin: I kind of like the French accent from Prince Albert over there. He has outlined the situation with his usual pungency.

I want to say to my honourable friend that the question of the EEC imports was dealt with in a relatively fast-track method. In other words, it was grappled with right away, and the best answer that was obtainable was produced at that time. I think that that indicates the importance the government places on these things. I should like honourable senators to remember while on this subject, that there are two sides to this coin of agricultural restrictions. We are facing the other side in connection with hog marketing in the United States and maybe with beef sales as well, if we don't watch out. That may well be the case. Therefore, I understand the interest of members representing agricultural interests in this question of trade, but I have to tell him that we are in a very difficult, complex international situation from which there seems to be no easy exit at the present time, and my prediction is that we will continue to have problems which will tax our ingenuity to solve.

Senator Olson: Honourable senators, what the Leader of the Government is saying is that they have mismanaged the situation up until now and that the consequences of their mismanagement are coming down on the heads of the beef producers in this country. I think he should answer the question: Are you going to put in import rules or are you going to admit that you do not have any control of import rules—the leader is almost admitting that the government does not have that any more—or are you going to do what you promised to protect the industry against these sudden changes in the amount of supply to a limited market?

Senator Roblin: If my honourable friend wants to ascribe to this government the consequences of the common agriculture policy he is welcome to do so, but everybody knows that it is nonsense. Everybody knows that this situation has not been the result of government mismanagement. This situation has to do with the world agricultural trade, and all that I am trying to point out is that we are in a very difficult situation in the world agricultural trade, and we may consider ourselves lucky if we get out of our problems as well as we have done in this instance.

AGRICULTURE

FARM CREDIT CRISIS—REQUEST FOR MEETING OF MINISTERS OF AGRICULTURE

Hon. Earl A. Hastings: I have a supplementary question for the Leader of the Government. We now have the admission

that you are in a difficult position but you do not know what to do so you have taken it out on the beef producers of Alberta.

I would like to direct the government leader's attention to the farm credit crisis and the statement made by the Minister of Agriculture of Alberta, LeRoy Fjordbotten, when he said:

> —new options for farm credit should be a national priority.

He also said that in my province:

> —bankruptcies have risen 17 per cent . . . 26 per cent of the 9,000 ADC loans were in arrears.

The Minister of Agriculture in that province asked for a joint meeting of agriculture ministers and that this item be placed high on the agenda.

I wonder if the leader would draw this to the attention of his colleague, the Minister of Agriculture, and ask him to convene an emergency meeting of his provincial counterparts with respect to the farm credit crisis.

Hon. Duff Roblin (Leader of the Government): My honourable friend can attribute to me as much as he likes an inability to deal with agricultural problems world-wide, and he would be quite correct because I do not have the ability to deal with those problems. But I do know that the government will deal with those problems as they affect Canada, and, as Canada takes part in that process, it will be with wisdom, judgment and, I hope, success. I do not back down one inch from my defence of Canadian agricultural interests simply because my honourable friend wants to ascribe to me or this government responsibility for a world-wide situation.

Regarding the farm credit crisis, he ought to know that in recent days the government reduced by 1 per cent and more the rates for agricultural credit across this country insofar as the federal agricultural credit situation is concerned.

Senator Olson: The bank rate went down; everybody understands that.

Senator Roblin: That has reduced the rate of interest, and if that does not help farmers in Canada who borrow money, I do not know what will.

With respect to the request that a meeting be convened, my honourable friend can rest assured that my colleague, the Minister of Agriculture, is fully aware of the suggestions he receives from his provincial counterparts. His custom is to respond to those suggestions in an adequate and satisfactory manner.

Senator Hastings: Will the leader assure the Senate that he will bring this matter to the attention of the Minister of Agriculture and ask him to call a meeting of his provincial counterparts to deal with this situation, and see that it is high on the agenda, as the Minister of Agriculture of Alberta has requested?

Would the leader also ask the Minister of Agriculture whether he would also put on that agenda the $50 million cut in agricultural programs contained in the budget?

[Senator Hastings.]

Senator Roblin: My honourable friend can rely on the present Minister of Agriculture to perform the functions of his office properly and efficiently without any prodding from me.

Senator Frith: You are not going to do that? You refuse to talk it over with your colleague?

Senator Walker: You're a bunch of soreheads. You should be ashamed of yourselves.

Senator Frith: Look who's talking!

ONTARIO

TORNADO DAMAGE—GOVERNMENT ACTION

Hon. Hartland de M. Molson: Honourable senators, is the Leader of the Government able to tell the Senate what plans the federal government has for the relief of victims of the tornados which went through Barrie and other parts of Ontario recently?

As we are all aware, the Government of Ontario has put in place certain plans, and the funds offered by the public for relief have been centralized into what I believe is called the Central Ontario Disaster Fund. The Barrie municipal authorities have also been very active, as have the Chambers of Commerce, the Rotary Clubs and others. There has also been tremendous help from individuals and from groups such as the Mennonites, but I have not heard what the federal government is going to do to relieve these people who have suffered so greatly. I understand that 600 homes have been severely damaged, with over 200 damaged beyond repair, which has led to great distress.

I should like to know if the government has a plan, and if so, what it is.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I know that my honourable friend speaks from special knowledge of the situation, so I appreciate the question he has put. I must tell him that he has caught me flat-footed, because while I know that there has been a communication between the federal government and the Government of Ontario respecting the disaster, I do not know what has happened or, indeed, whether any requests were made. I will find that out for him.

THE BUDGET

ATLANTIC PROVINCES—IMPACT OF MEASURES

Hon. John B. Stewart: Honourable senators, my question is for the Leader of the Government in the Senate. We have just heard questions respecting the disaster in the west and the disaster in Ontario. I should like to draw the attention of the Leader of the Government in the Senate to the Atlantic provinces.

According to the Atlantic Provinces Economic Council, the Atlantic region, too, has recently suffered a disaster, but it was not an act of God; it might be called an act of Wilson or an act of Mulroney, if you wish.

My question to the Leader of the Government in the Senate is this: Was the impact of the budget measures on the diverse regions of the country taken fully into account in the consultations and deliberations which preceded the decision to go ahead with the measures proposed in the budget, or is the leader reluctant to deal with that question on the grounds that those consultations were of a secret nature?

• (1430)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not reluctant to deal with the question, but I have some trouble providing a satisfactory answer, because the discussions which immediately preceded the budget took place within a limited group in the government. I was not a member of that group, so I will have to take the question as notice and see whether the Minister of Finance can provide an answer for my friend.

Senator Stewart: Honourable senators, I have a supplementary question. I wonder whether any "impact study"—that seems to be an "in" expression these days—has been made to ascertain what the result would be for the various regions. I assume that, if such an impact study has been made, the Leader of the Government in the Senate will inform us about it.

My next question, honourable senators, relates to the meeting of the premiers of the maritime provinces at Roseneath, Prince Edward Island. At the conclusion of that meeting, the three Atlantic premiers expressed dissatisfaction with measures in the budget. The Premier of New Brunswick, Mr. Hatfield, said:

> The people who come from the more populated parts of the country, and have more votes in Parliament, were listened to more than the people who come from an area like the Maritimes.

He went on to say:

> But it's important to understand there is an opportunity to make another case. These things aren't final and they aren't definite.

The Premier of Nova Scotia, the Honourable John Buchanan, said that he had every hope that, in discussions with his federal colleagues in Ottawa, they would be able to achieve success in changing certain budget measures.

Will the Leader of the Government in the Senate bring these representations from the maritime premiers to the attention of his colleagues? Can he give us any assurance that the Premier of Nova Scotia is correct when he says that he has grounds for hope that they will be able to achieve success in having some of these budget measures dropped or modified?

Senator Roblin: I think that I can tell my honourable friend that the record of the present administration in dealing with the provinces is a successful one. We have been able to secure agreement on a wide number of economic questions having to do with regional economic development. We have been able to settle matters in connection with the national energy policy of the country. Generally speaking, there has been a cordial atmosphere for negotiations between the two levels of government.

When a new budget is introduced—particularly one that has to deal with the economic questions facing this country—it is only reasonable to expect that there will be a lot of people who feel themselves squeezed. We will no doubt hear more about that in the debates that will take place in this chamber before long. I find it understandable that the premiers of those provinces would be presenting their points of view. I think their principal concern has to do with transfer payments and the policy of the government in that respect.

I know that the government has stated that it will be providing the same percentage of revenue for this purpose as it has done in the past, so we know that those payments will continue to increase in the future. We also know that next year the agreements between the provinces and the federal government respecting transfer payments will be up for renegotiation. My guess, then, would be that the premiers of these provinces—who do not communicate with me and whose views I read in the newspapers, as my honourable friend has done—are probably thinking to themselves that, at the time of those negotiations on federal-provincial fiscal transfers, they will be able to make a good case for their provinces. I suspect that agreement will be reached.

Senator Stewart: Honourable senators, according to the Canadian Press account, the premiers came out of the meeting united in their opposition to the partial de-indexing of old age pensions as well as being concerned about the possibility of a reduction in transfer payments. I assume that this is one of the issues on which the Premier of Nova Scotia is hoping that changes can be secured. Is there any ground for that hope?

Senator Roblin: I have no licence to interpret the views of the premiers of the various provinces, and I do not intend to do so. If my honourable friend wishes to debate this proposition—as he obviously wishes to do—he can put forward his views in the course of the next few days, and I will listen to him with a great deal of interest and attention.

INTERNATIONAL TRADE

EUROPEAN ECONOMIC COMMUNITY—PROPOSED EXPORT OF AGRICULTURAL PRODUCTS TO CANADA

Hon. Raymond J. Perrault: Honourable senators, a few moments ago, the Leader of the Government made reference to the increasingly difficult and competitive international trade situation respecting the agriculture industry. I tend to agree with his remarks.

A few weeks ago at Geneva, together with other parliamentarians I met with leaders of the European Economic Community. If there ever was a group intent on playing hardball in the world agricultural markets, it has to be the EEC. Its leaders complained about their vast surpluses in certain commodities, including wine. They said that their wine products are not extended sufficiently free entry into Canada. They suggested, in effect, that they had enough wine to fill all of the world's swimming pools or to float all of the world's warships and

merchant fleets. They went on to utter thinly-veiled threats against our beef industry and said that if Canada did not "get into line" they were going to have to take "action" in order to have more EEC beef sold in this country. We must not under-estimate these threats.

On the other hand, some of these EEC representatives admitted, however, that the devaluation of the Swedish kroner had been most unfair to Canada's lumber industry. It was admitted that this devaluation was a highly arbitrary action and that they were not proud of it. "However," they added, "when one's members have strong opinions, one is not always able to prevent economic injury to other nations."

Honourable senators, I think an argument can be made in favour of developing a Canadian counter-offensive against the looming challenge of the EEC, particularly as that challenge relates to the agriculture industry. As honourable senators know, the EEC has massive surpluses of many commodities. In fact, I am sure that honourable senators are aware that the EEC is destroying huge amounts of food. This they freely admitted to us. But they would much rather find markets for those agricultural products in Canada and other world markets.

I do not think that we should be naive about the situation which is developing. While the beef producers are sure to suffer as a result of the pressures brought to bear by the EEC against our country, this could only be the beginning. It is not appropriate for any member to level political charges or to make partisan statements under existing circumstances. The issue transcends our political differences on both the federal and provincial levels.

Perhaps the Senate should suggest a meeting of Ministers of Agriculture in an endeavour to develop a counter-offensive against what could be a serious challenge. This may well be an area of special study for the Standing Senate Committee on Agriculture, Fisheries and Forestry.

Hon. Duff Roblin (Leader of the Government): I want to say to my honourable friend that I appreciate his proposal respecting an agriculture conference. Others have made similar suggestions, which I by no means rule out. I think we will have to adopt an effective and determined policy in connection with trade, not only with the EEC but, indeed, with the United States. We have been discussing that very subject over the last few days.

I can tell my honourable friend that the Minister for International Trade will visit Washington next week and will be emphasizing the merits of the Canadian position on the beef question as well as he is able to do. I regret that I did not mention this previously, but that was only because it slipped my mind. I know there will be a gathering next week of interested parties—the meat producers, the provincial governments and the federal government—in an endeavour to define a more hard-hitting and effective policy in defence of our agricultural export markets and to clarify our own attitude towards the importation of other kinds of agricultural products into this country. That suggestion was made to me before. I did not respond to it as positively as I should have, but my honourable friend's statement just a few moments ago brought it forcibly to my mind as a prospect. I hope that it will do some good.

[Senator Perrault.]

Hon. Hazen Argue: Honourable senators, I have a supplementary question. The Leader of the Government in the Senate has said that the appropriate minister will be in Washington to discuss the beef question. I wonder whether he also meant to say that the minister would be discussing the pork situation as well.

Senator Roblin: Oh, yes.

Senator Argue: That is the imminent issue. I am all for discussing the beef situation, but surely the pork producers require this intervention by a minister of the Canadian government. It is the pork producers who are under the gun at the present time. I know that all honourable senators wish the minister well. He can take it from us—if we need to say it—that he has the full support of the whole Canadian nation behind him.

• (1440)

An Hon. Senator: What about this government's influence?

Senator Argue: Well, we hope he can demonstrate he has a little influence. Apparently this government has lost whatever influence governments of this country have had with the United States on these trade negotiations, and that has been considerable. We apparently have little influence now on the ITC. We would like an indication of some increase in our influence—namely, some positive results on these questions.

Whether it is about beef or pork, or both, let me say that the minister has our full support in trying to get something accomplished.

Senator Roblin: My honourable friend is right in saying that pork is on the top line at the moment. The minister's visit to Washington will be concerned with discussing this issue with Administration and Congressional leaders—and the "and Congressional leaders" is important.

The provinces and Canadian industry are being invited to meet with the ministers of the government early next week to examine, on an urgent basis, the next steps in the defence of the countervail investigation and to ensure that everything is being done to open up the mid-western state markets to our live swine exporters.

I think that is the statement that members have been asking for.

Senator Argue: I would not want the minister and his advisers to have too much on their plate for the meeting in Washington, but I am wondering what consideration is being given to making very strong representations to the United States that they "cease and desist" the bogus wheat export program, which has a potential for causing very serious damage to Canada. I think the damage is already under way, and certainly the potential is very, very frightening. This is, of course, another big issue and one which I know the Leader of the Government in the Senate is aware of.

Senator Roblin: I am going to take my honourable friend's advice and hope that my colleague will deal with one issue at a time.

Senator Argue: Then, I shall ask a supplementary question. Are there steps being taken today, and for the future, to make Canadian views known on the seriousness of the undertaking by the United States to provide what amounts to a certain proportion of their export wheat sales as a gift?

Senator Roblin: My colleague, the minister in charge of the Canadian Wheat Board, is very conscious of this situation and is developing policy in the matter.

INDUSTRY

CANADIAN PORCELAIN COMPANY—OFFER TO PURCHASE BY EMPLOYEE CO-OPERATIVE—GOVERNMENT ATTITUDE

Hon. Hazen Argue: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. It is a question I asked on May 30 last and one which relates to the hope and the initiative of workers in Hamilton to form a co-operative for the purpose of buying out the Canadian Porcelain Company.

The Leader of the Government at that time expressed sympathy but said that he did not think that there was yet a definitive answer available. I know that the member for Hamilton East, Sheila Copps, has taken an interest in this question. It has been big news, as one would expect, in the Hamilton *Spectator*, and John Flanders, a correspondent in Ottawa, has certainly been instrumental in keeping this issue alive in the Hamilton area.

There was a delegation of those co-operative workers in Ottawa a few days ago, at which time they met—

Hon. David Walker: What is my friend's question? He goes on and makes orations by the hour.

You know that you can only ask a short question, and it has to be appropriate, and then you have to sit down. This isn't the time for a speech—

Senator Olson: Just like Senator Flynn used to make!

Senator Argue: I guess the rules of the Senate apply equally to all senators. I am laying the groundwork; I am painting the background. I am doing what everybody has been doing in this Senate since I came here 18 years ago. I do not expect that they are going to stop doing it because of my honourable friend's intervention now, or in the future.

Senator Walker: Don't be a smart aleck.

Some Hon. Senators: Oh, oh!

Senator Argue: I am not being a smart aleck.

Senator Walker: You have no business making all of these little remarks. You should ask your question, instead of making an oration. We are sick and tired of listening to you people over there.

An Hon. Senator: If you don't like it, get out.

Some Hon. Senators: Oh, oh!

Senator Argue: They don't have to be in office very long before they become really arrogant and "sick and tired" of the parliamentary process of listening to senators.

Some Hon. Senators: Hear, hear.

Senator Argue: Well, I am not sick and tired of listening to my honourable friend. He has the right to interject. He has the right to his points of order—even if they are fallacious.

Senator Walker: This is another oration. Could we, Mr. Speaker, with the greatest respect, have my learned friend from the west keep within the limits? He should ask his question and make it plain, as is absolutely clear in the rules.

Just do it. That is the point of order.

Senator Argue: Well, what we have just heard, honourable senators, certainly was not an oration. But I will not take it up from there. I will go back to painting the background in terms of the importance of this issue, not only to Hamilton, not only to those workers, but to Canadians all across this country in terms of the important principle at stake, namely, whether the government, in respect of something on which it can take action, will take action in the interests of Canadians.

My question is: Has the government, through FIRA or any other process it might wish to use, come down on the side of the workers' co-operative in its efforts to buy out the Canadian Porcelain Company, thus maintaining it as a Canadian company operating in Hamilton in the interests of Canadians?

Hon. Duff Roblin (Leader of the Government): In the interests of harmony in the Senate, I will make my friend a proposition, and it is that if he gives me a short question, I will give him a short answer.

The short answer to his question is that the situation has not changed: the matter is under consideration.

Senator Argue: In reading the press reports, it is clear to me that the minister in charge, Mr. Sinclair Stevens, holds out very little hope for this employee co-operative. He was questioned at length on it, and he said that while he considered it a good cause and he was in fact on the side of the employees, he didn't hold out very much hope.

Do I take it from the government leader's answer—and I am prepared to so take it—that no decision has been made; that the question is still open and those workers at least have a chance?

Senator Roblin: We will do our very best to decide this issue—which is not yet decided—on the merits of the case, and among the merits, as far as I am concerned, is the fact that this is a group of Canadian workers that has taken a very commendable initiative. Whether it is good enough in this instance, I cannot tell; but I can assure my friend that we will do our best to be fair.

Senator Argue: Well, I want to say—and I hope this will be considered rather non-partisan—that I appreciate that answer. The principle is a very important one. If the government could find it possible—and I hope it can—to come down on the side

of the workers, it would be a signal to the labour movement, to the co-operative movement, and to Canadians generally, that we like small business, that we like individual enterprise, that we like personal ownership, and that we like Canadian management.

Senator Roblin: I must tell my honourable friend—

Senator Flynn: You have not always spoken that way. I remember the days when you were a member of the CCF.

Senator Roblin: If my honourable friend were to pay attention to the measures of the budget—which in some respects has not been well received by my honourable friend—he would find out that that is precisely what we are doing in the budget.

Some Hon. Senators: Hear, hear.

Senator Roblin: We are taking the position of the labour unions in the Province of Quebec which, in difficult times, encouraged their members to get involved in their own businesses and for which they have received a special tax concession from the Government of Quebec. A tax concession of a similar nature is provided for in this budget. That deals precisely with a case such as the one in Hamilton.

In any instance where a province wishes to support, by means of tax concessions, these labour-inspired small businesses of the kind my honourable friend speaks about, we have said that we will be glad to co-operate.

Senator Argue: I have listened carefully to what the Leader of the Government in the Senate has said and, in reading between the lines, I think it only fair to come to the conclusion—because of the policy announced in the budget and as interpreted now by the government leader in the Senate—that the decision will be made in favour of the workers' co-operative. I am glad to get that encouragement, and I hope that that favourable decision is made public soon.

Senator Flynn: That is not a question either!

Senator Roblin: I do not mind encouraging my honourable friend, but the principles I enunciated previously are the ones which I am sure will prevail in the matter.

Senator Argue: So, the answer has to be "yes."

Senator Flynn: There was no question.

Senator Argue: Senator Flynn, when you were over here, you did the same thing—

Senator Flynn: Honourable senators, I rise on a question of privilege. Senator Argue has repeated what was said by Senator Olson a few minutes ago, that being that when I was on that side I carried on in the way that Senator Argue is—

Senator Argue: Not as effectively, but you did try.

Senator Flynn: I challenge you and Senator Olson to point to an occasion when I took more than two minutes in putting a question.

Senator Guay: Oh, oh!

Senator Flynn: It would have happened only on those occasions when I was interrupted by Senator Guay. On those occasions, you would have to include the time that it took to deal with Senator Guay's interjection. I challenge any one of you to prove that I took more than two minutes on a preamble to a question.

[Senator Argue.]

Senator Frith: That is all that Senator Argue took.

An Hon. Senator: In 1979.

Senator Argue: I shall defer to His Honour the Speaker.

The Hon. the Speaker: I should like to draw to the attention of honourable senators that, under rule 20B:

> A preamble to a question, whether it is asked orally or in writing, is out of order.

• (1450)

Senator Frith: But—

The Hon. the Speaker: I would also refer to rule 32, which says:

> A debate shall not be in order on an oral question, but brief explanatory remarks may be made by the senator making the interrogation and by the senator answering the same. Observations upon any such answer shall not be allowed.

We have exercised a little licence this afternoon, but I thought I would point this out to the house.

Senator Walker: For the benefit of those who may not understand, what is the rule, Your Honour?

The Hon. the Speaker: Rule 32.

Senator Argue: "Brief explanatory remarks." Everything is perfectly in order.

[*Translation*]

CRIMINAL LAW AMENDMENT BILL, 1985

REPORT OF COMMITTEE

Leave having been given to revert to Committee Reports:

Hon. Joan B. Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, June 12, 1985

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

FIRST REPORT

Your Committee, to which was referred Bill C-18, intituled: "An Act to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other Acts and to make other consequential amendments", has, in obedience to the Order of Refer-

ence of Thursday, May 2, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

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

On motion of Senator Neiman, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

THE BUDGET

IMPACT ON SENIOR CITIZENS—MOTION—POINT OF ORDER

Hon. Jacques Flynn: Honourable senators, I would like to raise both a point of order and a question of privilege, in anticipation of the motion to be presented tomorrow by Senator Frith, which reads as follows:

> That, in view of the adverse effects on the standard of living of senior citizens resulting from the elimination of full indexation of pension benefits, it is the view of the Senate of Canada that the government should rescind this particular provision of the Budget immediately.

I submit that the motion raises some very important procedural and constitutional questions, and that it would be appropriate for the Chair, and perhaps even the Senate, to discuss these before debating the motion. My first point is obviously the fact that it is an exclusive prerogative of the House of Commons to move a motion condemning the government. There is no doubt in my mind that this motion is the equivalent of a motion of censure. For instance, in the other place, if an amendment had been moved to the budget motion presented by the Minister of Finance using the same wording as this motion, the very fact of putting the matter before the House of Commons would have constituted a motion of censure, and if the House of Commons had voted affirmatively on the motion, the government would have been forced to resign.

So here we have the Senate censuring the government through this motion and stating that the government does not have its confidence with respect to this particular item of the budget.

My second point is that the motion invites the Senate to decide in advance on a bill that will come before the Senate in any case, in the normal sequence of events. If it does not, very well. But if it does, the Senate will have decided in advance whether it accepts the motion by Senator Frith which is opposed to the bill. It will therefore have voted against the bill before it comes before the Senate. This is very serious, and is, of course, against the rules of procedure. I may refer the Chair and honourable senators to Erskine May, page 380.

My third point is that I would like to refer you to rule 47 of the rules of the Senate, which provides that the same question may not be put twice during the same session. Clearly, if we vote on this motion, we will not be able to vote on the bill. Rule 47 is quite clear on this:

> A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.
>
> An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

So the Senate will have to make an about-face when the bill is referred to it, which is as much as to say: well, we voted and told the government that we were against the principle of the bill, but now we changed our minds and we have decided to make an about-face.

In my mind, these three points are very important. The role of the Senate is currently the subject of considerable debate. By adopting this motion, the Senate is taking on a responsibility it does not have, which is to censure the government. It is deciding in advance on a matter that will eventually be referred to it. Furthermore, it is putting itself in a position where it will have to change its stance, in view of the provisions of rule 47.

I think the problem is very serious. I do not claim to have a monopoly on the best interpretation of the problem, but I think the matter deserves to be taken into consideration by the Chair. I would invite other senators who have opinions on the matter to take the floor, either today, tomorrow or on some other occasion. But before starting the debate on this matter, I think we must be very sure we are not making a serious blunder as has happened before.

• (1500)

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to speak to the three branches of Senator Flynn's point of order. The motion on page vii of the *Minutes of the Proceedings*, reads:

> That, in view of the adverse effects on the standard of living of senior citizens resulting from the elimination of full indexation of pension benefits,—

and these are the important words.

> —it is the view of the Senate of Canada that the government should rescind this particular provision of the Budget immediately.

The motion cannot be regarded as a vote of blame or a vote of no confidence. It is a vote asking the government to do something. If Senator Flynn is correct in his point on this branch, that it is out of order for the Senate to ask the government to do something, then I will have to agree with him and his point is a serious one. If Your Honour should rule that it is out of order for the Senate to say to the government, "Government, you should do something. In fact, you should rescind that provision of the Budget." Then it is a very serious matter. Certainly, it will seriously limit the activities and

powers of the Senate if it is out of order for the Senate to ask the government to do something.

The second branch deals with the propriety of the motion and whether the subject properly constitutes a motion. Rule 5(i) defines a motion. It reads:

> "motion" means a proposal made by a senator—

So far I seem to be all right. I am a senator and I have made a proposal.

Senator Flynn: I will not insist on that.

Senator Frith:

> —that the Senate—

So far we are all right. It is still the Senate.

> —or a committee—

That is not appropriate here.

> —thereof do something, order something to be done, or express an opinion concerning some matter;

It would seem to me that according to this definition I have introduced a proper motion falling strictly within our rules.

Senator Flynn's third point dealt with rule 47(1), which reads:

> A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.

Senator Flynn has suggested that the motion will raise a problem because of rule 47(1). As he points out, at some point it is possible or likely that a bill will come before us dealing with this exact matter. What will the motion have decided? The motion will have decided, if it is carried, that the government should be asked to rescind a provision. The only situation in which this prospective bill can come before us is one where the government has not rescinded the provision. In other words, the bill will not be a bill that raises the question of whether or not the government has rescinded a provision of the budget, but will include a provision for indexing. For example, the bill will not say, "In article iv, the government refuses to rescind a provision of the budget." There will be nothing in the bill indicating whether the government has agreed or disagreed with an opinion expressed by the Senate.

Therefore, on the three points raised by Senator Flynn, I say, with all due respect, that his point of order fails.

Senator MacEachen: You have convinced me.

Hon. Duff Roblin (Leader of the Government): I have to admit that Senator Flynn has proposed what appears to me to be a conundrum, one that requires to be resolved in an appropriate manner. I agree with him that perhaps today or tomorrow when the motion comes before the Senate, if a question as to its being in order is raised, and I guess it will be—

Senator Frith: It is being raised now.

Senator Roblin: It could be raised now, yes.

[Senator Frith.]

Senator Frith: For the purposes of this intervention, I consider the motion to have been raised.

Senator Flynn: It is not a motion.

Senator Frith: I mean to say that the point of order is properly raised at this stage, even though the motion is not now before us. At least, I am prepared to consider it as having been so raised and, therefore, available for ruling tomorrow. There is no objection to its being raised today rather than tomorrow. In fact, I think it is very courteous of Senator Flynn to raise his point of order today, so that we can get on with the motion tomorrow.

Senator Roblin: I agree with Senator Flynn that the matter ought to be considered by the Speaker. I am in favour of his dealing with it at his good pleasure.

There is another nuance to this matter that needs some elucidation. That is the question of what will happen if this motion passes. If it were passed and accepted by the government it would, in effect, call for a payment from revenue because it would increase government expenditures. There is no reason why we cannot find proper wording to deal with resolutions calling on the govenment to spend money. There is a formula available to private members or anybody who wants to propose something that calls for the expenditure of government funds, without contravening the rule that only the government can produce a royal warrant. I am not sure that this resolution is properly worded to accommodate that important technicality. When the Speaker considers this matter, I think he ought to regard also the question of the financial implications of the motion as such, that it would require a different wording in order to be acceptable from a parliamentary point of view.

What is bothering me—and I confess that I am not persuaded by the argument put forth by Senator Frith—is whether or not the question of anticipation is sufficiently important to require us to reconsider this motion. I think that the question of confidence is an important one that ought to be looked into, but I am particularly interested in the problems involved in the question of anticipation. If we make a decision on this matter which favours the resolution, then in all likelihood we can expect to have the same subject introduced at a later date when a bill comes before us. The apparent conflict can be avoided if we content ourselves with having a debate on the bill. However, if we decide to go ahead with the debate at the present time, we must consider the circumstances that could arise should we approve this motion and then find ourselves confronted with a bill which contains the same subject matter.

It is perfectly true that there is a way out. Two thirds of the members present with five days' notice can rescind the previous motion, but that reflects, perhaps, indifferently on the Senate. One could perhaps justify it, but I certainly would not like to propose it because it would indicate a certain capacity on our part to swallow our opinions, which none of us is very keen to do. I agree with Senator Flynn—and I take it that Senator Frith is of the same view—that the matter should be placed before the Speaker and he should be asked to give a

ruling on it. It seems to me that it is a matter of some considerable importance. The rule of anticipation has been brought into the Parliamentary system for good and sufficient reason. Unlike any other legislative chamber that I know of, we have a way out if we want to rescind a motion. I am not sure that other parliaments do have that privilege. However, I do not put that forward as a fact. I just give it as an impression that I have at the present time. I should be happy indeed if the Speaker were to give some consideration to the points raised and render his decision.

• (1510)

I do not usually do what I am about to do, but this time I intend to. We have a distinguished parliamentarian in our midst in the person of the Leader of the Opposition who, in his capacity in the other place, established quite a reputation as a parliamentarian. While I do not say that I will commit myself in an act of faith to agreeing to whatever he might have to say on this matter, I am sure it would be of interest to the members and to you, Your Honour, if Honourable Senator MacEachen had an observation to make on the issues involved.

Senator Frith: Honourable senators, just before Senator MacEachen responds to that invitation, I want to deal simply with the fourth point raised by Senator Roblin. That is the question of whether this is, in fact, in the nature of a money bill or engages the problem of funds, of raising funds and Governor General's warrants. I simply want to say that I do not think it does, but I agree that it should be a part of the point of order that has been raised.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have not spoken on a point of order for quite some time, and certainly not in the Senate. Therefore I am a bit rusty in this area, but I did reflect upon the point made by Senator Flynn yesterday when Senator Frith was considering putting forward his motion.

It is true that the House of Commons and, I presume, the Senate cannot be asked to contradict itself on the same proposition in the same session. I think that is the rule, and it is a particularly relevant rule if the two contradictory propositions appear on the order paper at the same time. In that event, you have a real dilemma.

I would argue, Your Honour and honourable senators, that one must take a procedural attitude, and if you take a procedural attitude on the matter at hand, you must agree that this is a distinct proposition before the Senate, asking the Senate to express its view on a government action. In other words, the Senate is being asked to express a view that the government should rescind now a particular budgetary provision. That is a distinct proposition, and I will return to that in a moment.

A bill may come forward containing a provision to eliminate full indexing on pension benefits. However, if it does come forward, I am sure it will be cast in a form that raises a proposition that is distinct and separate from the one that is raised here. It is obviously the same subject matter; no question about it. However, we can take a look at the ways and means resolutions, which must be available, and they certainly will not be talking about rescinding a particular budget resolution, which is a general proposition, distinct on its own. The bill, if it ever comes, will be a specific alteration in the rules of indexation.

When first I turned my mind to this subject, I said to myself: "Of course, they are on the same subject but they will be distinct propositions, different one from the other so that one could reasonably and intelligently, if one wished, vote for one and treat the other one separately." I think, in reality, it is quite different for the Senate to ask the government—and this is all it would do if this were passed—"Please reconsider your budget provisions."

Senator Flynn: You said "rescind."

Senator MacEachen: Of course, if they are the government, the Senate expresses an opinion. In this motion, if adopted, the Senate would express an opinion that the government should rescind this particular provision.

But what is the next step? The next step is that nothing will happen unless the government accepts this motion. It has no effect. If this motion should pass, the effect would be that the government has the opinion of the Senate and it says either "yes" or "no".

Senator Flynn: And the Senate would not be bound by it.

Senator MacEachen: I say to you, don't say that there is a question of confidence; don't say that there is a condemnation of the government. There is not.

Senator Flynn: Is there, then, praise for the government?

Senator MacEachen: It is far from praise. I must say that it is not fulsome praise, as I am sure the Prime Minister would like.

Senator Frith: And feeds on.

Senator MacEachen: I take the view, as Senator Frith has argued, that the Senate is asked to express an opinion on a matter over which the government has full authority, and will continue to have full authority because, if this motion were carried, not a dime would spring forward in support of the old age pensioners. Therefore, it has no financial effect. Pass it, and it has no financial effect unless the government says, "Yes, we agree with the Senate. The Senate is a very sound body; it is wise and it has reflected and now we agree with it."

I would like to refer now to the rule of anticipation. I do not think that you can raise the rule of anticipation here because, if I remember correctly, in order to raise that rule you must have the two propositions on the order paper; you cannot have one in the distant horizon. We do not know—

Senator Flynn: Why do you say that? Do you not anticipate that it will come to us?

Senator MacEachen: Quite frankly, this is the point I want to make: I do not expect it to come to the Senate. I do not expect this provision ever to reach the Senate. I say that the Prime Minister and the cabinet will buckle under to the national protest and no one will be able to argue the rule of anticipation. Take it from me, honourable senators: Do not get

into a state of deep anxiety about the rule of anticipation, because if you do, you will be anticipating for a very long time.

Senator Flynn: I would simply add that the last argument of the Leader of the Opposition is the most convincing one that I could have put forward to show that there is anticipation. He said it will not come, but with that motion, we have to anticipate that it will come. If the Senate approves that motion, it will have said: "It is the view of the Senate of Canada that the government should rescind this particular provision of the budget immediately."

The bill then comes to us; exactly the same question is involved. There is no doubt about that; not for a moment.

Senator MacEachen: Not at all.

Senator Frith: Not at all.

Senator Flynn: Therefore rule 47 will apply and unless you oppose a proper interpretation—and that has happened on previous occasions—you must first move that the Senate reverse its opinion. In order to do that, two-thirds of the senators will have to say: "We will consider the bill notwithstanding." Otherwise, the Senate will have said: "We are against the bill."

● (1520)

Senator Frith: No!

Senator Flynn: Of course.

Senator Frith: The government refused to rescind and they just did not take our advice.

Senator Flynn: Then will you swallow your opinion that the government should have done that?

Senator Frith: In that this should have been rescinded, but that does not affect what you are saying. There is nothing to swallow.

Senator Flynn: You will say that the government has convinced us that it did not have to rescind.

Senator Frith: There is nothing to swallow.

Senator Flynn: Then you are going to vote against the bill twice.

Senator Argue: Don't anticipate.

Senator Frith: It is a house of cards.

Senator Flynn: How can you not anticipate something which you put there. Where did you get that?

Senator Frith: That is a motion.

Senator Flynn: You got it in the ways and means provision. The Leader of the Opposition was mentioning that. Did you read it somewhere? If it is before Parliament, it may not be here.

Senator MacEachen: Would Senator Flynn permit a question?

Senator Flynn: Certainly.

[Senator MacEachen.]

Senator MacEachen: Is it not a fact, from a procedural point of view, that the rule of anticipation can only be invoked in the case of items on the order paper? We cannot invoke it with respect to possibilities.

Senator Flynn: It is before Parliament in any event.

Senator MacEachen: It has to be invoked with respect to items that are before the legislative body.

Senator Flynn: Yes. It is before Parliament.

Senator MacEachen: But it is not before the Senate. We do not have any item relating to this provision.

Senator Flynn: Okay.

Senator MacEachen: I would argue from a procedural point of view, and this is a procedural argument—

Senator Flynn: You had better stick strictly to procedure. If you plead only on the strict rule, of course, that applies, but you have to look at the substance of the matter. You would have said something, and then the question will again be put to you and you will say that we have not said anything. You will say, "We have said that, but it does not mean a thing." The substance will already have been decided. The rule of anticipation may very well be interpreted when you have something on the order paper—

Senator Frith: It is not the same substance. That is the point.

Senator Flynn: You know that you are deciding in advance. Let us say, for instance, that you moved a specific motion which said "We are of the opinion that Bill C-31, the Indian Act, should be abandoned by the government." We have not received that bill yet but it will be before us either today or tomorrow. You would vote on a motion like that. Bill C-31 would be before you at a later time and what position would you then be in? I understand Senator Frith's problem because on previous occasions when he wanted to discuss the budget he called the attention of the Senate to the provisions of the budget, and that is normal. There is nothing wrong with drawing the attention of the Senate to the provisions of the budget presented by the Minister of Finance in the House of Commons on such a date, and more specifically to the elimination of full indexation of pension benefits. If he had done that, it would be in order. He wanted to go a little further and by doing that he is going against the rule of no anticipation in substance and going against rule 47 in practice. That rule 47 will necessarily come into play when the bill reaches us. If it does not come before us, that is another matter, but can you put yourself in the position of being forced to swallow your words? You have done that on previous occasions, but you have done it in a more subtle way than you would have to do it in the present circumstances.

Senator Frith: Watch out for glass houses.

Senator Flynn: I suggest to His Honour that if he consults *Beauchesne* or any other authority he will never find the equivalent of a motion of that kind which, in my opinion, is a

motion of no confidence but this also brings forth clearly the problem of deciding in anticipation.

Hon. John M. Godfrey: Honourable senators, I should like to make a few comments on this point of order. When Senator Frith's motion was first brought to my attention I thought that it solved one of the dilemmas that we have in the opposition when we are, in effect, in control of the house. We have two things to decide: Do we approve or disapprove of a particular legislative measure? Secondly, even if we disapprove of it, should we vote against it?

We solved one of the problems at the committee stage many years ago by studying the subject matter of bills. The committee brings in a report and they often recommend to the government amendments to those bills with the hope that the government will propose these amendments to the House of Commons committee or later in that house. The Senate committee in pre-studying and making recommendations as to amendments is doing exactly what is proposed in this motion by Senator Frith. Sometimes the government accepts those recommendations; sometimes they do not. When the actual bill returns to the committee without suggested amendments being approved by the House of Commons, the committee has no problem. The government having rejected a recommendation for amendments, the committee usually has no problem approving the bill without the suggested amendments.

I should also like to draw to the attention of this chamber that it was through an initiative of Senator Bosa in 1979 that rule 49 as to voting was amended. He proposed that honourable senators should be able to abstain from voting without having to give reasons. It took many years before Senator Bosa's suggestion prevailed, but his recommendation is now part of the Rules of the Senate. What this motion permits us to do is to state our opinion if we do not approve of a particular piece of legislation. When it comes before us, then the opposition does not have to vote for or against it but can simply abstain, having already given their opinion of it in the same way that committees do when they pre-study a bill.

Hon. Hazen Argue: Honourable senators, I think the motion is clearly in order. Our rules are based on *Beauchesne* and *Bourinot*. I think this motion is comparable to a private member's motion—

Senator Flynn: Hah!

Senator Argue: —in the House of Commons. I was present when Stanley Knowles moved a motion that universal old age pensions should be instituted. Soon afterwards the government decided not to agree to that motion. However, a motion such as that is able to pass with a majority vote in the House of Commons, that is, a motion which says that "in the opinion of the House of Commons—" Then the government in exercising its authority presents its policies to the House of Commons and then they ascertain whether or not they have the majority to carry those various bills through Parliament. This example, of course, is in that very category. The words used in the House of Commons are usually, "in the opinion of." In this motion the wording is "in view of," and in order to make it doubly effective the words "in view of" appear twice. Therefore, it would be the view of the Senate. If Your Honour should rule that the Senate does not have this authority, I believe that that would be an improper interpretation. It would mean that we are endeavouring to tie our own hands and that we cannot express an opinion in the Senate.

• (1530)

Senator Flynn: If you say so.

Senator Argue: I take it that the mood in the House of Commons is that private members should have more authority and more scope and that there is a move in that direction. There may well be a new definition of want of confidence. The trend in the House of Commons is to broaden the authority or the scope of private members. It would be foolish to tie the hands of senators. This is a statement of opinion. The government will bring in whatever bill it wishes, and the Senate will deal with that bill at that time. This particular motion is clearly 100 per cent in order.

Senator Flynn: If you say so.

Senator Argue: You can say the opposite.

Senator Flynn: I never used the term "100 per cent".

Senator Argue: If you think your argument was weaker, that is fine. If you are only 49 per cent certain, that is fine.

Hon. John B. Stewart: Honourable senators, I want to deal with the question of anticipation. I do not believe that anyone thinks the Senate is capable of voting a motion of confidence. Regardless of how we put the proposition to the Senate, if it carried it would not result in a vote of confidence.

Senator Flynn: Who said that?

Senator Stewart: Similarly, there is no question of a royal recommendation.

Senator Flynn: I didn't say there was.

Hon. Royce Frith (Deputy Leader of the Opposition): Senator Roblin did.

Senator Stewart: I say that because if this motion were to carry and if the government were to act on the basis of the recommendation of the Senate, the outflow from the Consolidated Revenue Fund would be no less and no greater than it is now under the prevailing law.

But the question of anticipation is a more important one. In fact, I think, honourable senators, that the anticipation that is relevant is the anticipation that we hear from Senator Flynn. He is anticipating the outcome of the debate.

This is a procedural matter; it is a procedural question, and it has to be strictly dealt with as a procedural question. Honourable senators, the Speaker cannot anticipate the outcome on the substance when dealing with a procedural question.

Senator Flynn: Nor can you!

Senator Stewart: I am not. It may be that this motion will be defeated, or it may carry. If it carries, the government may

or may not heed us. That is a matter of conjecture, mere guess. Perhaps Senator Flynn has his crystal ball with him today, I do not, but that is mere conjecture and not relevant to the procedural question now before the Senate. So, it is Senator Flynn who is engaging in gratuitous anticipation.

The motion is in order because there is nothing on our order paper that takes precedence over it. To guess that the eventual outcome of the debate will be such as to raise difficulties later, is simply to guess, and that is irrelevant on a procedural matter.

Senator Roblin: Honourable senators, I must elaborate on the argument put forth by my honourable colleague opposite. The first thing I should like to say, however, is that I do not think anyone in the Senate thinks that we are engaged in an exercise to limit discussion in the Senate, or to prevent any issue, no matter what it is, to be proposed in this house for debate and consideration. We are considering whether this is the best way to develop the arguments in the light of the rules of the Senate in respect of this issue.

I think that if an Inquiry had been submitted, as was suggested by Senator Flynn, it would certainly have cleared up any difficulty. We would have debated that Inquiry. I suspect that one way or another we will debate this resolution. If not, no doubt we will debate a slightly altered one, and I welcome that debate. So, I want to make it quite clear that this is not an attempt to frustrate the Senate.

On the next point, namely the question of anticipation, what Senator Stewart overlooks is that we can anticipate an answer to this proposition. In fact, there are two answers, "Yes" or "No." If he refers to rule 47, he will see that it is clear that that rule does not anticipate a "Yes" answer or a "No" answer, but it anticipates either. If either "Yes" or "No" is recorded in respect of this matter, that prevents the same subject from being discussed again.

Senator Stewart: No, it does not.

Senator Roblin: I think it does.

Senator Argue: Why not read the rule.

Senator Roblin: I am expressing an opinion. I am simply saying that this is one of the things the Speaker can take a look at. If my interpretation is wrong, I will stand corrected; I have no pride of authorship in the matter.

It seems to me, honourable senators, that the question of anticipation is valid and is one of the things that the Speaker has to rule on.

There may be other honourable senators who wish to speak on this matter. I must confess that I have no further advice to give the Speaker on the subject. I only wish him well in arriving at his decision.

Senator MacEachen: Honourable senators, in a sense I want to appreciate the comment made by Senator Flynn, which was that from a strictly procedural point of view, the rule of anticipation does not arise. If one looks at *Beauchesne*, one will be convinced that in order for the rule of anticipation to apply from a procedural point of view there has to be a proceeding on the order paper. I think we can agree that there is no other proceeding on the order paper other than the one which we are now discussing. In procedural matters, the technical points win the day.

[Senator Stewart.]

Senator Flynn: Not necessarily. If the substance is raised, you have to decide on the substance.

Senator MacEachen: In order for the substance to be raised there would have to be a further proceeding, and we know what a proceeding is in a legislative assembly. A proceeding begins with a motion. When *Beauchesne* uses the word "proceeding", it has a distinct meaning. A proceeding begins with a motion, continues with a debate, and then there is a conclusion. That is the end of the proceeding, but we are talking about procedure.

The second point I wish to make is that it is a practical point, and I think it is conclusive that it is a practical point. Having made that point, I am now, in a sense, engaging in the practice of anticipation. It has been forced upon me irregularly; procedurally, I cannot even think about that proceeding because it is not before the Senate.

Senator Flynn: Read rule 47.

Senator MacEachen: When I look at this particular motion I say: If I anticipated a future ways and means resolution of the government giving effect to the elimination of full indexation, then this proposition is different from that future possible proposition. Then I say: "Why do I know that?" Because it is a different proposition. It is different because the effects are totally different. If I voted in support of that motion, I think honourable senators would agree that it would be an expression of opinion which would have no financial effect in itself. The pensioners would not be affected one way or another. It would only have effect if a further action were to take place, namely, that the government accepted, in a sense, the view of the Senate. But that would be dependent upon another action that is not contained in this motion.

So, my vote in support of this motion, if I voted that way—and I would—would have no effect if the motion were carried, unless the government did something.

Senator Flynn: Okay.

Senator MacEachen: So, we agree with that. Let us anticipate irregularly the ways and means motion that will be before the Senate at some future time removing the full indexation of old age pension benefits. If the majority voted against that, then, of course, something would happen—something would very much happen: The effect would be profound, and that would not depend upon another action. The action taken and that vote would be, in a sense, self-contained and conclusive.

● (1540)

I say that the propositions are quite different. At any rate, I did not intend to get into this debate.

Some Hon. Senators: Oh, oh!

Senator MacEachen: I thought that I had said farewell to *Beauchesne* a long time ago.

Hon. H. A. Olson: Honourable senators, His Honour is faced with a serious dilemma and with some contradictions, if I may say so, on two points. The first of those points is the matter of anticipation, and the second is the initiation of an action by any honourable senator which could upset the balance of ways and means or, indeed, the fiscal position of the government.

I will deal with this, as Senator MacEachen has suggested, by addressing the point of procedure which is involved. With respect to anticipation, one of the things that we have to accept is that we are acting within a bicameral system. While it may not be on the order paper of the Senate at the moment, we know that any proposal must pass through this chamber as well as the other place in order to become law, although matters dealing with the balance of ways and means must be initiated in the other place and only by a member who has the right to bring in a royal recommendation. That, of course, is a problem here.

When the government introduces a budget, past practices would indicate that a bill dealing with that subject matter is going to come to this chamber and we will be expected to deal with it. When His Honour considers rule 47, if we have already dealt with the subject matter—either positively or negatively—he will have to consider whether it can be placed on the order paper again, having come from the other house. There is no provision that I know of, in *Beauchesne, Erskine May* or anywhere else, that distinguishes the source of a motion. The rule states that a matter cannot be placed on the order paper when it has already been dealt with—nothing other than that.

The other matter that His Honour will have to consider, and consider very carefully, is that of the balance of ways and means. Are we expressing ourselves on the matter of the removal of full indexation? That is the question. Is that to be the substance of this motion? If so, another question arises: Is it in order to move a motion that upsets or changes the balance of ways and means? His Honour will have to take that into account.

Of course, honourable senators and the members of the other place, excepting those who can bring in a royal recommendation, have no right to move such a motion. There is a number of things which His Honour will have to consider very carefully. I simply wanted to draw them to his attention, because it is important that we bear in mind tradition. We must remember the reason why certain prohibitions were written into the rules of the Senate.

Senator Flynn: Honourable senators, with regard to anticipation, I simply want to say that the principle is contained in rule 47. Whether a matter is placed on the order paper or not, it makes no difference. If we decide now, that will have the effect of not allowing us to decide otherwise later on, unless we rescind under rule 47. Even if Senator Argue is 100 per cent certain that he is right, I will say that my memory of his interventions on the rules in the other place were not that convincing—no more convincing than those he expressed here. I remember, on one occasion, I was in favour of the filibustering of the divorce bills by two of his colleagues. He may have forgotten that, but I have not forgotten him.

Senator Argue: I wanted to forget it, but that is all right.

The Hon. the Speaker: If no other honourable senator wishes to speak on the point of order, I shall take it under advisement.

INVESTMENT CANADA BILL

SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-15, respecting investment in Canada.

He said: Honourable senators, before I launch into a fairly brief discussion of Bill C-15, I must comment on how very interesting this afternoon has been. I have stated on two previous occasions how much I feared finding myself speaking after the best orators in the chamber had had their say, and that has happened again today. I cannot promise to maintain that level of oratory. I will, however, do my best.

Bill C-15, the Investment Canada bill, replaces the Foreign Investment Review Act which came into force in 1974. It is my belief that this bill provides a progressive investment policy for this country, and I believe it to be a most appropriate course of action for our government to take at this time.

It is not my intention to deal with this bill in detail, but, rather, to discuss the message it is intended to convey. By encouraging and facilitating investment by Canadians and non-Canadians alike, the Investment Canada bill is intended to draw financial and technological resources to this country—resources we need to develop and expand our industry base and to generate employment for the future. Honourable senators, in my opinion, any action that this government takes now must, above all, take into account the 1.5 million Canadians who are currently out of work. I believe that it is almost time for the government to give the private sector its due—to create a freer and more hospitable climate in which business can operate. I believe that it is time to remove needless government restrictions from the marketplace and that Bill C-15 moves in this direction.

Honourable senators, the Foreign Investment Review Act, 1974 was designed to meet the concern expressed in the early 1970s about the level of foreign control over our economy and, therefore, was framed in a manner designed to slow down foreign investment—if not, indeed, to discourage it. In 1971, approximately 37 per cent of non-financial industries in Canada were under foreign control. By 1981, this figure had dropped to 26 per cent, and the decline in foreign control has been registered in all major sectors of the economy. The point, honourable senators, is that foreign control of business in this country has dropped significantly.

I believe that Canadians today are far less concerned about foreign participation in our economy than they are about the unemployment of 1.5 million people, the need to keep up with rapidly changing technology and the need to expand our industrial base. To meet these new concerns, we must change

course, and I believe that the Investment Canada bill sets that new course.

● (1550)

Under this new legislation, Investment Canada, the agency which will replace FIRA, will have a positive pro business, pro investment mandate. It will provide a range of important information and investment services to entrepreneurs, Canadian and non-Canadian. At the same time, Bill C-15 contains appropriate and reasonable safeguards for screening investment proposals, with minimum delay.

Honourable senators, Investment Canada is intended to help us promote this country. We want the world to see us as more than an important source of natural resources. We have a great deal more to contribute—our industrial capability, our banking system, our transportation and communications infrastructure, and, of course, our people.

We also need to remind ourselves how important the rest of the world is to us. Canadian jobs depend upon trade. Approximately 30 per cent of the goods and services that we produce are exported. We cannot expect to maintain and expand our share of world markets if we antagonize our friends by restricting their access to our market through trade or investment policies. We must broaden our economic horizons, and it is hoped that Investment Canada can help us accomplish this.

Bill C-15 sends a positive signal to Canada and to the world. It says that Canada welcomes investment. It says, as the Prime Minister said last December: "Canada is open for business."

This legislation will help us keep alive the good business relationships we already have, as well as those we wish to establish with other countries around the world. In a larger sense, I believe that the Investment Canada bill is totally consistent with the general commitment of the Mulroney government to the principle of working together.

Let me speak briefly of some of the other ways by which this commitment by the government is being implemented. Longstanding energy disputes have been worked out with Newfoundland and with the oil-producing western provinces.

The government has launched a major joint effort with the provinces to resolve other outstanding economic issues, in an attempt to get the Canadian economy moving again.

The government is determined to unite all Canadians in spirit and in purpose. Likewise, it is determined to improve Canada's relationships and Canada's image with other countries, particularly with the United States.

At the so-called Shamrock Summit last March in Quebec City, President Reagan and Prime Minister Mulroney agreed to explore new ways of reducing or eliminating tariff and non-tariff barriers to trade between the U.S. and Canada.

At the Bonn Summit the Prime Minister stressed that the government's focus would be on promoting investment and creating jobs in the private sector, on removing obstacles to non-inflationary growth, on reducing the deficit and restraining government expenditures.

[Senator Kelly]

These are positive statements and encouraging signals, in my opinion. They represent a new momentum, a new economic consensus.

Honourable senators, the Investment Canada bill is a key element in that new momentum.

Honourable senators, I do not need to remind this chamber of the extensive examination of this bill that was carried out in the other place. They did take a good deal of time and it received a good deal of attention. More important, the Standing Senate Committee on Banking, Trade and Commerce conducted a pre-study of Bill C-15 and reported thereon in this chamber on May 2 last. I recall the date clearly because it coincided with an event which left me somewhat wounded, namely, the provincial election in the province of Ontario, where the lights certainly turned down—though not for long, we hope.

Senator Doody: The tide is out temporarily.

Senator Kelly: Keeping both of these things in mind—the report of the Banking, Trade and Commerce Committee and the fragile state of my morale—and particularly bearing in mind the fact that the committee made only modest recommendations having to do with four clauses of the bill, I would hope we could count on speedy passage of this bill.

On motion of Senator Sinclair, debate adjourned.

BORROWING AUTHORITY

NATIONAL FINANCE COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-51

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-51, intituled: "An Act to provide borrowing authority", in advance of the said Bill coming before the Senate or any matter relating thereto.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I support the motion.

Motion agreed to.

SUPPLEMENTARY FISCAL EQUALIZATION PAYMENTS

NATIONAL FINANCE COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-39

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-39, intituled: "An Act to

provide for the making of supplementary fiscal equalization payments to certain provinces for the period April 1, 1982 to March 31, 1987", in advance of the said Bill coming before the Senate, or any matter relating thereto.—(*Honourable Senator Frith.*)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I support this motion.

Motion agreed to.

OLD AGE SECURITY

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-26

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and consider the subject-matter of the Bill C-26, intituled: "An Act to amend the Old Age Security Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.—(*Honourable Senator Frith.*)

Hon. Royce Frith (Deputy Leader of the Opposition): Likewise, honourable senators, I support the motion.

Motion agreed to.

AGRICULTURAL STABILIZATION

AGRICULTURE, FISHERIES AND FORESTRY COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-25

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine and consider the subject-matter of the Bill C-25, intituled: "An Act to amend the Agricultural Stabilization Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.—(*Honourable Senator Frith.*)

Hon. Royce Frith (Deputy Leader of the Opposition): Ditto, honourable senators. Again, I support the motion.

Motion agreed to.

BUSINESS OF THE SENATE

COMMITTEES AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILLS C-27, C-41, C-44, C-24, AND C-36

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am wondering whether it would be in order for me to suggest that Orders Nos. 7 through 11, all standing in my name, be dealt with en bloc. We support all of those motions for pre-study, and I am wondering whether the record can simply show that there is that support, thereby eliminating the necessity of going through them individually.

Some Hon. Senators: Agreed.

Senator Frith: Perhaps His Honour could put the question in respect of those motions en bloc.

Hon. Charles McElman: Honourable senators, perhaps I could make an observation to the Deputy Leader of the Government in the Senate before the Speaker proceeds to follow that suggestion.

In the light of the subject matters of these bills, I would ask the Deputy Leader of the Government in the Senate to take into account the consideration that the Rules Committee recently gave to the need to advise the provinces in respect of bills that might affect them directly. In that regard, the committee adopted a new procedure, that being that the provinces shall be so advised. While it is not in our rules, it is a practice that we have accepted in principle.

Certainly the government of my province would be interested in at least considering whether or not it might want to make representations in respect of at least two of these bills.

Hon. C. William Doody (Deputy Leader of the Government): I have absolutely no hesitation in agreeing to do that. I shall have the appropriate notice sent to the committee chairmen. I have no doubt that this is something that they would be doing of their own accord in any event. I shall certainly get a notice out to them reminding them of the recent adoption of that practice.

Senator Frith: Perhaps the Speaker could simply ask whether Orders 7, 8, 9, 10 and 11 shall carry.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motions agreed to.

• (1600)

THE ESTIMATES, 1985-86

CONSIDERATION OF FIFTH REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Fifth Report of the Standing Senate Committee on National Finance (Main Estimates 1985-86), presented in the Senate on 30th May, 1985.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Stand.

Hon. Ann Elizabeth Bell: Honourable senators, would it be in order for me to say a few words on this order?

Senator Doody: By all means.

Hon. Senators: Agreed.

Senator Bell: Honourable senators, I want to congratulate the Standing Senate Committee on National Finance for having dealt with this topic of the federal financing of post-

secondary education. I thought the report was excellent. I should like to tell the committee members that I have already sent copies of the report to various people in our government in British Columbia, and also to people overseas who I thought would be interested in reading it. I thought one of the interesting aspects of this well-presented report was that it does not try to find all the answers to this difficult problem, but rather that it asks significant questions that might otherwise be overlooked. Our country is so diverse, and each part of our country has something coming from its educational system that adds to our total overall wealth. This is so important to our integrity as a country, where the whole is certainly greater than the sum of its individual parts. That point was brought out extremely well.

Reflecting on the importance of questions as much as answers to questions made me think of the former President of the United States, John F. Kennedy, who had to do a lot of travelling with his aides. Honourable senators may have heard this before, but I think it is interesting. There were games they used to play while travelling, and one was to say: "Here is the answer. Now you tell me what the question is." An example was "The answer is nine W.' What is the question?"

Senator Frith: I know that.

Senator Bell: Senator Frith says he knows.

Senator Frith: "Do you spell your name with a V, Mr. Wagner?"

Senator Bell: Beautiful. I should like to congratulate the committee, and I look forward to the next step in helping increase the development of post-secondary education in this country.

On motion of Senator Doody, debate adjourned.

[*Translation*]

THE ESTIMATES, 1985-86

CONSIDERATION OF SIXTH REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)

On the order:

> Consideration of the Sixth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (A) 1985-86), presented in the Senate on June 11, 1985.—(*Honourable Senator Leblanc* (*Saurel*)).

Hon. Fernand-E. Leblanc: Honourable senators, I would like to comment briefly, but I do think it is important, on the committee's report tabled yesterday, that is Tuesday, June 11, in the Senate, following consideration of supplementary estimates (A).

Usually, at the end of the committee's consideration of supplementary estimates, the chairman asks the committee's permission to submit its report.

At their meeting on May 30, committee members expressed the desire to meet again on June 10, which would leave enough time to report on the supplementary estimates before the appropriations bill is referred to the Senate. Unfortunately, some of the witnesses the committee wished to hear were not available for that date. In order to observe the committee's terms of reference, I have presented the preliminary report on the supplementary estimates. We are in fact continuing our common practice which makes it possible for the committee to maintain its order of reference and hear other witnesses.

[*English*]

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I understand that the Standing Senate Committee on National Finance is still meeting on the supplementary estimates, and that this particular report is an interim report, as Senator Leblanc has said. I know that the subject matter at tomorrow's meeting of the committee will deal with international financial institutions. I expressed the wish, as Senator Flynn recalls, to hear certain witnesses at this meeting. Unfortunately, the witnesses I requested to hear are not available. The witnesses who will appear tomorrow, although eminent and qualified in many respects, are not the witnesses I had in mind. I do not know how to cope with that. However, I make the point so that if I am not as enthusiastic as I might otherwise be, members of the committee will understand why.

That is not why I rose to make some comments on the sixth report, which has been presented by the chairman of the Senate Standing Committee on National Finance. The report, in one of its aspects, deals with the infusion of funds into de Havilland Aircraft of Canada. If honourable senators look at the report, it will be revealed to them that there is to be a $110 million investment in equity to de Havilland Aircraft of Canada, and, as the report points out, that comes on top of a similar investment of $150 million to the same company only months earlier under supplementary estimates (C) of 1984-85. Let us be quite clear. Parliament is being asked to provide an additional $110 million to de Havilland Aircraft of Canada on top of, as the committee report states, a preceding $150 million to the same company only months earlier.

Hon. Duff Roblin (Leader of the Government): And all the rest before that.

Senator MacEachen: And all the rest before that. I have a reason for talking about de Havilland, as I hope will become clear later.

The Senate report is not enthusiastic about this particular additional infusion of cash into de Havilland. Honourable senators learned, as the report says, that the equity route was being used because the issuing of loans was unsuitable, because they would likely never be repaid.

Senator Roblin: That is right.

Senator MacEachen: This perturbed committee members, and led them to wonder why de Havilland was being kept afloat. The committee goes on to express its surprise that, in spite of this precarious financial condition, de Havilland had purchased a company in the United Kingdom. I must say that I do not intend to oppose the infusion of $260 million into de Havilland Aircraft of Canada, located in the city of Toronto, even though it is not, in the view of the committee, a real winner. In fact, it is precarious and unstable.

Senator Barootes: Like heavy water plants.

Senator MacEachen: Exactly, like heavy water plants. Thank you for the lead-in.

Senator Frith: Are you guys working together?

Senator MacEachen: I attended a meeting on the weekend—

Senator Flynn: We read about it.

Senator MacEachen: —in communities that are now facing almost an economic catastrophe because the government has decided to close out these two heavy water plants. The Honourable Senator Barootes has said, "like the heavy water plants." I agree with, "like the heavy water plants." But de Havilland is not being closed. de Havilland is being kept afloat, as the committee report says, by the infusion of $250 million. Why is not the same treatment possible for these two plants in the province of Nova Scotia on the Island of Cape Breton, where there is the highest unemployment rate in all of Canada, barring Newfoundland.

• (1610)

Senator Doody: A great distinction!

Senator MacEachen: I said at that meeting that it is a difficult decision for the Government of Canada, and it was a difficult decision when the former government resisted and refused the recommendation several years ago of the Board of Directors of AECL to close out those plants. I resisted the closing of those plants, and I would like to tell honourable senators why, and why I felt it was essential that these plants remain open. The reason is really very easy to understand. the closure of those plants would mean a virtual economic catastrophe for the communities in which the plants are located. In Port Hawkesbury on Friday the President of the local Chamber of Commerce said to us that the closing of these plants could, in his words, demolish the fragile economy of Port Hawkesbury and, to use his words again, that 330 families would be forced to leave that community. We heard testimony from the workers at AECL to the effect that they were at their wits end and that no plans were in place to look after the additional unemployment, additional displacement and additional suffering that will result in those communities. Glace Bay, an area that is familiar to Senator Muir, has a very high unemployment rate. And the people there have almost a dispairing attitude as a result of this decision, and the same adverse economic impact will be felt. It is for those reasons that I opposed the closing of these plants and succeeded in pursuading my colleagues to keep them open.

Not only did I believe that the distress would be profound but I believed there was a possibility that this commodity, which is now in storage, would be marketable. There is no doubt that there is a big inventory of heavy water. But despite a very difficult start, these plants are now good producers. They have a good labour force which is highly skilled and highly trained. No one complains about the labour force or the productivity of the plants. What is lacking is a market for the heavy water and, as a result, it has accumulated. I have always said that there will be a market for the heavy water, that we ought to be patient and that we ought not to permit this distress to happen because the day will arrive when that market will be available and the inventory will clear. I said to the people present in Port Hawkesbury that they will not have to live for very long before that inventory will be cleared, and that when additional new production of heavy water is required it will not come from Nova Scotia but from Ontario.

That is the plan of Atomic Energy of Canada Ltd. When they close the plants and when they ultimately clear the inventory, future requirements will be met from the facilities in the province of Ontario. This is not only a question of the closing of two plants; it is a question of the removal of a facility from the province of Nova Scotia to the province of Ontario. I cannot understand why enough vision or enough sympathy was not shown to permit the continued operation of these plants. Yesterday, the Leader of the Government tabled the corporate plan summary for Atomic Energy of Canada Ltd. Under the portion outlining their long-term strategy, Atomic Energy of Canada, after a justified tribute to the accomplishments of the nuclear industry in Canada and in light of its future possibilities, talks about its strategy over the long-term perspective. That strategy is focused on its internationally recognized and diversified technological base in nuclear and related sciences. Then in the next sentence the corporate plan says:

> The company's key "product" to date and in the future is the CANDU system and its support technology. The further development and evolution of this technological base will provide the essential competitive depth required to keep CANDU in the forefront—

I repeat, "in the forefront"

> —of a resurgent and power reactor market and will generate commercial spinoffs which will result in new marketable products in the future.

Atomic Energy of Canada says in its corporate plan that there is a resurgent power reactor market. It will take only three or four reactors to clear that inventory in Cape Breton, and I have enough confidence in Candu to believe that those sales will be made.

Just as we were meeting in Cape Breton, the President of AECL was saying that we are pretty close to making a sale to Turkey. I do not know whether he has one now. I think there is a reasonable case, knowing that it is a difficult decision and knowing that the purely economic commercial consideration would recommend a decision to close, for keeping these plants open. The Senate thought that the commercial economic consideration would be to deny de Havilland $250 million. Why was the same commercial economic test that was applied to Cape Breton and the heavy water plants there not applied to de Havilland? Is there a double standard in Canada? Is there one rule for Ontario and another for beleagured Cape Breton?

Senator Flynn: Oh, oh.

Senator MacEachen: I am not pushing, because there is nothing solvent about de Havilland, and we are being asked to put another additional $110 million into the plant. As I said, I am not against the aircraft industry or maintaining employ-

ment in central Canada, but I do become quite angry at the situation that we face at this particular time.

Atomic Energy of Canada tabled a corporate plan through the minister. What does the corporate plan say under "Corporate Plan Highlights"? The first item in their corporate plan highlights is closure of heavy water plants. Well, it may be a corporate plan but it is one without a heart. There is not a word about the workers. The workers were not told until the night of the budget what their destiny was to be. There has been absolutely no consultation with the communities as to how they will cope. No thought has been given to the educational system; the hospital system; the housing market. There was absolutely no consultation beforehand and no impact study done of the effect of these closures on the communities.

● (1620)

There is little wonder that this particular item attracted my attention: "de Havilland, Toronto—$260 million." When I talked to my cabinet colleagues, I made the arguments about the distress; I made the arguments about the fact that this market will change, because I remember, honourable senators, when the prevailing wisdom was that the coal mines in Cape Breton should be closed. In fact, there was a bill brought before the cabinet of Canada, when Mr. Pearson was Prime Minister, setting up the Cape Breton Development Corporation. The proposal from the economic ministers at that time was to wind down all of these coal mines and to prohibit the corporation from opening any new mines. If that had happened, we would not have anything in Cape Breton today. But thank God, Mr. Pearson agreed with my pleadings—and they were pleadings—and he said: "At least we will give that corporation the opportunity to open new mines if the board of directors wishes to open new mines." If these new mines had not been opened, the 3,000 men now employed in the Cape Breton coal mines would not be there.

Therefore I do not accept the conventional wisdom every time, because if we had accepted the conventional wisdom about the coal industry, we would not have it today. And the conventional wisdom of the board of directors of the Atomic Energy of Canada Limited is "Close the plants because there is no immediate market. But we have a plan that, when the markets builds up we will produce the heavy water in Ontario." That is the plan.

I am told that some months ago, the Minister of Energy, Mines and Resources told the community that the plants would not be closed unless there were alternative employment opportunities, and the people believed it. People still believe ministers.

Senator Frith: Not for long.

Senator MacEachen: Perhaps it is a big mistake, but they still believe ministers. They believed that, and they were very disappointed that the plants were closed with nothing else in place; no development plan other than a remodelled 50 per cent tax credit which the Minister of Regional and Industrial Expansion feels will lead Cape Breton on the road to economic recovery.

[Senator MacEachen.]

That 50 per cent tax credit is not new; it was introduced in 1980 and at that time applied to manufacturing and processing. I admit that some bells and whistles have been put on it in the recent budget and I hope the bells and whistles will produce economic development and bring plants and enterprises to the region, because they are desperately needed. However, what I say is that if the minister, as he stated himself, was confident that this new measure would bring new enterprises, then would it not have been reasonable for the government to wait until something else was in place before the plants were closed, if that were the inevitable direction? And too many people have said it is inevitable. I think politicians are sometimes expected to prevent the inevitable, and they do at times. But not in this case. The plants have closed and there is nothing in place, but we are told that the prospects are very good because of this 50 per cent tax credit.

I believe if there was a risk to be taken, it should have been taken by the Treasury of Canada rather than by the unemployed and by these beleaguered communities in Cape Breton. It would be easier for the treasury to keep those plants open for the year or two required to build up the new industries than it is for the local citizens to bear the burden.

Honourable senators, if I am somewhat tedious on this point, it is because I feel very deeply about what has happened. I put so much emotion into it myself when, at the cabinet table, there were always sound economic reasons to close these plants and people would say, "MacEachen is protecting his seat." I am sure every politician tries to do that, but I never felt that my seat was so precarious that I needed to have two heavy water plants to keep my electors sympathetic towards me. The reason I put a lot of emotion into it is because of the importance to the community life, to the social life and to the economic life of those areas. It is a part of the world that is clinging on to the edge of the national economy and every bit is part of the network of fragility that exists there.

I must say, honourable senators, that I am rather angry that I am confronted with a proposal to put an additional $110 million on top of $150 million into de Havilland, an operation that is not resplendent with economic success and which senators have said is precarious and unstable and so on. If we can give de Havilland a break, why could we not have given a break to these two heavy water plants?

I am making a plea to honourable senators to take some interest in this problem and to see whether something can be done to mitigate what I know will be the hardship to this region. In the words of the President of the Chamber of Commerce: "This action could demolish the fragile economy of these areas." Thank you, honourable senators.

Hon. John B. Stewart (Antigonish-Guysborough): Honourable senators, I should like to say a few words on the contrast between the treatment of de Havilland and these two heavy water plants. Somehow, the notion that these two heavy water plants were being maintained entirely for parochial political reasons seems to have been transmitted all across the country so that Senator Barootes reacts negatively almost instinctively as he did this afternoon. That is unfortunate; I think if Senator

Barootes had had an opportunity to examine the whole situation, he would have reacted differently.

Economists are the bane of our lives. We hear about "sound economic reasons;" they prescribe for us on the basis of sound economic reasons and projections, and then, of course, within months, we discover that it was all quite arbitrary and unsound.

In Port Hawkesbury, we were told by some of the workers that they were bitterly disappointed when the announcement of the closing of the heavy water plant came in the budget, but that they had come to believe that the eventual closure of the two plants was inevitable. Somehow the idea had become fixed in their minds that these two plants inevitably would be closed. The question I raise is if there is to be no market for heavy water, then should not our whole atomic energy program, the whole Candu program, be put on the same basis and closed down, with that closure being regarded as inevitable? If the fuel for the tank is not needed, then, presumably, the tank is not needed either. It is inevitable, we are told, that the heavy water plants must go, but it is not inevitable that the energy reactor program should terminate as well.

● (1630)

If you go back over the history of the economy of this country, I think you will be surprised how often major decisions have been speculative. The biggest one in the nineteenth century, I suppose, was the decision of Sir John A. Macdonald to go ahead with support for the construction of the Canadian Pacific Railway. That was purely a speculative decision. The Liberals of that day talked about the sound economic reasons why the railway should be built by private enterprise bit by bit as the population spread westward and provided a market for the services of the railway. John A. Macdonald thought big; he was prepared to make a speculative decision based on his vision of the future of the country. The Canadian Pacific Railway was built; it went into operation 100 years ago this year. If sound economic reasons had prevailed, it would not have been completed in 1885, and the whole history of Saskatchewan, Alberta and British Columbia would have been entirely different. Quite conceivably, those provinces would have been states in the United States today. Of course, there were people in those days who said that it was inevitable that the west would become part of the great plains states of the United States. But there were people who were prepared to fight against that kind of mythology. They were prepared to make political decisions, decisions to shape the future of the country according to their own vision and their own aspirations, rather than listen to the small-minded soothsayers of inevitability.

Senator MacEachen has shown that the de Havilland decision, too, is really a speculative one. The hope is that we will be able to maintain an aeronautics industry in this country. I hope that the future bears out that aspiration. Similarly, with regard to the heavy water plants, it is a speculative matter. It is up to government from time to time to make speculative decisions, to move optimistically into the future. I realize that private business often cannot do that because its obligations are different. That is why private business should operate private enterprises, and why government should operate government enterprises. These are quite different matters.

I agree with what Senator MacEachen has said, and I am sure that Senator Muir does also, namely, that we ought not to be confronted, as we are in this bill, with a decision to go ahead speculatively expending large sums of money in the city of Toronto, in the province of Ontario, one of the regions of Canada, while at the same time we know that two heavy water plants in Nova Scotia are being closed down with very serious impact upon that region of the country.

The country in a sense is a kind of saucer and we are out on the edge. When things dry up, we dry up first but the people in the centre generally have a little moisture even in the driest of times. I am making a plea for a reconsideration of this decision. I am sure that every premier in the maritime provinces, together with the Atlantic Provinces Economic Council, will second my plea.

One of the things that comes out clearly is that there have been no impact studies as to the result of these closings in these communities. Perhaps the prospect is so desperately bad that people could not bring themselves to draw together the picture; that probably would be truer in the Glace Bay area than in the Port Hawkesbury area. But surely if this was inevitable there should have been detailed impact studies carried out. There are 2,000 jobs involved when you take the multiplier effect into consideration. Are we going to go ahead with other expenditures in the area which will have been deprived of their viability by reason of this decision? Nobody seems to know. I think there are very good reasons why the government should decide to delay this matter until impact studies have been made and the matter has been considered coolly and imaginatively and beyond the sway of the inevitability mentality.

Hon. Efstathios William Barootes: I should like to pose a question to the honourable Leader of the Opposition or to Senator Stewart. My question is prefaced with that short two-minute address. I hold no brief for de Havilland Air in Toronto. I have great sympathy for the situation in Cape Breton Island of which each of you has spoken with such emotion and belief. Have you any statistics you might present as to what it costs annually to maintain one worker on the job at the two heavy water plants in Cape Breton Island?

Senator MacEachen: I do not have that statistic. I think the per worker amount would be quite high because of the value of the product which is in inventory. Of course, the annual outlay from the Treasury to purchase heavy water for which there is no current market is considerable. I have said that it is a difficult decision, and one has to take that into account. I have given you my overall view, and taking into account the validity of what is implied in your statement, I still believe that the considerations which I have put forward outweigh that particular factor of the per worker costs.

Senator Barootes: The social value of the industry in the area is not being underestimated but the economic costs of

maintaining one worker for one year in the two plants has been estimated at $200,000 per year, which is a very significant amount of money taking into account the inventory store, which you have mentioned, but that includes the cost of storage as well.

Hon. John M. Godfrey: May I ask the Leader of the Opposition in the Senate if he has made any comparisons between the economic costs of keeping each de Havilland worker occupied compared to the economic costs on the same basis in Cape Breton.

● (1640)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if I may take a few minutes of your time to comment on the issue in question. I can certainly sympathize with Senator MacEachen's passion, frustration, anxiety and, indeed, anger. This is a situation with which I am not completely unfamiliar. I have seen plants close down in Newfoundland. In fact, I have had the rather unpleasant duty of going to a small steel mill in my old provincial riding to tell 180 people that the $10 million they were getting was the last of the taxpayers' money they would receive. Several hundred million dollars had gone into that steel mill. It was conceived with great ambition, but its operation was incapable of producing a profit. The mill was built with no raw material to supply it, away from tide water and it was incapable of ever being successful. It was not a pleasant situation.

The social reasons for keeping it open were every bit as valid and as accurate as the reasons the Honourable Senator MacEachen has stated so eloquently apply to the towns of Cape Breton.

We did manage, over time, to place most of the 180 people who worked in that plant. I think that they thought of themselves as being somewhat more productive in their new employment than they had been in their previous employment.

Subsequently, as Minister of Finance in Newfoundland, I inherited the responsibility for Labrador Linerboard Limited, with which some honourable senators might have more than a passing acquaintance. Literally hundreds of millions of dollars of taxpayers' money was sunk into that enterprise. That, once again, was built to fill a need. There was a great wood supply available in Labrador, high-density black spruce, which was far more economical to use in the plant than the lower grade of spruce found on the island, but the decision was made to put the plant on the island and to use the wood from Labrador. The port of Goose Bay is closed for at least six months of the year, and probably eight months of the year, so the lumber was cut in Labrador in the winter, floated—which did not work—and eventually barged down to Stephenville for processing in the mill. So, the inventory situation was one which was very expensive and very impractical.

To compound the problem, the product the mill was designed to produce was linerboard, which is the cheapest paper commodity on the market as well as being the least refined. That product was competing with products from mills located in the southern United States, where they grow pine trees in a matter of weeks. It is an entirely different situation down there.

In any event, once again it was my somewhat less than pleasant duty to go to the 800-odd people involved in that particular operation to tell them that there was no possibility of the people of Newfoundland continuing to shoulder that burden. That was probably one of the most unpleasant episodes of my life, but it had to be done.

Subsequently, with the help of the Government of Canada, through the intercession of the then minister from Newfoundland, a person I am proud to call a friend, Don Jamieson, we did manage to work out a deal with Revenue Canada whereby some of the losses of the provincial crown corporation were carried forward to the profits of the new owner. Abitibi-Price subsequently bought the mill and converted it to a pulp and paper mill. It is now operating profitably. The people in Stephenville now have one of the few viable industries in Newfoundland. That is a rather pleasant ending to a rather sad story, unlike the closing of the heavy water plants in Canso and Port Hawkesbury.

I can see the similarities in pouring more and more money into a situation like that. The alternatives in Cape Breton or Newfoundland are not great; the social responsibilities of government are, but there has to come a time somewhere along the line when one has to draw a distinction between what is socially necessary for government and what government can afford to do.

That, in no way, justifies governments'—and I use the plural—continued support of de Havilland. That has been a frustration for me from the time I first came here. I have watched the injections of cash into de Havilland. There have been some exceptions, but most of the supplementary estimates I have seen have had huge infusions of cash earmarked in them for de Havilland and Canadair, but de Havilland is the company at issue now.

We have seen changes in management, changes in game plans, changes in corporate plans, projections, and so forth, all of which end up with the same claim of another $110, $150 or $200 million of infusion to carry them over to the next sale of Dash 7s or Dash 8s. In my opinion, that has to come to an end. I think that that has gone on far too long for what good it has done or what good it will ever do for this country.

Arguments have been made about saving technology; arguments have been made about keeping the asset in place to entice a customer down the road. Those arguments are probably valid, but I do not think they justify the amount of money that Canadian taxpayers have been forced to put into that company.

The thought of closing the heavy water plants in Nova Scotia and moving them to Ontario is one that I find repugnant and abhorrent. I do not know where that idea came from. I think it would be a national disgrace if that were to happen. I sincerely hope that there is no justification for that.

The corporate plan of Atomic Energy of Canada Limited, which has been quoted, is short on specifics. I listened careful-

ly, but I heard no firm contracts mentioned, nor did I hear future sales of Candu reactors mentioned. To the best of my knowledge, the only potential sale on the horizon is the sale of a second reactor to New Brunswick. Of course, there are people who question the wisdom of a nuclear reactor in Atlantic Canada because it has an abundance of tidal power, coal and hydro power available, but for some reason—possibly to support industries in Ontario—there is the possibility of putting a second Candu reactor in New Brunswick.

The story is a sad one. There is no way anybody could fail to sympathize with the people who live in those communities. Early in the debate Senator MacEachen gave pride of place to Newfoundland as the leader in unemployment in Canada. That is a very poor claim to glory in the Canadian confederation, but it is one we have been carrying since we entered the union. Newfoundland's place in the per capita income scale is no greater now than it was when it first came into confederation; that is not to say that confederation has not been good for Newfoundland, because I shudder to think what it would be like down there if Newfoundland were not part of Canada.

Honourable senators, I will not take any more of your time. That is all I have to say.

Hon. John B. Stewart: Would the honourable senator permit a question?

Senator Doody: Certainly.

Senator Stewart: You referred to the difficult decision that had to be taken with respect to the linerboard mill, and seemed to parallel that to the decision to close down the heavy water plants. I am sure that there are similarities with regard to the social impacts, but surely there is a difference when dealing with anything that relates to the whole problem of energy. Energy is an unpredictable field. We are living in an energy situation which changes every year—at least it has been changing every year since 1973.

If suddenly—who can predict?—the international price of oil moves upward again, the whole question of energy reactors will become lively, although I am sure there are people who would regret that. You have said that there comes a time, regardless of social impacts, when hard decisions have to be made. If that is true, why is AECL not being virtually mothballed itself?

Senator Doody: That is a good question.

Senator Stewart: If the heavy water plants are being closed down and dismantled, why is not AECL itself being mothballed?

• (1650)

Senator Doody: To speculate on the energy requirements of the future is obviously part of a decision that somebody has to make. If the people in authority in the boardroom feel that they can afford to put several hundreds of millions of dollars more of their money into the possibility of something happening down the road in the energy field, then that is a decision they have to make. They have elected not to do so—certainly for good and sufficient reason.

With regard to the mothballing of AECL, you will get no argument from me on that. It has sustained heavy layoffs to date, and I expect that there will be more to come. I obviously do not know that. I do not really think that AECL is one of the shining stars in Canada's corporate crown, at any rate. If it were to be mothballed, there wouldn't be very much weeping in the streets of Twillingate. The people in Jerrys Nose, Toogood Arm, Sunday Cove Island, and all of the others would not really be too disturbed about that. They would be much happier to see an infusion of cash into the fishing industry of the area.

Hon. Finlay MacDonald: Honourable senators, by way of a preamble to my question, I will point out that, while my designation is Halifax, I am a Cape Bretoner. There are a few of us in this chamber, Senator Murray, Senator Muir, Senator John M. Macdonald, Senator Graham—and Senator Marshall who was born there. I don't know who else I may have missed.

Senator Roblin: Senator MacEachen.

Senator MacDonald: Yes, of course; we are all Cape Bretoners, and I think we would want to associate ourselves with some of the remarks of Senator MacEachen.

There were many former distinguished members of Parliament who represented Cape Breton well. My father was a member of Parliament for Cape Breton South in the late twenties and thirties, during which time the economic situation was not really much worse than it is now. I visited Cape Breton a few weeks ago, just before the Honourable Sinclair Stevens came down to make the announcement. I served for some years as the president of Nova Scotia's Industrial Development Corporation and had some experience in trying to attract industry, both in Nova Scotia and in Cape Breton, working with Devco.

I share with Senator MacEachen his skepticism of plans, be they government sponsored or be they expressed with respect to government programs such as DRIE. I have attended the openings of plants and have shared in the joy that went along with the realization that 25, 30, 40 and 50 people were being employed. I have also been there three years later with the receiver. I know a little bit about that. I also know about the stupid way in which we go about preparing a community for a shutdown, without any regard for the social impacts upon the people in the area.

I pray to God that the new task force for Cape Breton will succeed. I think it should have all the help it can get, although I have some strong views as to whether or not it can accomplish all of its work in such a short period of time. If I thought that there was any way in which this inventory could, in a number of years, be utilized—if I thought that there was some realistic hope that the people living in the area could pin their careers on—I would be the first to support the proposition of Senator MacEachen. I am sure that all of us from Cape Breton would join with me in that support.

My question is: Is it realistic to hold out that hope?

Senator MacEachen: I can only answer that question by saying that I think the Candu reactor will become a seller and that that heavy water inventory will be cleared. I cannot prove that. I must say that I was a bit surprised when I read the corporate plan which the Leader of the Government tabled on behalf of Atomic Energy of Canada, in which they were even more optimistic than I could possibly be when they spoke about their long-term strategy. They referred to a resurgent power reactor market—I repeat, a resurgent power reactor market. I suppose my realism is based more on experience than on scientific knowledge of the markets, although I know that there are markets. I also know why we cannot sell to those markets—it is because of our safeguard standards. I know of cases where we could clear quite a lot, but we do take a stand against the proliferation of nuclear materials. We have very strict rules in that regard. Canada would not even sell heavy water to the United States if there were any intimation that it would go into their war machine, to put it broadly. Canada could sell heavy water to India and to Pakistan, as well.

Although I got carried off on that line, I am not saying that that is the solution. However, we have lost markets because of national policy and because of our views on safeguards, and I do not disagree with them. I am not saying that we have changed that. I was Secretary of State for External Affairs, but I knew when AECL made the recommendation to close the plants, and the government refused to accept that recommendation, for the reason stated.

I hope that Senator MacDonald and I will still be quite fresh and lively members of this institution when we can say that this inventory has been cleared. I may be wrong, but that is my belief. I can also tell honourable senators that I am sure there will be additional requirements for heavy water and that AECL is preparing to have the material produced in Ontario.

Hon. Charles McElman: Honourable senators, a few moments ago Senator Godfrey asked a question. I thought that we might put that question to Senator Barootes, who was diligent in obtaining the cost per worker in the Cape Breton plants. Might I ask him whether he obtained the same information with respect to the aircraft industry?

Senator Flynn: Senator Godfrey's question was put to Senator MacEachen.

Senator McElman: Might I be permitted to ask the question of Senator Barootes?

Senator Flynn: Yes, sure, but I wanted to correct you.

Senator MacEachen: Was that question put to me? I thought Senator Godfrey said "the Leader of the Government."

Senator Roblin: He meant you.

Senator McElman: My point is that Senator Barootes was diligent in finding out the cost per worker in Cape Breton. Has he the figures on the cost per aircraft worker in Ontario and the moneys provided by government?

Senator Barootes: In de Havilland?

Senator McElman: Yes.

[Senator MacEachen.]

Senator Barootes: I do not have those figures and I have not seen any figures on that question, so I am sorry, I cannot answer it.

Senator McElman: Perhaps some maritimers will obtain that figure and place it on the record of the Senate.

Senator Roblin: It is too bad that Senator Austin is not here—he would know.

Senator McElman: As Senator Godfrey indicates, it would be interesting to have that information.

Honourable senators, this last hour has been a very rewarding one for me, as a maritimer. Each of us has great respect for Senator MacEachen's record as a parliamentarian, irrespective of what our partisan views of him may be. We of the Atlantic provinces—particularly the maritimes—have great respect for his diligent efforts on behalf of the region, and I speak not only of Cape Breton, his own seat, but of the entire region. I, for one, am delighted to see him carrying to the Senate his regional interest and expressing it so well, as he has done this afternoon, with the support of others such as Senator Stewart.

● (1700)

I find it quite beyond my comprehension that, in the light of the corporate plan of AECL and what is said therein, there should be a decision made, not just to shut down the two heavy water plants in Cape Breton, but actually to dismantle them in the face of the information that has been put before Parliament by AECL. Since that information has been prepared by that crown corporation, it has been made clear that AECL, in co-operation with the New Brunswick Electric Power Commission and the Government of New Brunswick, is now proposing that there should be an expenditure of $1.2 billion for the construction of Lepreau II in the province of New Brunswick, a plant that will require heavy water. I do not believe that there can be enough in inventory now in Cape Breton to look after the "forever" needs of two Candu operations in New Brunswick plus those in Ontario.

I find it inconceivable that the thought of government is not simply to close down or to mothball the two Cape Breton plants but to destroy them.

Having said that, I should like to draw to the attention of honourable senators a news release that reached my desk today. It is a news release of the Department of Regional Industrial Expansion and is headed: "April 1985 Capital Investment Intentions Survey Released." It is a survey of large firms. Table II attached to that news release is entitled: "Capital Expenditures of Selected Large Companies for 1984 and Plans for 1985 by Province and Region."

For the province of Ontario, where the aircraft industry is being assisted, the plans for 1985 call for an increase of 22.8 per cent. For the Atlantic region, the plans of such industries call for a reduction of 4.9 per cent.

Some Hon. Senators: Shame!

Senator McElman: I call to the attention of honourable senators the fact that the activities and the capital expendi-

tures of major companies within the Atlantic region are already at rock bottom low, and here we find that they are going down by a further 5 per cent, approximately.

For my own province, the province of New Brunswick, the planned capital outlays for 1985 are reduced by 28 per cent.

The region is in trouble. If ever there was a time for the Government of Canada to feel right about assisting a region, rather than closing down these two operations at this point in time, surely it has to be now.

It is my hope that all honourable senators, and particularly those on the government side of the house, many of whom have their roots in Nova Scotia and perhaps still representing that province, will join forces with the Leader of the Opposition in the Senate in trying to impress upon the government that this is not just a subsidy; that there is some hope of a market for the heavy water produced, and in any event, if it is finally decided that these plants must be closed down, that they not be dismantled, leaving the future market in heavy water for the province of Ontario, a province that is certainly not in need of assistance to the same level as are Cape Breton and the maritime provinces.

Let me just add a word or two about what Senator Doody has said in relation to the output of Lepreau II going to other provinces. Much of the production of Lepreau I now goes into New England pursuant to long term contracts. One of the reasons that the plans for Lepreau II were shelved for a time was the softness of the market due to the economic conditions in New England. That market appears now to be firming, with the result that Lepreau II is very much on the front burner. Probably within months from today, AECL and the Government of New Brunswick will be proposing to the Government of Canada that Lepreau II be proceeded with, involving an expenditure of $1.2 billion. That plant, once in operation, will require large quantities of heavy water into the foreseeable future.

Hon. Jean Le Moyne: Honourable senators, I should like to ask a question of the Leader of the Opposition in the Senate. No doubt he will find me incredibly naive. My question is: How will this debate end? Will it end with the adoption of the report of the committee?

Hon. Royce Frith (Deputy Leader of the Opposition): In our procedures, the report of a committee is not always adopted. The motion that we have before us now is the result of a decision taken yesterday to have this matter taken into consideration today. We do not yet have a motion to have it approved. But the usual result of a report from the National Finance Committee on estimates is that that report is taken as the committee's view on the appropriation bill once it comes forward, because each of the items appearing in the report of the committee will appear as schedules to the appropriation bill.

Appropriation bills are not usually referred to the National Finance Committee, the reason being that the committee has already reported on the estimates. It is quite possible, however, that this subject might be raised again when the appropriation bill is debated.

Senator Le Moyne: That is not my point. I am wondering whether it would be possible to end this debate by having a formal motion respecting these two heavy water plants.

Senator Frith: If a motion were put dealing with this report, it would have to be to the effect that the report be not adopted, for these reasons. I suppose that that is possible. It had not occurred to me. If it is the wish of the Senate that this money should not be granted to de Havilland, the action to be taken would be to defeat the appropriation bill.

Senator Doody: That bill will come in anyway.

Senator Frith: I am not inviting anyone to do that.

Hon. Duff Roblin (Leader of the Government): I would not want to leave the impression in the mind of Senator Le Moyne that that would constitute a sound course to follow.

Senator Frith: I wouldn't either.

Senator Roblin: I would like to make it clear that that is not my view, and I suspect that it is no longer the view, if it ever was, of honourable senators sitting opposite. It is generally accepted, regardless of what we think about regular legislation, that the Senate does not take unto itself, although it might constitutionally do so, any right to amend or to defeat money bills, and that would be the substance of the motion that is before us now, although it could be argued that it really isn't strictly—

Senator Frith: It is stronger than that. It is refusing supply.

Senator Flynn: That is on the bill. This is not a bill. It is not even a motion.

Senator Roblin: It is just to take it under consideration. However, I think the impression might have been left with Senator Le Moyne that it would be possible, in dealing with this motion, to somehow point the finger at the heavy water problem. I suppose it is possible to do that if the wording of the committee report does so. However, in terms of the effective results it is merely an expression of our opinion at that stage. If it is desired to underline it, I guess an inquiry will be introduced, under which one could review the whole matter again, if it is thought advisable to do so.

• (1710)

This underlines what I believe to be the role of the Senate these days, until we are reformed in one way or another. Basically, we are an advisory body. We are entitled to, and indeed should, express our opinions on matters of this sort, and I think there is no reason why other parties in the legislature may not be acquainted with what takes place in the Senate from our *Hansard*. However, it is my view, which is perhaps heretical and not entirely agreed to by everybody here, that we would be well advised at this stage in our constitutional development to recognize the essential advisory function that we perform, rather than thinking that we should take it upon ourselves to modify financial legislation.

Senator Frith: I could always move a motion that the government should rescind its provision.

Senator Le Moyne: I thank the Leader of the Government. I now understand that motions can be dangerous. It was for me a matter of being able to give formal vent to an expression of empathy with the fate of an important part of our country.

Hon. Lowell Murray: Honourable senators, I do not disagree with much of what has been said by honourable senators already in this discussion. However, I am not at all as sanguine or optimistic as some honourable senators seem to be about the future of Candu. It may well be, as Senator McElman has suggested, that markets for power in the New England states are improving to an extent that would justify the construction of a second unit at Point Lepreau. I hope that is the case. We may be able to sell them some power. I doubt very much that we will ever be able to sell them a Candu, because the activities of the environmentalists and other anti-nuclear groups in the United States are such that the process of getting approval for and constructing a nuclear plant anywhere in that country is unbelievably complicated and prolonged. This, of course, is probably the reason why there may be a market in the New England states now for our power.

I was in New Brunswick, working for the government there, at the time the first unit at Lepreau was constructed, with the help of a loan equal to half of the cost from the Government of Canada. I must say that the projections of power demand in that province that the New Brunswick Electric Power Commission and the government were tossing around at that time have proven to be excessively optimistic.

The province of Nova Scotia had an opportunity to participate in the construction of Lepreau I, as it had an opportunity to participate in the construction of Lepreau II. Notwithstanding the fact that the power produced by that plant was cheaper power, Nova Scotia decided, for reasons that will be obvious to honourable senators, to put its money into coal-fired power plants. The province of Prince Edward Island went so far as to refuse to import power from the province of New Brunswick that they thought might have been produced by the nuclear plant, because apparently they thought it would be contaminated in some way. That is the kind of mentality that we are up against even in our own country with regard to the Candu.

At the time the first unit at Lepreau was being built, I recall being told by the authorities at the New Brunswick Power Commission, who came to Ottawa and talked to the Government of Canada, that they could import heavy water from outside the country 30 per cent cheaper than they could buy it from AECL, and threatened to do so. AECL, speaking as a crown agency, made it very clear to them that they could arrange to deny the Government of New Brunswick the necessary import permit to bring in that heavy water at any cost, and eventually a price was negotiated. I do not know whether Canada's competitiveness in the production of heavy water has improved since that time, but in listening to the discussion today, the situation of ten or more years ago, when it appeared to me that the heavy water we were producing was not competitive with heavy water produced elsewhere, came back to my mind very clearly.

There is a possibility of markets opening up in the New England states, and so a possibility of a second unit at Lepreau. Where else? The Leader of the Opposition pointed out that the authorities at AECL had indicated that they might possibly have a sale in Turkey. We have heard that before. We have heard it before about Turkey, about Korea and, I think, about Japan. However, the prospects do not seem at all bright for Candu at this point, notwithstanding the optimism expressed by the Leader of the Opposition and by the authorities at AECL. The prospects do not appear to be at all bright, and I must say that on the basis of the facts as we understand them I am not at all as sanguine or as optimistic as some honourable senators seem to be about the future of that technology.

Senator Frith: Are you optimistic about de Havilland?

Senator Murray: I do not know whether I should be optimistic about de Havilland at all.

Senator Frith: That is the point, is it not?

Senator Murray: I quite understand and, as I indicated, sympathize entirely with the point made by the Leader of the Opposition. We had some pretty encouraging interpretations and assurances about de Havilland from Senator Austin when he was the responsible minister on this side of the house. These are matters that I hope we can have a further discussion on, perhaps in the course of another debate before too long.

The Hon. the Speaker: If no other honourable senator wishes to speak, this order is considered as having been debated.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

CONSIDERATION OF FIRST REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the First Report of the Standing Joint Committee on Official Languages Policy and Programs (Report of Commissioner—1984), which was presented on Wednesday, May 29, 1985.

Hon. Dalia Wood, Joint Chairman of the Standing Joint Committee on Official Languages Policy and Programs, moved adoption of the report.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if I am correct, this motion is one that evokes a new principle that we are trying to operate under, which is that if a motion for committee activity includes the expenditure of funds for travel and assistance from personnel and professional services—unless it is an order for the reference of a bill, for example, and does not ask for any additional powers—but if it is one that will involve the expenditure of additional funds, the person proposing the motion will let us have a general figure for the budget that is envisaged. There are two matters before us which engage that principle now—first the motion by Senator Murray to refer Madam McDou-

gall's paper and now this one. I am not suggesting that this motion should be defeated but I think that before senators are asked to vote upon it they should have that figure.

● (1720)

Senator Wood: Honourable senators, the total budget will be $250,000 representing a cost of $75,000 to the Senate because it is a joint committee. A budget will be submitted to the Internal Economy Committee this week.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would like to say a word or two about that budgetary figure. We in the Internal Economy Committee have been trying to, as Senator Frith has said, get a handle on the budgeting process within our committees, and I think we can manage that very nicely. However, we are faced with a different situation with regard to this committee and a new joint committee to review Canada's external affairs, which, I understand, is in the process of being formed. That estimated amount is a figure that comes from the House of Commons, and we have carried it in the flow. I am not suggesting that we should not go with the flow—quite the contrary, I think we have to. However, somewhere along the line we have to find a way of getting control of our input into these committees. I would like to adjourn the debate now and discuss the matter at the Internal Economy Committee meeting to be held later today. Perhaps we can deal with this matter and report back to the Senate in the matter of a day or so.

On motion of Senator Doody, debate adjourned.

BUSINESS OF THE SENATE

MEETINGS OF COMMITTEES

Hon. Orville H. Phillips: Honourable senators, when the committee hearings for today were scheduled, it was anticipated that we would be adjourning at an earlier hour and, therefore, that the Internal Economy Committee would meet at an earlier hour. A meeting of the Legal and Constitutional Affairs Committee is scheduled for 5.30 p.m. in Room 256-S to consider Bill C-27 and Bill S-2. The Internal Economy Committee will meet, as planned, in Room 356-S.

Hon. Royce Frith (Deputy Leader of the Opposition): Right now?

Senator Phillips: Yes.

ESTONIAN, LATVIAN, LITHUANIAN AND UKRAINIAN COMMUNITIES OF OTTAWA

THIRTEENTH ECUMENICAL MEMORIAL SERVICE AND CONCERT

Hon. Stanley Haidasz: Honourable senators, may I take this opportunity to bring to your attention an event which will take place in our capital city later today. This evening at 7.30 at Notre Dame Basilica will take place the thirteenth ecumenical memorial service and concert sponsored by the Estonian, Latvian, Lithuanian and Ukrainian communities of Ottawa, commemorating their holocausts and the continued violations of human rights in contravention of the Helsinki Final Act and other international human rights conventions. The ecumenical service will be followed by a march and later a gathering at the National War Memorial. As the human rights experts meeting, scheduled to close on June 17, is now bogged down with disagreements over the proposals for a concluding document, I would urge honourable senators to show our solidarity with this peaceful rally calling for respect for human rights and re-affirming our support for agreements contained in the Helsinki Final Act to which Canada and 34 other signatory states committed themselves ten years ago.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 13, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—MESSAGE FROM HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

Wednesday, June 12, 1985

Ordered,—That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider Canada's International Relations;

That the document entitled "Competitiveness and Security: Directions for Canada's International Relations", Tabled on May 14, 1985 (Sessional Paper No. 331-4/10), be referred to the Committee;

That the Committee consider and report upon the issues discussed in the above-mentioned document and make recommendations in their report concerning the objectives and conduct of Canada's international relations;

That the following 12 Members of the House of Commons to act on behalf of the House as members of the said Committee be: Messrs. Axworthy, Chrétien, Crofton, Mrs. Duplessis, Messrs. Harvey, Hockin, Jardine, Miss Jewett, Messrs. Kempling, Langdon, Porter and Stackhouse;

That the Committee have the power to sit during sittings and adjournments of the House;

That the Committee have the power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from time to time as may be ordered by the Committee;

That the Committee have the power to retain the services of expert, professional, technical and clerical staff;

That the Committee have the power to adjourn from place to place inside Canada and that, when deemed necessary, the required staff accompany the Committee;

That a quorum of the Committee be seven members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 4 members are present, so long as both Houses are represented;

That the Committee submit an interim report on Canada's participation in research on the Strategic Defence Initiative and on Bilateral Trade with the United States no later than August 23, 1985;

That notwithstanding the usual practices of this House, if the House is not sitting when an interim or final report of the Committee is completed, that the Committee shall report its findings by depositing its report with the Clerk of the House and that it shall thereupon be deemed to have been laid upon the Table;

That the Committee present its final report no later than May 31, 1986; and

That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, members to act on the proposed Special Joint Committee.

MICHAEL B. KIRBY
for the Clerk of the House of Commons

[*English*]

Hon. C. William Doody (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(d), that the message be taken into consideration at the next sitting of the Senate.

Motion agreed to.

THE HONOURABLE HERBERT O. SPARROW

FELICITATIONS ON UNITED NATIONS AWARD

Hon. Duff Roblin (Leader of the Government): Honourable senators, perhaps I could have leave to interrupt our proceedings for a moment to make reference to a very happy event that took place in New York City on June 5, when our colleague, Senator Sparrow, was awarded a medal by the United Nations Environmental Organization to commemorate, in an appreciative way, his leadership as Chairman of the Standing Senate Committee on Agriculture, Fisheries and Forestry, which is its present name, which prepared a report called "Soil at Risk."

"Soil at Risk" has been one of the best sellers when it comes to reports issued by committees of the Senate. It has had a very wide circulation, and we all have every hope that it will have an equally wide and pervasive influence on those who, either on the farm itself or in positions of technical or political

responsibility, have an opportunity to digest and appreciate the work of that committee.

I know that Senator Sparrow would like me to include in this reference the names of the others of his colleagues who are members of that committee, and I will certainly do so with pleasure now. They comprise: Senator Bielish, Senator Hays, Senator Le Moyne, Senator McGrand, Senator Perrault, Senator Phillips, Senator Robertson, Senator Thériault, Senator Thompson and Senator Watt, and Senator MacEachen and I have the privilege of joining the committee as and when we can.

Senator Marshall: And Senator Marshall!

Senator Roblin: Senator Marshall, you have good cause for complaint, because your name does not appear on this list of members of the committee, so I crave your indulgence.

I have to add that I think we would all agree that Senator Sparrow, as the chairman of the committee, has been the moving force in the close attention the committee has given to the subject matter before them. While he would not claim to be the sole author, I think I could safely describe him as being the principal author of the volume, "Soil at Risk," which the committee produced.

Hon. Senators: Hear, hear.

Senator Roblin: Senator Sparrow, your efforts reflect credit not only to yourself but to the Senate, and to all of us here, and in the name of us all I am happy to congratulate you on this important and splendid recognition that you received from the United Nations.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to join with the Leader of the Government in the Senate in congratulating Senator Sparrow on receiving this United Nations medal. As we know, the medal was bestowed upon him on the day chosen to commemorate World Environment Day. I believe it is noteworthy that the United Nations itself took notice of the work of Senator Sparrow, as chairman of this committee, which has done so much to improve Canadian understanding of the necessity of soil conservation.

The United Nations has had a very deep interest in environmental questions, and I am personally pleased that it is pursuing that interest by drawing attention to the work of individuals like Senator Sparrow. It may be of interest to honourable senators to know that a number of other institutions and individuals were honoured on the same occasion because of their work. For example, David Suzuki of Canada was honoured for his efforts in educating the public on environmental issues. Among the youth oriented organizations honoured were the California Conservation Corps and Katimavik of Canada. I think that the other institutions and individuals recognized on that day add additional significance to the importance of the event and additional lustre to the medal which Senator Sparrow has so richly deserved.

Hon. Len Marchand: Honourable senators, perhaps some of you might be a bit surprised to see me rise on this issue, but I think I am the only senator in this chamber who can write the letters "P.Ag." after his or her name, which means that I am a member of the Agricultural Institute of Canada and the British Columbia Institute of Agrologists which in short terms means that I am entitled to claim that I am a professional agriculturalist.

I want to say to Senator Sparrow that I have had occasion to meet a number of my professional colleagues in the science of agriculture over the last little while and the praise for your work is widespread. I want to add a word of thanks and congratulations on behalf of those professionals as well for the good work that you and your committee did on this grave and serious problem relating to the soil of Canada.

Hon. H. A. Olson: Honourable senators, I should like to join with the Leader of the Government, the Leader of the Opposition and others in expressing congratulations and recognition of the honour that Senator Sparrow has so fittingly been awarded recently. The reason I do so is that about six months ago I had the privilege, with some other parliamentarians from Canada, to attend a conference on the United Nations Environmental Program which has its headquarters in Nairobi, Kenya. At that time there was a great deal of attention given to the problems associated with conserving and rehabilitating the soil in a number of countries in Africa where they have had so much difficulty in the past few years. The publication "Soil at Risk" was very much in the forefront of the leading documentation respecting the consideration given to the risk of our soils. It was also recognized again that of all the assets that nations have, soil is the greatest.

One other factor that came up at that time is that North America about 50 years ago went through a period of drought when there was a great deal of damage done to the soil in the central part of North America, both in Canada and the United States. Senator Sparrow and his committee did draw to some extent upon the experience and the rehabilitation that followed when the weather changed a little, and they did this in such an important way that the publication "Soil at Risk" is a highly regarded reference work on this subject all over the world.

Hon. Hazen Argue: Honourable senators, I too should like to join with the Leader of the Government in the Senate and the Leader of the Opposition and others in extending congratulations to our colleague from Saskatchewan, Senator Sparrow, for the great honour that has been bestowed upon him—an honour that is richly deserved.

As has already been said by others, our soil is one of our greatest assets. Conservation is something that we need to work at all the time.

The work envisaged in the report "Soil at Risk" will continue. I believe even today there is continued work in the Senate Committee on Agriculture on this very question.

The danger of losing our topsoil was brought home vividly to many of us last week when, for two or three days, the soils on the prairies were in motion—in many particular aspects. When the soil is on the move, it is on the move because individual fields on individual farms are blowing and drifting. It seems to

me that bringing knowledge, advice and resources to deal with those individual fields and the individual areas that are drifting or in danger of drifting is really what this report is all about. I expect that it is a report that will lead to action all across this country in dealing with what is currently a very serious problem.

Hon. Herbert O. Sparrow: Honourable senators, I want to thank honourable senators for their very kind remarks. I want you to know that I am very happy to be able to share those tributes with the members of the committee that Senator Roblin mentioned, as well as with the staff of that committee, who played a very valuable part in carrying out the study and in writing the report. As well, I want to share your congratulatory remarks with all conservation-minded citizens in all of Canada.

INDIAN ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-31, to amend the Indian Act.

Bill read first time.

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

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TENTH, ELEVENTH AND TWELFTH REPORTS OF COMMITTEE TABLED

Hon. Royce Frith, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the Tenth, Eleventh and Twelfth Reports approving the budgets of the following committees:

Foreign Affairs

National Defence

Agriculture, Fisheries and Forestry

(For text of reports, see today's *Minutes of the Proceedings of the Senate.*)

[Senator Argue.]

• (1410)

[*English*]

VETERANS AFFAIRS

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO ADJOURN FROM PLACE TO PLACE WITHIN CANADA

Hon. Jack Marshall: Honourable senators, I give notice that, on Tuesday next, June 18, 1985, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate, on Wednesday, December 12, 1984, to review and update the recommendations contained in the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981, and to enquire into any matter related thereto, or any Sub-Committee so authorized by the Committee, be empowered to adjourn from place to place within Canada for the purpose of such consideration.

Under the new rule, honourable senators, the amount of the budget is $19,968.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I rise at this time to move the adjournment motion, which proposes, in this instance, that the Senate meet on Monday next, June 17, at 8 o'clock in the evening. As honourable senators are aware, our work load is increasing. There is currently before the committees a number of bills for pre-study. There are several other bills, including Bill C-15, currently on the order paper. Bill C-31, to amend the Indian Act, also has to be dealt with. I understand that an appropriations bill will come to the House of Commons today, and, of course, it is imperative to deal with borrowing bills expeditiously.

We may have to deal with other legislation of which I am not yet aware, but in anticipation of keeping ahead of the work load, and not wanting to ask my colleagues to return in July, I would suggest that we try to complete all of our work in the time available.

To that end, honourable senators, I move:

> That when the Senate adjourns today, it do stand adjourned until Monday next, 17th June, 1985, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE BUDGET

DE-INDEXATION OF PENSION BENEFITS—GOVERNMENT POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am seeking from the Leader of the Government an authoritative statement on the proposal to eliminate the full indexation of pension benefits. The honourable leader may have noticed the headlines in the various newspapers this morning on this question: "We may scrap de-indexation, Mulroney hints"; "Govt. back-pedals on pensions"; "Pension cuts a 'proposal,' PM asserts."

Can the Leader of the Government tell us whether there has been a shift in government policy and that it is now the intention, as the newspapers say, to backpedal?

Hon. Duff Roblin (Leader of the Government): My honourable friend knows as well as I do that it is not customary for representatives of the government to deal with newspaper reports of this kind, particularly headlines. I really have no information that I can give him that would either confirm or deny what he has read in the newspapers. If any changes are to be made to any aspect of the government's financial program, they will be announced in due course when the government is able to make such a statement. I have no indication at all that any such statements are forthcoming.

Senator MacEachen: Yesterday, in the House of Commons, the Prime Minister stated, in reply to a question:

> The reason this particular measure

—namely, the pension measure—

> was not implemented on budget night was because of our apprehension in regard to the possible impact. That strikes me as being legitimate. We wanted to monitor the situation as closely as possible so as to minimize whatever effects there were on the elderly.

I would like to know from the Leader of the Government in what way the government could have implemented this measure on budget night. The Prime Minister has said that this measure could have been implemented on budget night if he had not been concerned and apprehensive about its possible impact.

Perhaps the Leader of the Government could also tell me whether or not there is any provision in any of the budget papers that would lead to the implementation of this particular measure.

Senator Roblin: I think I can confirm to my honourable friend that the date on which the partial de-indexing of old age pensions will apply is after the first quarter of next year, that is, after April 1986. That is the policy of the government at the present time and that is the date the government has decided to set for the implementation of this measure. Other dates may indeed be possible, but I must confess that the one that concerns me is the one that has actually been accepted.

Senator MacEachen: The honourable Leader of the Government has not answered my question as to how it would have been possible for the government to implement this measure on budget night. I do not see how it could have possibly been implemented.

Senator Flynn: He didn't say that.

Senator Frith: Yes, he did. What did he mean when he said he was refraining from doing it?

Senator MacEachen: The Prime Minister stated that this particular measure was not implemented on budget night because the government was apprehensive. I assert to the Leader of the Government that in my view there is no way that this measure could have been implemented on budget night; it would require an amendment to the Old Age Security Act and that the amendment has not even been introduced yet. I have searched the budget papers—

Senator Flynn: Search your mind, that would be much better.

Senator MacEachen: —the ways-and-means motions—

Senator Frith: Slow down.

Senator MacEachen: —and there is no reference whatsoever in the budget papers—

Senator Frith: I hope you are laughing at the Prime Minister.

Senator MacEachen: —to this particular measure.

Senator Flynn: I am laughing at your leader.

Senator MacEachen: I would like to know how, in the mind of the government, this measure could have been implemented on budget night. Is there a way?

Senator Flynn: As if you knew nothing about the process!

Senator Roblin: I think that my responsibility here is not to answer hypothetical questions such as the one raised by my honourable friend but to try to deal with the policy the government has adopted. The policy the government has adopted and the timetable attached thereto is part of the budget statement, and that is the position on which I must take my stand.

Senator MacEachen: May I ask this question: Can the Leader of the Government tell us that the proposal or the measure referred to in the budget speech by Mr. Wilson with respect to the elimination of full indexation is still the firm policy of the government?

Senator Roblin: It has never been the firm policy of the government to eliminate indexing.

Senator Frith: What?

Senator Roblin: The firm policy of the government is that partial indexing will be—

Senator Frith: The firm policy of the government is that it does not have a firm policy.

Senator Roblin: Would you like to answer the question?

Senator Frith: I sure would, and a lot of old age pensioners—

Senator Roblin: You wouldn't be able to.

Senator Frith: —would like to hear the answer, too.

Senator Roblin: The question of indexing is certainly under active public discussion. Indexing on the GIS continues. Partial indexing on old age security is to be altered when the budget measures come before Parliament, and they still have to be approved by Parliament. Unless one wants to carry my friend's interpretation of the rule of anticipation as far as that, one would not normally anticipate that it would be altered. However, that is the policy of the government at the present time, and it is to that policy that I must speak.

● (1420)

Senator MacEachen: Is the Leader of the Government in the Senate confirming that it is still the policy of the Government of Canada to eliminate full indexation of pension benefits, or, as he puts it, to institute a form of partial indexation for pension benefits? I think that the Leader of the Government adds to the confusion that we are all experiencing in knowing—

Senator Flynn: In exploiting.

Senator Frith: You would never do that, would you?

Senator MacEachen: —what the government really has in mind, because the Prime Minister himself is showing every indication of uncertainty and hesitation.

Yesterday, in the other place, in reply to a question, the Prime Minister said:

> I can say without the slightest hesitation that, as far as this particular measure is concerned, we were somewhat hesitant, the proof being the statement in the Budget that we are going to monitor the situation on a regular basis.

The Prime Minister says he is hesitant—

Senator Frith: Without hesitation, he says it.

Senator MacEachen: The Prime Minister said:

> I can say without the slightest hestitation that, as far as this particular measure is concerned, we were somewhat hesitant—

Senator Flynn: We were; we are not now; we were hesitant.

Senator Frith: That is what we are trying to find out. Senator Flynn says he is not hesitant now.

Senator Flynn: Now there is no problem.

Senator MacEachen: I would only await the word of the Leader of the Government in the Senate, rather than the word of Senator Flynn, that while there was hesitation before budget night, there is no hesitation today. Can the Leader of the Government say that that is the case?

Senator Roblin: When one enters into discussion about hesitation, when one enters into discussion about sober second thoughts; when one enters into discussion about changes in budgets, there is no person who is more expert in this field than my honourable colleague, Senator MacEachen. A few years ago, he brought in a budget for this country, and if there was one measure in that budget that was not changed, it escaped my notice. Possibly there were some, but I can say that over the following six to twelve months after that budget had been produced, every important, salient factor in it was subject to change.

Senator Flynn: And the minister also was changed.

Senator Roblin: I should modify that statement: I say "every"; it is always dangerous to make an absolute statement, because human beings are usually better off if they are not quite so positive. However, I would say that many of the proposals were changed, and for good and sufficient reason, and I do not think that my honourable friend regards himself as a disgrace because that happened. I do not think he felt that he had been abandoned or that he had betrayed his trust because he made some changes.

Senator Flynn: We were all in sympathy.

Senator Roblin: The fact that he had his whole budget thrown out—there I go again making these sweeping statements—but again, the fact that he had his whole budget thrown out perhaps did not please him but he did not regard himself as a failed public servant on that account. I suggest that when we discuss matters of budgetary alterations or budgetary reviews, we should realize that there is room in every budget—as, indeed, there was in his—to reconsider matters that have been put forward.

I would not like my honourable friend to stand up immediately and say, "What matters are you reconsidering?" because that is a question I am quite unable to answer at the present time. I can say, however, that in the budget papers themselves, in connection with this particular measure, it was made clear that there was concern and that it would be monitored. That is what the Prime Minister is saying in the other place, and I, for one, hope that that is the policy that we will follow. There may be improvements that can be made, and if there are such improvements, not only in this aspect of the budget but in others as well, as we debate them, I would not like to be one who says that I never change my mind or that nothing can ever be improved upon, because I think it can be. I tell my honourable friend that it is useless for him to try to sow—is it confusion? Well, I think so.

Senator Flynn: Exploit the confusion.

Senator Frith: Right on!

Senator Roblin: He has been doing that very successfully.

Senator Flynn: Exploiting the confusion in the mind of the public.

Senator Roblin: If there is confusion in the mind of the public, my honourable friend has some responsibility for that. I do not ascribe to him full responsibility for that, but he has to take some responsibility for it.

I am simply telling him that the Prime Minister's statement in the other place stands on its own feet; it speaks for itself. He

knows perfectly well that I am not in a position to amend or comment on that statement, and even if I were, I would not do so.

Senator MacEachen: The Leader of the Government is very hesitant. He certainly does not have the confidence Senator Flynn has, who said that they were hesitant before budget night but today they are not hesitant. The Leader of the Government has shown an indication of hesitation because he is sowing the seeds for possible change in that rather defensive answer.

I thank him for his solicitude about my experiences, which I always find challenging, but I never find it possible to operate and speak "without the slightest hesitation" while at the same time saying that I am "hesitant." That is what the Prime Minister did yesterday.

Perhaps the leader would reflect upon a further statement made by the Prime Minister. Anybody who has any doubt about the intention of the government will have that doubt removed as a result of this statement by the Prime Minister, because the Prime Minister now has put the Minister of Finance in complete uncertainty by his statement on this particular measure. That statement is found at page 5676 of *House of Commons Debates*, and reads as follows:

> The Budget proposals on limiting indexation are not in effect at this time and will not come into effect until January 1 of next year—

But listen to this, honourable senators:

> —and if we do proceed with this measure, the initial effects thereof could not be felt until April, 1986.

Senator Frith: Bye-bye Michael Wilson!

Senator MacEachen: Will the Leader of the Government now confirm that the government may not proceed with this measure at all, that the hesitation that prevailed before the budget is still threatening the government, still making the government nervous? Will the Leader of the Government now say that the government will go ahead with this de-indexation measure? Can he say that?

Senator Flynn: Idle words.

Senator Roblin: I wonder whether, when he [*the then Mr. MacEachen*] presented his budget in the other place, he was asked if he intended to proceed with his measures.

Senator Frith: Why have an inquiry into Senator MacEachen's budget? Why not talk about this budget?

Senator Roblin: I would like to profit from Senator MacEachen's experience.

Senator Frith: But you will get to the question eventually.

Senator Roblin: I cannot recall a Minister of Finance in my time, with the exception of Walter Gordon, who had more trouble with budgets than did Senator MacEachen. So, when he—

Senator Frith: Just take a look at Michael Wilson's.

Senator Roblin: —asks questions about changing policy or changing my mind, I am only one of 39, and I am certainly not going to enunciate government policy on this matter in the Senate, because I have no right or authority to do so.

Senator Frith: You are talking about everything but the subject.

Senator Roblin: I have to point out to my honourable friend that his experience is illustrative, and we hope we will not make as many mistakes as he did.

Senator MacEachen: Unfortunately, while the Leader of the Government is not obliged to talk about past policies; he is obliged to talk about present policies. He is so uncertain about those that he cannot stay on that ground; he has to go back four years and talk about past experience.

I am asking the leader if he is able to tell us today that this measure will proceed. Can he tell us that, clearly and simply? Can he give us a "yes" or "no" answer to that?

Some Hon. Senators: Hear, hear.

Senator Roblin: When my honourable friend answered questions relating to his budget he did not answer categorical questions of that sort, when there had been a plain statement by the Prime Minister that the matter was under review.

The matter is under review, and those are the exact words that were used, the right words. We will develop our policy as we think the situation requires. We have a proposition before the Canadian people. That, at the present time, is the policy of the government. If the government decides to change that policy my friend will be informed in due course. Speaking at the present time, and speaking as I know the situation, I say that this is the policy of the government, that we will bring these measures in, but we will not do so in a blind, insensitive and—

• (1430)

Senator Frith: Confusing.

Senator Roblin: We will deal with it in a good, calm—

Senator Frith: Uncertain, hesitant. We are just trying to give the honourable senator some extra words.

Senator Roblin: When I have to borrow words from the honourable senator, that will be a hard day as far as I am concerned.

Senator Frith: I am just offering them; they do not have to be accepted.

Senator Roblin: My vocabulary is as good as the honourable senators, and much more to the point and sensible, so I advise my honourable friend to keep out of this discussion, because it is not his question. If he wants to answer a question, he can stand on his feet and do so and no doubt he will.

Senator Frith: Ask me one.

Senator Roblin: I am not going to ask the honourable senator a question—

Senator Frith: Make up your mind.

Senator Roblin: —because I would not get an answer that would be worth two cents, so I won't pay any attention to him. I say to my honourable friend that the position of the government is quite clear, and he can indulge in all the oratory or all the play on words he wishes to, but it does not alter the situation.

Senator Frith: The confusing situation.

Senator Roblin: You are the confused one.

Senator MacEachen: The Leader of the Government has stated that the government will bring in this measure. Those were his words, that it "will bring in this measure." He has added to the difficulty, because yesterday the Prime Minister said, "If we do proceed with this measure". So the Prime Minister has left the door completely open for the government not to proceed with the measure, and I would be satisfied if the Leader of the Government in the Senate were to say, "I agree with the Prime Minister. We are now in a state of mind that we may not proceed at all with the measure." I think that would be fair, because that is the meaning I read into the Prime Minister's words. However, it is clear that the Leader of the Government really does not want to say, because he does not know, and it would be better for him to admit it, or to rely on the words of the Prime Minister.

I am not going to complain any further, because if I wanted to produce additional evidence I would quote the Press Secretary of the Prime Minister, who said very clearly, "We may not proceed at all with this measure." That is all I have been asking. The Leader of the Government says, "Yes, we will proceed," and the Prime Minister says, "We may not proceed."

Senator Roblin: I do not think the Press Secretary is an authority on which I would care to rely. They are usually well informed, but they do not state government policy. The Prime Minister states government policy. The Prime Minister has not stated that he will not proceed with this measure. He has used the words my honourable friend has quoted, and I take my stand on precisely the same words.

Senator Flynn: He does not understand.

Senator MacEachen: I thank the Leader of the Government for that, because he has modified his previous statement—

Senator Roblin: I don't think so.

Senator MacEachen: —which was that the government would bring in this measure. He has modified that, and I think he is now consistent with what the Prime Minister has stated, which is that we may never see this measure. So much for the rule of anticipation.

Senator Flynn: Boring!

Senator Roblin: I advise my honourable friend to watch the development of events closely. I think he will see that the measures the government will provide will be consistent with the budget that we have presented, and at the same time will take into account difficulties that will arise. This is not the only subject on which I expect we will see some considerable discussion, not because I particularly want to hear it, but I am perfectly sure that after we get through with the bills that come before this house with respect to taxation measures, if we do not get 199 different opinions, we will certainly get two sets of opinions as to what is good and what is bad with this budget.

If anyone thinks that the government is going to be able to proceed with this measure without a very interesting and, I hope, fruitful debate, in which different opinions will be expressed on the measures, I will be disappointed. I want to hear that debate. I have never made a claim that a government with which I have been associated is perfect. I am sure this government is not perfect. My own government in Manitoba was not perfect. We made lots of mistakes. We tried to get at least 51 per cent of our decisions right. However, I am never one to stand in my place and say that we are perfect and won't listen to sound advice, because we will. Some advice we do not take, but there is some advice that we will take.

Senator Frith: Like vocabulary.

Senator MacEachen: If one wanted to give advice, that would be one thing, but we have not reached the stage of giving advice.

Senator Flynn: You certainly haven't. That is quite obvious.

Senator MacEachen: All we are doing is trying to find out is where the government stands, and I think that is a legitimate purpose in Question Period, to know what government policy is. The Leader of the Government has confirmed what the Prime Minister stated yesterday that the government may not proceed with this measure on de-indexation. It may not proceed. So, it is not firm government policy; it is backpedalling, and we will see more of it.

Senator Roblin: I think that if changes are made in this matter my friend will perceive that they are not back-pedalling. I think he will perceive, if he is fair, that they are improvements, and that I think we can look forward to.

Senator MacEachen: We hope so.

IMPACT OF MEASURES

Hon. John B. Stewart: Honourable senators, I should like to address a question to the Leader of the Government in the Senate. Yesterday I asked him if an impact study had been made showing what the results would be for the various regions of the country of the measures included in the budget. He did not answer that question. That was not really his fault, because I went on to ask another question, and he was so busy answering that one that we both forgot the first question.

I read in the *Globe and Mail* today that prior to the budget being presented last month the Minister of Finance was given figures by his department which showed that the tax increases would hit low-income and middle-income earners harder than high-income earners.

Am I correct in assuming that if that kind of impact study was made by officials in the Department of Finance, they made a comparable impact study with regard to the way the

budget measures would influence people in the different regions of the country?

Hon. Duff Roblin (Leader of the Government): The government makes studies of many kinds and sorts, and I am sure that a great many were made in connection with the budget. Whether or not those studies will be made public, of course, is the matter my honourable friend is referring to, and I can give no undertaking that that will be the case. I can tell him, however, I have seen certain figures in newspapers that attracted my notice, and which I do not believe match the figures provided by the government on the same subject, and I intend in the course of time to make a review of those figures to do what I can to reconcile the differences.

Senator Stewart: The Leader of the Government has indicated that he will correct this kind of information if correction is in order. Will he make available to honourable senators any study showing the impact of the budget measures on the different regions of the country? Or is it the situation that no such impact study was made?

Senator Roblin: As I think I told my honourable friend yesterday, I am not in the impact study business. It is the part of other people to undertake that if they wish to do so. I can say that I have no authority at present to say that those studies will be provided to my honourable friend.

Senator Stewart: I did not expect that the Leader of the Government himself would make an impact study, but I am sure that he, as a member of the government, knows whether or not such studies were made, and the question is: Are those impact studies available to senators, as they seem to be available to the correspondents of the *Globe and Mail?*

Senator Roblin: A lot of things become available to the correspondents of the *Globe and Mail.* As a matter of fact, if one wants to be philosophical about it—and I think I probably do at this moment—I take the view that there are no secrets in government, in the sense that sooner or later all the facts, whether they should or should not, become part of the public domain. It is, nevertheless, my firm opinion—and I think I am probably at odds with the Auditor General on this point—that documents which can properly be classified as cabinet documents ought not to be made public, or else the principle of cabinet solidarity is not capable of being sustained in a parliamentary democracy. If the documents my honourable friend talks about come within that range of documents—and I include budgetary considerations in that range—I doubt that they will be made available to him.

Senator Stewart: If they are not, will they be made available?

Senator Roblin: No.

Senator Stewart: They will not, even if they are outside the ambit of cabinet documents?

Senator Roblin: If they are within the ambit of those documents that we now make available to the public, they will be produced. My honourable friend understands that there is extensive legislation on secrecy and the availability of documents to the general public. Such documents as come within those categories, my honourable friend can read for himself.

• (1440)

[*Translation*]

Hon. Pierre De Bané: Honourable senators, I have a supplementary for the Leader of the Government in the Senate. I must assume the Department of Finance orders impact studies on the various proposals contained in the Budget.

If my assumption is correct, could the Leader of the Government in the Senate undertake to ask his colleague, the Minister of Finance, to publish these papers?

This is not, of course, a matter of State secrets or matters affecting the country's security.

[*English*]

Senator Roblin: Honourable senators, that question is the same as the one that was just asked by Senator Stewart, and I give the same answer.

Senator De Bané: Would the honourable Leader of the Government in the Senate tell us by what rationale the documents that could support what Mr. Wilson said a few months ago that the budget would be tough but fair will not be made public?

Senator Frith: Because they can't find the fair ones.

Senator De Bané: The leader knows that there are only one or two reasons why documents cannot be made public—either they are cabinet secrets or they relate to the security of the state. Obviously, the impact of a budget on the taxpayers is of public interest. His government has promised an open government and I cannot understand why those documents are not being made public.

Senator Roblin: It is my impression that the documents that make up the budget are, indeed, cabinet papers, because that is the basis on which the cabinet makes its budget decisions and, therefore, are clearly covered by the conventions of this country.

Now that we are on the point, I would like to see a change in the way we prepare our budgets. I am opposed to budget secrecy in the way in which that principle is applied in this country these days. I do not think it is necessary and I think it would be helpful to governments if a different system were adopted. However, that is not the case, and as matters stand at the present time I do not think that those documents could be regarded as those which come under the legislation respecting the publication of government documents.

Hon. Philippe Deane Gigantès: Honourable senators, I should like to address my question to the Leader of the Government in the Senate. Would he kindly take under consideration and eventually give me an answer as to whether or not the measures announced in the budget will cost pensioners $1.6 billion a year by the year 1990-91?

Senator Roblin: On that subject, I can give my friend no information other than that which is contained in the budget

papers. That is the information that I have and it is available to him now.

Senator Gigantès: Would the honourable Leader of the Government confirm the figures given by the National Council of Welfare or if he cannot confirm them now, would he have them studied by his able staff, and let us know if it is true that a single pensioner now receives $7,310 a year and that this single pensioner between now and 1991—

Senator Flynn: The year 2050.

Senator Gigantès: —will lose $1,604 of purchasing power from this sum, and from what these pensioners are expected to cut these sums?

Senator Flynn: That is stupid.

Senator Roblin: Honourable senators, I have seen several calculations as to the effects on old age pensioners and all of them are different. I have no intention of confirming or denying the figures given by my honourable friend. They are the responsibility of the organization that put them together, and he can speak to them about their validity.

Senator Frith: You wouldn't want to clarify the conclusion anyway.

Senator Gigantès: Would the honourable Leader of the Government care to comment on the anxiety expressed by maritime premiers and by the Premier of Quebec and by the National Assembly of Quebec about the very adverse impact of the budgetary measures not only on pensioners but also on everybody else with an annual income of $30,000 and under?

Senator Roblin: The views of the premiers was the subject of a question raised yesterday. I answered it yesterday and I think that that answer should stand.

Senator Gigantès: Would the Leader of the Government care to comment on recommendations by various business associations, including the Business Council on National Issues, that money that is going to be taken away from the pensioners by the government could be found elsewhere? Could he inform us whether these business councils, in making these recommendations to a government they support, have volunteered to give up some of the tax advantages they have received in this budget for the sake of the poor?

Senator Flynn: Oh, my God!

Senator Roblin: I know my honourable friend does not expect me to comment on newspaper reports of that kind. However, I must say that I find his last suggestion one of considerable interest.

Senator Gigantès: Would the honourable Leader of the Government kindly undertake to inquire of his colleagues in the cabinet whether they are prepared to reduce the allowable RRSP deductions given to people who can afford such deductions in order to compensate at least the poor among pensioners for the amount of money that the Treasury is raiding from their incomes between now and 1991?

[Senator Roblin.]

Senator Roblin: Of course, I do not agree with the premise of the question at all because it is a subject for debate. We have been advised by one of our colleagues here to try to shorten our proceedings and I will give you a short answer: No.

Senator Gigantès: Will the honourable Leader of the Government kindly inquire of his colleagues whether there has been any offer by the multinational oil companies to give up one-tenth of the windfalls they are receiving in tax cuts, since this one-tenth would cover the $860 million that Mr. Epp says it would cost to double index the Guaranteed Income Supplement for those pensioners who do receive it?

Senator Roblin: If my honourable friend wants to debate the National Energy Policy all over again, he is welcome to do so. If that is the essence of his question, I decline to make any further answer to it.

Senator Gigantès: Would the honourable Leader of the Government let us know whether, among the other considerations that are being hinted at everywhere, the restoration of the cut of $100 federal tax deduction—

Senator Flynn: You're boring!

Senator Gigantès: —for people receiving $30,000 or less is going to be reconsidered by his cabinet or is being discussed at all?

Senator Roblin: If it were being discussed by the cabinet, I would not be in a position to tell my honourable friend about it until some decision had been reached.

Senator Gigantès: Would the honourable Leader of the Government tell us that in view—

Senator Flynn: You're boring!

Senator Frith: Then leave, if you're bored. We'll let you know when Senator Gigantès has finished asking his questions.

Senator Flynn: That is what I am going to do right now. Your Honour, I'm sorry but I'm leaving because I'm bored.

Some Hon. Senators: Hear, hear.

Senator Perrault: If you can't stand the heat, get out of the kitchen.

Senator Flynn: And you're going to be bored, too!

Senator Frith: It's a pretty hot kitchen. You had better get out.

Senator Gigantès: Honourable senators, I wish to tell Senator Flynn as he is leaving the chamber that I have for him as much esteem as he has for me. I will not go so far as to say that I have as much esteem for him as the Prime Minister has for this chamber and its members, even those he has recently appointed himself.

Senator Frith: One down and twenty-four to go.

Senator Gigantès: Would the honourable leader, in view of the general outcry at the $500,000 capital gains tax exemption, undertake to express to his cabinet colleagues the concern of many honourable senators that this tax exemption is not

going to help the Government of Canada because it is given in such a way that it can be used to collect foreign coins, or foreign art or to buy condominiums in Florida?

• (1450)

Senator Roblin: If my honourable friend wants to debate the issue of the capital gains allowance, I invite him to submit an inquiry, and we will talk about it.

Senator Argue: Even a motion.

Senator Gigantès: I thank the Leader of the Government for his suggestion, and I will follow it.

I should like to ask the Leader of the Government a question about the suggestion by the Minister of Finance that bonds might be indexed, which is an excellent suggestion. If bonds held by the rich are going to be indexed, is the Minister of Finance going to consider indexing the pensions of the poor?

Senator Roblin: When the government's ways-and-means motions and other bills connected with the budget are presented, my honourable friend will have an adequate opportunity to debate that issue. This is not the time to do so. This procedure of his of offering a succession of questions—which certainly goes beyond the usual limits of tolerance of this house—is counterproductive.

Senator Gigantès: I acquired my habit of asking questions by observing the Honourable the Leader of the Government and his colleagues when they were sitting on the other side of the house asking questions that were very much in the same spirit as mine, and I remember, too, the great tolerance with which the then Leader of the Government, Senator Olson, and the then Deputy Leader of the Government, Senator Frith, treated them.

Senator Frith: Carry on.

Senator Gigantès: Will the Honourable the Leader of the Government do me the favour of asking his able staff to examine an article appearing in the *Globe and Mail* today reporting that the Canadian Council on Social Development has made calculations—which appear accurate to me—on the impact of the budget on various families, showing that the budget will take money from people of modest means and the poor and give it to the rich?

Senator Roblin: I want to join in the tribute that Senator Gigantès has paid to Senator Olson. It is true that we had a vigorous Question Period when Senator Olson was in this chair—and with good reason; there were four cabinet ministers, each of whom held a portfolio, and he, Senator Olson, was the chairman of the cabinet committee that dealt with economic matters generally.

Senator Doody: He was in charge of large projects.

Senator Roblin: And, as far as I could understand, did it very well.

Some Hon. Senators: Hear, hear.

Senator Roblin: And that is the reason why he was the target of a good many questions from me, and from others—and I think he did a good job in dealing with those questions.

The situation today is not the same. I do not know how many times I have to point out to my honourable friend that I am not a portfolio minister. For him to favour the house with this series of budgetary questions—which indeed should be part of a speech—really does not conform with the tradition of Question Period in this place.

Senator Frith: Oh, certainly it does. You have to try to get the answers.

Senator Roblin: I do my best to get the answers. When I get a good question, I will give a good answer.

Senator Frith: But that doesn't make his question out of order.

Senator Roblin: No one has said that the question is out of order. We know perfectly well that we have no order in this house when it comes to Question Period. None whatsoever. One can ask as many questions as one likes and as often as one likes, and we do not quit until people get tired of asking questions. There isn't even a time limit here.

Senator Frith: Exactly. Hear, hear!

Senator Roblin: We have one man who accepts the responsibility of doing what he can to answer questions, and I do not think I have ever backed away from that.

Senator Frith: Well—?

Senator Roblin: But I think the rule of reason has some place in the Senate and ought to be considered by members of this chamber.

Some Hon. Senators: Hear, hear.

Senator Gigantès: I would appreciate it if the Honourable Leader of the Government took my questions under consideration and provided me with answers. Otherwise, in my humble opinion, honourable senators, we are in a very difficult situation, because the one minister we have says that he cannot answer the questions because he is not a portfolio minister, and he says he has not been given a portfolio, whereas—

An Hon. Senator: Get yourself elected to the House of Commons.

Senator Gigantès: —whereas senators from the Liberal Party, in a previous government, had portfolios.

It is not the fault of the members of this house that he does not hold a portfolio. Because the Leader of the Government in the Senate is not informed on matters to the point that he can give us answers to our questions, or because he himself is not willing to provide us with answers, is not to say that we do not have the right to ask questions.

Since we do have the right to ask questions, I should like the Leader of the Government to ask the officials of the government to consider the impact that Mr. Reagan's tax reform proposals—proposals which go in the opposite direction to ours—will have if adopted in conjunction with the proposals to be adopted in Canada.

Senator Roblin: I have to agree with my honourable friend that the fact that there is only one minister on this side of the

house is not the fault of this house. It is the fault of the electorate of Canada. The reason we had so many ministers on this side of the house in the former government is that that government had no representation in three of our provinces. Therefore, it was a reasonable proposition, and one which I supported, that there be cabinet representation in the Senate, thus taking care of that deficiency.

But the electorate of Canada has taken care of that. We are now back to the usual position in the Senate where the number of cabinet ministers is limited. In fact, there have been occasions when there has been none in the Senate. But it is considered advisable that there be at least one.

I do not take kindly to my honourable friend's suggestion that I do not answer questions. I answer questions where I have information. Where I do not have information and it is an important matter—and I think I must be allowed to look at it from that point of view—I get the information.

But when I am presented with non-parliamentary questions—and most of my honourable friend's questions this afternoon have been, to the extent that he has asked me to confirm information or figures provided by outside bodies, or comment on what someone else outside Parliament has said—it is not part of my job to answer those questions. That is not part of my job; it is not part of Question Period.

My honourable friend, I think, is intelligent enough and sufficiently au fait with the workings of Parliament to know that that is the case.

I would hope that he and I could leave our discussion at this point, because I assure him that he is not going to get much further with me.

I see that one other friend of mine across the way, Senator Stollery, who asked me an interesting question the other day—a question which I could not answer at that time—seems to want to rise to put a question. It may even be the same question, and this time I have the answer.

The Hon. the Speaker *pro tempore:* Senator Stollery—

Senator Gigantès: Would the Honourable Leader of the Government please at least answer those questions where I asked him to ask officials of the government to obtain information on certain issues, issues that are being touched upon and discussed publicly, and on which we, the members in this house, even if it is only me, want some answers?

Senator Frith: That is quite legitimate.

TIMING OF IMPLEMENTATION OF BUDGETARY PROVISIONS

Hon. Peter A. Stollery: Honourable senators, my question is for the Leader of the Government in the Senate and relates to the budget. I am not going to ask the Leader of the Government for specific information.

From listening to the Minister of National Health and Welfare speaking in the other place, there would appear to be two budgets: there is the budget that comes into effect on the night that the budget was put before Parliament, the immediate budgetary effects; and then there are the effects which are the result of bills to be put before Parliament at a later date. I had not understood that in fact there are two quite separate budgets.

Given the rules of secrecy and given the tradition of putting budgets before Parliament, have we got to the situation now where we have, in effect, two quite separate financial presentations being made to Parliament?

Hon. Duff Roblin (Leader of the Government): I have not heard the statement of my colleague in the other house, so it is difficult to comment on it. As far as I am concerned, as a matter of principle, there is one budget.

Senator Stollery: There are a number of measures which will require parliamentary approval, with that approval coming by way of approval of bills, and those bills we will be seeing some time in the fall.

My question for the Leader of the Government in the Senate is: Given his indication in answers given earlier today that the question of the partial de-indexing of old age pensions is an issue that has not yet been quite decided, may that principle also be applied to the various other measures put before Parliament under the name of the budget on budget day? In other words, may we also anticipate changes in the government's attitude to the capital gains provision and many of the other measures which, presumably, we will see before us in a series of bills?

● (1500)

Senator Roblin: There are no changes in those respects that I am aware of at the present time, but I would point out to my honourable friend that sometimes the budgetary process has been a lengthy one, indeed. In fact, during the previous administration, I can recall instances where budgetary legislation was not produced, and certainly not acted upon, until 12 or 18 months after the original budget, and that we were in another financial year altogether before the budgetary measures were dealt with by Parliament. In the course of that 12 to 18 months, very considerable changes—in fact, dramatic changes—were made in the nature of the legislation.

I am not saying that that is going to happen this time, because I have no information that it is. I simply tell my honourable friend that that is the way the thing has been done in the past. It illustrates the nature of the parliamentary process.

ATLANTIC PROVINCES—IMPACT OF MEASURES

Hon Charles McElman: Honourable senators, I direct my question to the Leader of the Government in the Senate. As he is probably aware, the Council of Maritime Premiers has been meeting in Prince Edward Island this week. Premier Lee is the chairman and spokesman of the Council at this time.

On Tuesday, June 11, it was reported in the *Telegraph-Journal* of Saint John that, in reference to the budget of the Minister of Finance, the Honourable Michael Wilson, Premier Lee said:

—there's no question the region got the short end of the stick.

The Atlantic Provinces did get short-circuited in this budget, there's no two ways about it. A number of things will have a drastic impact on Atlantic Canada and this is why I say the federal government has to be educated to the fact that there is a need to address our special needs much differently than they have in this budget.

I ask the Leader of the Government in the Senate whether, as part of that process of education, the Council of Maritime Premiers has made a direct representation to the government for changes in this budget.

Hon. Duff Roblin (Leader of the Government): I respect the right of Premier Lee to represent the interests of his province in the best light possible. There is no question about that. That applies, of course, to any other province in this country.

Honourable senators, this general subject matter was dealt with yesterday, and I gave an answer. My friend, however, has asked a specific question: Has the Council of Maritime Premiers made any representation to the government? I will find out.

Senator McElman: I have a supplementary question, if I may. At the same time, Premier Lee—I assume that he was speaking as chairman of the Council of Maritime Premiers—said:

The premiers are also unhappy about Ottawa's decision to de-index old age security pensions—

I remind honourable senators that he is speaking on behalf of P.E.I., New Brunswick and Nova Scotia—on behalf of premiers who are not unfriendly, in normal circumstances, to the administration. With reference to de-indexation, Premier Lee went on to say that "the move is completely unacceptable."

Would the Leader of the Government also inquire whether the Council of Maritime Premiers has made this view of de-indexation known to the Government of Canada?

Senator Roblin: I would just like to take issue with the premise of my honourable friend's question; namely, that if a party in power in a province is of the same political stripe as the party in power in Ottawa, there is some special electricity between them. Perhaps that is so, but I want to tell him that, as my honourable friend seated next to me says, it is high voltage electricity. Speaking as one in the business, I never found myself at any loss for inspiration or for words when I was a Progressive Conservative premier dealing with the Progressive Conservative government in Ottawa. In fact, I sometimes thought that other governments were just as easy to get along with.

Senator Olson: Perhaps you were better off with the Liberals.

Senator Roblin: At any rate, I will include the second part of my honourable friend's question in the inquiry that I make.

Senator McElman: In light of the comments of the Leader of the Government, perhaps I could assist him with respect to the attitude of the Council of Maritime Premiers by quoting to him further from this same issue of the *Telegraph-Journal:*

Buchanan—

Of course, that is referring to Premier Buchanan.

—admitted before the premiers' meeting he would have raised cain had the former federal Liberal government tried to de-index old age pensions.

Senator Roblin: I am under the impression that he is raising cain with this one.

DE-INDEXATION OF PENSION BENEFITS—GOVERNMENT POSITION

Hon. Joyce Fairbairn: Honourable senators, I have been simmering on the back bench—

Senator Marshall: The back burner.

Senator Fairbairn: —listening to Question Period this afternoon. I say to honourable senators that, unlike Senator Flynn, I am not bored—I am angered by the exchanges that have taken place in this chamber, in the other place and in the country over the past several days. We are talking about a segment of our society that is the most vulnerable of all segments and that suffers the most from daily insecurity and anxiety. I ask the Leader of the Government in the Senate whether he and his colleagues could go to their caucus this weekend and ask the Prime Minister if he could not withdraw his measure concerning de-indexation before Parliament adjourns at the end of this month.

Senator Roblin: I think my honourable friend knows that I am a member of the cabinet and that I am bound by cabinet solidarity.

Senator Frith: That was no answer. She asked whether the question could be raised with the Prime Minister.

Senator Roblin: What I do in the cabinet is something that I am not at liberty to discuss with my friend—

Senator Frith: It was caucus she asked about.

Senator Roblin: —and I am not going to.

Senator Frith: You are not going to raise it?

Senator Roblin: I am going to respect cabinet confidence and I am also going to respect caucus confidence. My honourable friend can fume over there all he likes, but he is not going to get a rise out of me.

Senator Frith: The things you take shelter in are unbelievable.

Senator Roblin: If you ever have a chance to do the job I am doing—which I think is quite unlikely—you may find it an interesting occupation.

Senator Frith: More interesting, I hope.

Senator Roblin: If you cannot do a better job than I am doing, you cannot be much good; that is all I can say.

Senator Frith: Senator Fairbairn asked a simple, straightforward question.

Senator Roblin: Simple, straightforward questions will get simple, straightforward answers, but when they are based on propositions which I cannot accept, it is understandable that I have some difficulty in answering.

Senator Frith: That question had nothing at all to do with cabinet solidarity—I just hear the pitter-patter of feet running for cover.

The Hon. the Speaker *pro tempore:* Order!

Senator Roblin: Thank you, Your Honour.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): I am glad to advise the chamber that I have some delayed answers to questions.

FINANCIAL INSTITUTIONS

FAILURE OF PIONEER TRUST—REQUEST FOR INVESTIGATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to questions raised in the Senate by Senator Steuart on May 14 and May 16 regarding the Pioneer Trust Company.

(*The answer follows:*)

> With regard to the responsibilities of the liquidator, the liquidator is answerable to the Court, and not to the Government. His duties, obligations and responsibilities are determined by the terms of the Pioneer winding-up order issued by the Court and the provisions of the Winding-Up Act. The liquidator's authority extends only to Pioneer Trust, and therefore has no authority to look into the activities of Pioneer Management Limited or any of its subsidiaries apart from Pioneer Trust. A number of the transactions mentioned in the recent television program did not involve Pioneer Trust.
>
> The Winding-Up Act deems certain types of transactions to be fraudulent preferences and the Court has the power to set aside these transactions. For example, if any of the senior officers had substantial amounts of money on deposit with Pioneer Trust and knowing that Pioneer Trust was unable to meet its obligations, withdrew the money just prior to the issuance of the winding-up order, the liquidator would have the right to recover that money. The liquidator's prime responsibility is to maximize the return to creditors. With the objective of trying to see whether there is any possibility of recovery that would benefit Pioneer Trust's creditors, the liquidator will be carrying out investigations to see if there were transactions made by Pioneer Trust in which there was fraud, theft, breach of trust by officers, employees or directors of the company.

The liquidator will take legal action to try to overturn transactions, recover monies or seek damages if he believes that the benefits are likely to exceed the cost of taking the actions.

Regarding Senator Steuart's questions arising from the CBC program "Fifth Estate," the main problem with the program was that no distinction was made between the activities of Pioneer Management and its subsidiaries which are not regulated federally and the activities of the two companies over which the federal government does have jurisdiction, namely, Pioneer Trust and Pioneer Life. Pioneer Management owns Life of the Northwest, a U.S. company, Canadian Pioneer Securities and some companies involved in real estate and oil and gas. Many of the transactions referred to in the program relate to the management company and the subsidiaries which are not federally regulated companies. The directors of Pioneer Management and its subsidiaries were virtually the same.

Regarding non-arm's length transactions, the provisions of the federal trust legislation prohibited the Trust Company from making direct loans to significant shareholders and officers. The federal insurance legislation contains similar provisions. The Department of Insurance is satisfied that neither the Trust Company nor Life Company made any direct loans to its officers. Many of the non-arm's length transactions referred to in the program involve Pioneer Management and its subsidiary over which we have no jurisdiction. For example, the $500,000 of reduced rate loans to senior officer referred to in the program came from Pioneer Management and the financing of Mr. Klein's Phoenix Villa came from Life of the Northwest.

Senior officers and directors of the Pioneer Group authorized loans that while not in direct contravention of the prohibition against non-arm's length transactions, clearly violated the spirit of that legislation. For example, Pioneer Trust made loans to some of Pioneer Life's officers and Pioneer Trust made mortgage loans to a real estate development partnership in which some of the directors and officers held units. These transactions were reported to the Minister in 1983 and were referred to legal advisers who advised that they were not prohibited by the legislation. The Department of Insurance is looking into the involvement, if any, of Pioneer Trust and Pioneer Life in the various real estate projects mentioned in the program and will be making a full report.

Regarding the charges that Pioneer's management was poor and that bad decisions were made, that was the reason for placing the company on a monthly licence and limiting the level of borrowing. In many cases, the regulators had no authority to intervene in the investment decisions made within the authority of the existing legislation. Pioneer Trust was closely monitored and the restrictions that were placed on its operations were with a view to limiting its growth and preserving existing assets. In addition, the Company was under a directive to improve

its capital and surplus position within a specific time frame when it closed its doors. No legislation will prevent bad business decisions from being made; however, the proposals in the discussion paper on financial institutions relating the self-dealing and increased powers for regulators will stop repetition of many of the concerns raised surrounding this issue.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—DECLARATION ON INTERNATIONAL SECURITY—EFFECT ON EMPLOYMENT IN ATLANTIC PROVINCES

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have another delayed answer in response to a question raised in the Senate on March 20, 1985, by Senator Thériault regarding the summit meeting in Quebec City.

(*The answer follows:*)

Seventeen out of 24 radar stations are scheduled to be phased out over a three-year period. Of the seven that will not close during this phase-out, four of these are in the maritimes: Goose Bay, Gander, Newfoundland; Barrington, Sydney, Nova Scotia. The only other maritime CADIN/Pinetree radar station, St. Margaret's, New Brunswick, is scheduled to close in 1988 as part of the third phase, and involves 60 current civilian jobs.

Due to the proximity of St. Margaret's to CFB Chatham and the upcoming need for personnel at that base, the prognosis is good and anticipated employment loss should be minimal.

In addition, should any individuals not be assumed by CFB Chatham, offers of employment elsewhere within DND should be possible.

BROADCASTING

THREATENED JAMMING OF U.S. RADIO STATION BY CUBA—POSSIBLE INTERFERENCE WITH RADIO STATION CFRB, TORONTO

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on May 29, 1985, by Senator Stollery regarding threatened jamming of a U.S. radio station by Cuba.

(*The answer follows:*)

Both the U.S. and Cuba have been advised that Canada would not wish to see a "radio war" develop and urged both governments to resolve the dispute over Radio Marti through negotiations.

Canada received formal assurances from Cuban authorities that should they choose to retaliate by operating high power transmitters, they would contact us to explain their action and to resolve any difficulties caused to Canadian stations.

We expect that if Cuba decides to retaliate against the Radio Marti programming, they will choose frequencies which would primarily affect U.S. broadcasting with minimal impact on the broadcasting service in Canada or any other country with which Cuba intends to maintain good relations.

The officials in my department and staff at the Canadian embassies in Washington and Havana are monitoring the issue closely.

CAPE BRETON DEVELOPMENT CORPORATION

APPOINTMENT OF PRESIDENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a further delayed answer to questions raised in the Senate on March 27, 1985, by Senators Muir, Graham and MacEachen, regarding the Cape Breton Development Corporation and the appointment of a president.

(*The answer follows:*)

Mr. Derek Rance is 48 years of age and has an MBA from the University of Western Ontario—1963. He also has a B.Sc. (Mining Engineering) from the University of Witwatersrand, South Africa, 1959.

He was most recently employed by Phillips, Barratt, Kaiser Engineering Limited of Vancouver, B.C. and was under contract with Sodimiza Copper Mines in Zaire as Directeur Général Adjoint.

He was appointed on March 22. His appointment took effect on April 2 and runs for a three-year term.

The terms of reference of this position are, as stated in the act to establish the Corporation:

6. (1) The President is the Chief executive officer of the Corporation and has on behalf of the Board the direction and control of the business of the Corporation with authority to act in the conduct of the business of the Corporation in all matters that are not by this Act or by the by-laws of the Corporation specifically reserved to be done by the Board.

TORONTO HARBOURFRONT

PUBLIC ACCESS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on May 8, 1985, by Senator Davey regarding the Toronto Harbourfront.

(*The answer follows:*)

Admission to Harbourfront has been and will continue to be free. The public's access to the Harbourfront site shall not be restricted.

As in the past, certain special events offered on the site such as concerts, plays, dance performances, et cetera, require the purchase of tickets at reasonable prices. This is not to be confused with a "gate admission" fee which does not exist and is not proposed.

The Harbourfront Quay Club should be more accurately referred to as the "Group of Harbourfront Friends."

Basically, this group represents one facet of Harbourfront's fund-raising arm. All donations received from donors are used to ensure the existence and continuation of those seniors' and children's programs which do not enjoy the sponsorship of corporate firms.

A request by Harbourfront was made to the public for donations and it was noted that the following minor privileges would be extended to those who donated a sum of or exceeding $1,000;

—free parking at Harbourfront;

—tax receipt for income tax purposes;

—one free introductory lesson at the Harbourfront Computer Centre;

—free subscription to the bulletin, "Happenings at Harbourfront;"

—opportunity to attend opening night of Harbourfront Children's Festival;

—invitation to a party in the fall to be held at Harbourfront (all services will be privately donated to the party).

The above minor privileges are extended to donors in appreciation of their contributions and do not constitute membership in an elite, inner circle at Harbourfront.

It should be stressed that:

(i) the Government of Canada has not nor does it propose to cut back on its commitment to Harbourfront. The Crown Corporation will be self-sufficient in 1986, as was agreed to by the Liberal government when Harbourfront was created. No diversions from the Crown Corporation's financial plan have occurred.

(ii) with respect to Harbourfront's kaleidoscope of programs, the number of programs offered at Harbourfront this year is double that of last year. Of those programs, 45 per cent are free.

[*Translation*]

CRIMINAL LAW AMENDMENT BILL, 1985

THIRD READING

Hon. Lowell Murray moved the third reading of Bill C-18, to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other Acts and to make other consequential amendments.

Motion agreed to and bill read the third time and passed.

[Senator Roblin.]

[*English*]

PRIVATE BILL

BILL TO EXTEND TERM OF CANADIAN PATENT NO. 855,255—THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), for Hon. Nathan Nurgitz, moved the third reading of Bill S-4, to extend the term of Canadian Patent No. 855,255.

Motion agreed to and bill read third time and passed.

INVESTMENT CANADA BILL

SECOND READING—DEBATE CONTINUED

On the order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, for the second reading of the Bill C-15, intitutled: "An Act respecting investment in Canada".—(*Honourable Senator Sinclair*).

Hon. Ian Sinclair: Honourable senators, after listening to the exchanges that took place here earlier today, I am sure that everybody is vitally interested in the questions of investment. They are on the front burner and they are not complicated to solve like some of the other matters that were raised. Let me draw to the attention of honourable senators the fact that if you wish to look at investment in Canada you have to start from a historical perspective.

From its earliest history Canada has relied on foreign investment. It has had an open door for investment. The reason for that is that domestic savings, including savings from personal, business and government sectors, have not been large enough to finance Canada's investment requirements. Accordingly, investment from abroad was essential to Canadian development, and it was forthcoming. It was forthcoming because of three factors that are absolutely essential for investment from foreign countries. There has to be a stable environment in the country receiving the investment, the investment has to serve a remunerative market and, third, there has to be the ability to take profits out.

Such investment in Canada has taken the form of long-term capital inflows, and they have been made up of two factors which are very different. The first one is portfolio investment and the second one is direct foreign investment. In our early days in Canada, foreign investment came largely from Europe. In accordance with the traditions of that place, that investment was largely of the portfolio type. In latter years, the investment has come from the United States and the predominant factor has been that it was direct foreign investment. If we go back in history to the time of Sir John A. Macdonald and to understand the economic flow of his policies, honourable senators will recall his national policy which by tariffs and protection built up a demand for a movement into Canada of foreign companies and the beginning of the branch plant syndrome. This branch plant syndrome was not only the result of federal policies but also of provincial and municipal policies which by bonuses and tax exemptions influenced the introduc-

tion of the branch plant philosophy that has continued in some industries in this country up to the present time.

It was not only businessmen and governments who took an interest in foreign investment in Canada. The public in general did. At one time they took an interest in it by encouraging it. Another time they were concerned over it and afraid of it and yet at other times the attitude could only be described as lackadaisical. If you look at the literature and at the studies in regard to foreign investment in this country, you will be struck by one important fact, and that is that it took economists and others interested in foreign investment a very long time before they started to take a look at the different impacts that came from portfolio investment and direct foreign investment. It took a long time for the different effects of these two types of investment to be really understood.

There are some among us, as there are in every country, who believe that foreign investment *per se* is a beneficial thing. This approach is based on the economic view that the country that is receiving the investment should address, not the question of foreign ownership or control but, rather, the direction and inter-relationship of an industrial policy. Honourable senators, thoughtful Canadians, I am sure, will not accept that tenet without reservation, and those who do accept it with reservation recognize that you have to include exceptions. Once you start to include exceptions, you are in the position of imposing and dealing with sectoral limitation on foreign investment. We have found that in Canada.

Public policy as reflected in legislation has responded in a number of ways. For example, sectoral limitation on foreign investment, limitation on schedule A banks, limitation on investment in transportation, whether it be by rail or air, and limitation on foreign ownership in certain media such as broadcasting. At different times in our look at foreign investment, we look upon portfolio investment as affecting balance of payments and many of us do not really think that that is a difficult problem to control. On the other hand, direct foreign investment as it involves necessarily control by foreign nationals is one that does concern many people. If you look at the history of the development of Canada, particularly in the 1950s and 1960s, you will find that there were those who were becoming more and more concerned. They looked upon direct foreign investment as challenging our national autonomy, and there grew throughout the land a movement for government action and government restraint. It was believed by the people in this movement that the effect of direct foreign investment, as we were experiencing it, was resulting in a truncation of the economic activities in this country.

● (1520)

I am quick to see changes in the public attitude as the question of unemployment and the question of jobs reach a higher place on the priority ladder. There is no question that the need for jobs in Canada and the concern that brings to many people has given it a pre-eminent position, indeed, over some of the concerns with direct foreign investment. However, having said that, I think we must also be cognizant of the fact that the Science Council of Canada has continued to claim that the low levels of productivity in Canadian manufacturing have been due primarily to the high degree of foreign ownership. I know that there is much evidence to suggest that the "branch plant" syndrome that I have referred to limits Canadian organizations and limits Canadian industry in its competitiveness, in its use of technology and in its meeting of foreign market demands.

Honourable senators, if you look at the figures, you will find that the dominance of foreign investment in mining, in oil and gas, in transportation equipment, in chemicals and in electrical products was of such a degree that it constituted a target for aroused feelings of economic nationalism. It surprised me that when the minister, the Honourable Sinclair Stevens, appeared before our Standing Senate Committee on Banking, Trade and Commerce, he was quick to acknowledge the necessity for limitation of foreign ownership in our banks, in the Canadian interest. However, he was not, apparently, able to see the need for limitation in the ownership and control of those companies that search for and produce fossil fuels. I cannot help but wonder whether his sanguine attitude reflects the realism of the future demands for fossil fuels and the necessity to maintain equal productivity, availability and pricing. I question whether those can be left to foreign control of companies who are involved in that business, without any control by the government of the country in which they are operating.

Again, looking at the figures, that economic nationalism that I spoke about earlier, that aroused feeling of national concern, really resulted from the very quick growth in foreign investment in Canada following World War II. Foreign investment in Canada more than doubled in a very short period of time. Another thing that concerned Canadians was the shift in that foreign investment. Before the war, there was a significant amount of European foreign investment—and particularly United Kingdom foreign investment. That fell off very rapidly in the 1950s to approximately 15 per cent, and the largest amount of foreign investment in this country became investment from the United States.

There is no question about the benefit that some of the investment did bring to this country. It opened up many of our natural resources. However, having done so, it raised the question of what kinds of controls should be exercised over companies that control natural resources, particularly those that are finite. As a result of this development, and after analysis and hearings, the Liberal government of the day enacted legislation to establish the Foreign Investment Review Agency in 1974. In doing so, they were following a trend that is found in many other countries, and some honourable senators who have been in business, and particularly in a multinational or trans-national sense, recognize that severe limitations are put upon foreign investment in other countries such as Australia, the United States, Mexico, Spain and other countries in Europe. The FIRA bill, taken in that context, was not such a great inroad into the area of freedom of investment. It was less stringent than the legislation in many other countries.

Regardless of that fact, from the outset this bill received from the opposition parties, and particularly the Tories, a

great deal of opposition. They mounted criticism and their rhetoric, if I may say so, honourable senators, in some cases was strident. I am not saying that in all cases it was, but from time to time it seemed to me that some politicians tended to be somewhat strident and, in this case, there is evidence of that.

Needless to say, they found some people who urged them on; people in the United States; people who perhaps should have known better, in view of their office, who spoke out rather firmly and rather actively in regard to the laws of another country. However, to a businessman who has larceny in his soul, why would he object if he could get someone who said: "Let them in; do not look at anything." Why would he object? I am not saying that all businessmen have larceny in their soul. Of course not, but there are a few.

Senator Doody: Perish the thought!

Senator Sinclair: In any event, I ask honourable senators to remember one thing and that is that FIRA gained a reputation of being unduly complicated and slow in action. It was claimed that FIRA was a real impediment to investment, with the alleged result that capital and jobs were being denied to Canadians. Honourable senators, there is no question that the FIRA bill, when it was first introduced, and the agencies which it controlled, operated at a very slow pace and its workings were complicated. However, this criticism, which was no doubt justified, resulted in changes to the statute.

• (1530)

After a few years of operating under the Foreign Investment Review Act, businesses with assets totalling $5 million or less were given the short form of review. The attitude of the agency changed, and in latter years, particularly under the aegis of the former minister, the Honourable Ed Lumley, and under the direction of Commissioner Richardson, a significant acceleration in the handling of the applications took place, with few being refused.

Honourable senators, any look at the statute establishing the Foreign Investment Review Agency will indicate that the concept that was being espoused by the Tories and special interest groups that FIRA was in place to reject investment will be shown to have been wrong. The facts clearly show that it placed in the hands of the government a bargaining power which enabled it to secure from foreign investors concessions on jobs, on sourcing, on technology, on introduction into foreign markets, even though they resulted in competition with the parent company.

From 1974 to 1984 there was, as Senator Kelly has mentioned, significant change in the amount of control that foreign investment had over Canadian industries. The numbers show that there was a drop of 8 percentage points. That went from just over 33 per cent to just over 25 per cent. In some industries the fall was rather remarkable. In the oil and gas industry, it dropped from well above 90 per cent to below 50 per cent. Transportation equipment, while it did fall, it is still, unfortunately, around 70 per cent foreign-controlled.

Senator Frith: Does that relate mostly to automobiles?

Senator Sinclair: Automobiles and diesel locomotives.

[Senator Sinclair.]

Chemicals and chemical products are still mostly foreign-controlled. They have only come down slightly, from 80 per cent to 75 per cent.

I ask honourable senators to remember that those industries—particularly the oil and gas industry—are very critical industries. In contrast to a 10-per cent foreign ownership allowance in the case of a Schedule A bank, we have the oil and gas industry at 45 to 50 per cent. Remember always that in contrast to Canada, where foreign investment now controls about 25-26 per cent of the industrial base, the comparable figure in the United States is only 2 per cent.

Honourable senators, if you look at the bill you will see that it has a nice title: "Investment Canada" is beautiful. But honourable senators must look at the contents of the bill. The purpose of the bill is stated as follows:

> Recognizing that increased capital and technology would benefit Canada, the purpose of this Act is to encourage investment in Canada by Canadians and non-Canadians that contributes to economic growth and employment opportunities and to provide for the review of significant investments in Canada by non-Canadians in order to ensure such benefit to Canada.

That is a laudable purpose, but I ask honourable senators, would that not be improved if there were only a slight addition, and that addition incorporated into the Purpose of the Act the following: A review of control arising from direct investment? That, I think, would improve the bill.

Honourable senators, under FIRA, all new investments were subject to review. All direct acquisitions were subject to review, a short review for businesses having assets totalling $5 million or less, and all indirect acquisitions were subject to review. Under Bill C-15, new investments are not reviewable at all. Indirect investments are only reviewable if they exceed $50 million in assets, and direct investments are reviewable only if they exceed $5 million in assets, subject to sensitive areas, such as our cultural heritage and our national identity.

Honourable senators, how those terms are interpreted will depend on how many cases are really reviewed. What does affect the national identity? I am not sure. Does the fact that a business grows and controls and dominates in an essential area, such as transportation equipment, affect the national identity? I do not know. Those are fancy words.

Cultural heritage is a little easier to interpret, but is not easy either.

Honourable senators, the purpose of FIRA, as I have indicated, was not to discourage investment, but to direct advantages arising from investment. Criteria were established for the review. Those criteria were dependent upon a finding of "significant benefit" to Canada arising from the review on stipulated factors. Under the Investment Canada bill, the stipulated factors are exactly the same, but the basis of the review now is on the criterion of those factors arriving at "net benefit."

In another place people have said that "net benefit" gives a more open door than does "significant benefit". Although I

have tried to understand it, that distinction has escaped me in a legal analysis. It is just as easy to argue that "net benefit" is more restrictive than "significant benefit" as it is to argue the opposite. In any event, all of the factors that arise in the analysis to get the result are subjective; they are exactly the same as I have indicated, with one addition, and that addition is found in clause 20(f), which provides something that was already in section 2(a) of the Foreign Investment Review Act. In other words, what has been done by the draftsmen is to take something that was implicit and make it explicit, but it does not add to it at all. There is no change.

• (1540)

Under FIRA, provinces affected by foreign investment proposals were to be consulted; other departments of government were to be consulted. The Honourable Sinclair Stevens said in the committee that this would continue under the Investment Canada bill, and I must say, looking at it, it seems to so indicate. The cabinet, under the Investment Canada bill, would look at sensitive cases. Now, honourable senators, I ask you to cogitate for a moment or two on what is a sensitive case. Who decides what is a sensitive case? I guess it is the minister, because he seems to make the decisions under this bill; the minister seems to be the person who makes them all. In this there is a marked change, because under the FIRA act those decisions as to what was of significant benefit to Canada, following the review and following the analysis, was a matter for the cabinet. What this bill has done is to raise the Honourable Sinclair Stevens to make him the conscience of national concern in regard to foreign investment. I say to honourable senators that that is a pretty thin reed to rely on. I hope honourable senators will agree with me that we could have somebody with a little stronger view than the Honourable Sinclair Stevens as a matter of conscience.

Why did they make the change? What was the purpose of it? It was not to relieve the cabinet of the work load. That had already been done by changing the threshold. It certainly was not by making the minister the sole decider, lifting the decision making process out of the political realm, because, no matter what one may think of the Honourable Sinclair Stevens, nobody would ever suggest that he would approach a problem in a judicial or quasi-judicial manner. Why should he? That is not his function.

The Investment Canada bill does shorten the time frame in which a review takes place. The rules for determining who is a foreign investor have been simplified. The penalties that existed under FIRA in the criminal impact sanction have been moved to the civil jurisdiction. These changes are not objectionable because they are largely procedural.

The Prime Minister and the Honourable Sinclair Stevens and other ministers have made a great point of saying that this bill indicates that Canada is open for business. I say to honourable senators that Canada never was closed for business. The Prime Minister said that this bill brought about a marked change. I think I have demonstrated that the change is not that marked. After all, the criterion of threshold must take into effect the elapsed time between 1974 and 1985. However, if there has been a change as a result of this bill, what is the price that is being paid for the change, and how will Canadians be able to determine what price they have paid?

Accordingly, I would suggest that this bill could be improved by strengthening the basis upon which these things are looked at, and by providing that the minister shall arrange to carry out and report to Parliament for a period of, say, two or three years in small cases and a considerably longer period in larger cases, an audit of the actual impact upon Canada. This would be an audit which would be before Parliament to see, understand and question.

Some people have said that perception is as important in matters of investment as fact. I find that very difficult to accept, because if you are going to make investments you had better have the facts, and if you are just working on a little bit of "feel" you are in real trouble.

There is a perception, though, that the rhetoric has brought about which I think is most important; that is that standing there at the border are hundreds of millions, indeed billions, of dollars wishing to rush into this country from foreign investment sources. Nothing could be farther from the truth. The whole question of foreign investment is one of great competition, and, honourable senators, it is intense. Having had some experience, I recognize, as I am sure honourable senators who have had this experience will recognize, that investment is turned off not by review, not by analysis, but by taxation. Taxation on corporations has the most restrictive effect on investment that there is.

What this bill means and what should disturb all Canadians—and I am sure it will disturb honourable senators—is that Canada has given up something by this bill. It has given up a bargaining position. It has given up a position of requiring people to recognize that they owe something to us besides their money when they come in and take over part of our industrial life.

What can honourable senators do? I have been wondering about this, particularly with respect to what would be appropriate, and having in mind that the Prime Minister of Canada has described people in this honourable chamber as "hacks," "has beens" and "bagmen." The Minister of Justice has referred to people on this side of the chamber as "a coterie," a select group of society, and he has also referred to us as "a cabal." Shame on him!

What really stung me, and I am sure a lot of other honourable senators, was the Honourable Sinclair Stevens' remark that anybody who disagreed with him and the gloriousness of this bill was part of the socialist axis. I am prepared to be part of a cabal; I am prepared to be a has been; but I am not prepared to be part of the socialist axis.

In view of what they think of us in the other place, how can we go forward in a meaningful way? I have a suggestion. I was going to put the suggestion to the honourable senator who introduced the bill, Senator Kelly, but he is not in the chamber. What I was going to suggest to him was that he or one of his associates should move amendments to the purpose of the

bill to improve it, move an amendment to clause 5 to enable the audit to take place, and move an amendment to clause 14 that would require review of any person introducing a business in the fossil fuel area, and as long as that business was more than, say, 15 per cent foreign-controlled, it would be subject to review. I do not know if I am naive, but I was certainly impressed and heartened by the remarks of the government leader today when he said "I want all the people in this chamber to know that our government is not perfect."

• (1550)

Some Hon. Senators: Hear, hear.

Senator Sinclair: "We are willing to take action on sound suggestions and proposals. We are interested in improving legislation."

Honourable senators, I feel that the suggestions that I have made will improve the bill. It is worthy of Senator Kelly's giving it some thought. And if he were to tie a couple of those little blue ribbons around the suggestions I have made when we send the bill back, I, in turn, would suggest to all my friends on this side that they abstain from voting and allow the Conservatives to carry these amendments to that other place unanimously so that no "bagmen," no "has beens," no people who are part of "the Socialist axis" are in any way trammelled into this thing.

Some Hon. Senators: Hear, hear.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it seems to me that honourable senators opposite have had many years to come up with reasonable amendments to the Foreign Investment Review Agency and they were not forthcoming. It seems unlikely that they would be presenting them now in any spirit of comradeship and good fellowship. Nevertheless, I certainly will pass the message on to Senator Kelly, and if he wants to help Senator Sinclair remove himself from the Socialist axis, I am sure that he will be delighted to do so. I can certainly understand his chagrin at the stigma because it is not a description that I would like to have referred to me and it is not one that I would would accept willingly. The "cabal" bit I will take and the "coterie."

Senator Steuart: What about "has beens?"

Senator Doody: I missed that remark and I don't want to miss one single word that the honourable gentleman says because we hear them so rarely. Please, for the record repeat it. No? Another first for the Senate—Senator Steuart is shy.

Honourable senators, this has been a very interesting day. This morning I had the benefit of sitting in on a meeting of the National Finance Committee and I listened to Senator MacEachen questioning witnesses on the Bretton Woods Agreements and all the various agencies that the Government of Canada uses as foreign aid vehicles. It was an intriguing experience. He told us that it would be tedious, but it certainly was not. It was most informative. Now we have another expert in his own particular field advising us this afternoon on Bill C-15 respecting investment in Canada, and that in itself was a learning experience in some areas and perhaps not so erudite in others.

I was very interested in the branch plant reference made by Senator Sinclair. It sounds like branch plants are peculiar to Canada or are exclusively Canadian and I do not think that is the case. I think that you will find them competing with each other all over the United States and, indeed, all over the world. Wherever there is a major international company, you are going to have branch plants in one place or another. In any event, I have been told that the branch plant is a declining phenomenon wherever it previously existed and now foreign-controlled companies are seeking and going for world product mandates. I have been told that this is happening in Canada as well in other parts of the world.

Now these branch plants, as they were called, do not have to rely on the rather limited Canadian market for their product but will be seeking a larger worldwide market, which makes good sense. They did serve a purpose in their time and in some areas are continuing to do so. If they produce products which now have to be imported into Canada and in doing so provide jobs for Canadians, then surely branch plants are not to be sneered at.

I should like to mention one other item before I get into my own personal theme, which is FIRA and its application to my particular region, namely, Senator Sinclair's problem with the shift of decision making from cabinet to the minister. The fact that it is the Honourable Sinclair Stevens at this point is probably irrelevant since it will be applicable no matter who the minister happens to be. I look upon that as a very favourable change. One of the problems with the previous act was that decisions would be lost in cabinet secrecy. A firm that was applying for an opportunity to become active in Canada never could find out the reason for its rejection and, in many cases, there was no rejection, but the application was lost in the foggy bottom of the bureaucracy. Now the minister is accountable and the minister will have to say why he is not acting on the application either positively or negatively. In any event, as he probably inferred from the comments that I made to date, I take great pleasure in seeing the changes in that FIRA bill. It was one of the great bugaboos of federal-provincial relations particularly as it related to my province. One of the major discouragements, barriers and disincentives to investment in my part of the world was the FIRA legislation or, at least, the unfortunate piece of legislation that created the Foreign Investment Review Agency. I do not think there is any doubt at all that the review mechanism was a major deterrent. It can truthfully be said, and I agree, that the objectives of the FIRA legislation and of the agency itself were laudable. I do not think that anybody would object to Canadians controlling their own economy and restricting investment in Canada to Canadians. It sounds great to all of us to say that Canadians should be able to direct their investment flows within our own country and do our own thing in our own way. It sounds great, but I am afraid that as far as my part of the world is concerned, it is a Utopian dream. It does not recognize the realities of investment in this country. The major

objective of any sound economic development plan should not be aimed at restricting the free flow of capital but rather should be aimed at the creation of wealth-producing jobs.

We, in Canada, do not object to major Canadian investments abroad. As a matter of fact, I think we would probably be very disturbed if the Americans, the Germans, the French or the Australians started to restrict our investments. It is true that there are countries that have restrictions on investments from foreign countries, but none of them has anything that comes close to being as blatant and as odious as the Foreign Investment Review Agency in Canada. There are restrictions in every country but most of them are far more subtle and far more sensitive than the FIRA operation was in our country.

In my province, the economic development of Newfoundland has had, sadly, very little support from Canadian investors. The sort of risk capital necessary for natural resource development has not been forthcoming from Canadian investors for whatever reason. Perhaps the capital is not available in sufficient quantities to justify risking long-term investment in mining or pulp and paper or in the fishing industry, or in related resource developments of whatever type. Our business people in Canada seem happier with large commercial real estate developments, office buildings, shopping centres, big-profit fast-return oil ventures with major government support. This is the sort of thing that seems to attract Canadian investors.

● (1600)

If they cannot see the investment from the window of their office on Bay Street, if they cannot count the cans before turning off the lights at night, they are not going to get involved. Or at least that has been our experience in the "far east," in Newfoundland.

Most of us would very much prefer to be all Canadian—all Canadian investment, all Canadian controlled. Without foreign investment, we would have no pulp and paper industry in Newfoundland. As Senator Sinclair has pointed out, the trend of British overseas offshore development changed in the 1950s, and there was a much larger influx of American capital for the iron mines in Labrador and various other projects, including the Churchill Falls development, which was British and American financed. By and large, there has been a relatively minor import of Canadian capital to our province. As a result, we have had to look to overseas investors.

When FIRA became involved, the complaint was invariably the same. We could point out that in practically all cases a FIRA application meant FIRA approval. It sometimes took an interminable amount of time, but in most cases approval was granted. Very rarely did FIRA reject an application. It was the mechanism itself that was very often the problem. Business people did not like baring their corporate souls to Ottawa, or, I suppose, to any bureaucracy. They did not like the idea of exposing all of their trade secrets, their business practices, their balance sheets, their history, their operating modes and manners to an unsympathetic and unknown bureaucracy.

In order to file for permission to invest in Canada, the businessman had to bare all of his corporate secrets to people he neither knew nor trusted. All of his secrets, all of his books—everything—had to be laid bare before the public service. And the process was a lengthy one, with no time limit. The original application could be extended at FIRA's request, and beyond the first extension there was no time limit. That, mercifully, will be changed under the proposed legislation.

Nor was it necessary for the bureaucracy to give a reason for an ultimate rejection or for an indefinite delay—which was, in effect, a rejection.

The decisions were made eventually, on the advice of the bureaucracy, by order in council. Since these were cabinet decisions, the reasoning behind them was very often not made known to the applicants.

The investor could be called back time and time again for explanation and for further information. And the further away from Ottawa, of course, the more difficult it was to deal with this rather amorphous body known as the Foreign Investment Review Agency.

I have to say up front that in many cases this impact was a psychological one. The rumour that FIRA was opposed to foreign investment was a strong one, and it grew stronger and stronger and stronger.

During the time that I occupied that ministry in Newfoundland, my counterpart in Ottawa was Alastair Gillespie, and at no time did he ever offer anything but encouragement. He assured us time and time again, with complete sincerity, that FIRA was not designed to discourage investment in places like Newfoundland. Any time that we ran into a problem, we were to contact him, and he would help to explain the workings of it.

But the sad story was that, even with the best intentions in the world, the business community was reluctant to keep coming to the public service to go through the process I have described.

So, the problem is not only the mechanism itself, but the psychology that surrounds the process. The message that went out, inadvertently or otherwise, was: "You can come in to Canada; you can invest. But you are not really welcome. You have to go through this process, and eventually, if your patience and your understanding of how government works is strong enough, you will probably get your application through."

FIRA was a deterrent to investment in Canada. I do not share the belief of Senator Sinclair that there are hundreds of millions, thousands of billions of dollars lined up across the Gulf of St. Lawrence waiting to be poured into Newfoundland. I am delighted to see that some of the barriers, whether real or psychological, have at least been diminished.

The name "Investment Canada" is far more attractive and positive than "Foreign Investment Review Agency," which really sounds a little bit iron-curtainish in some respects, if I can be delicate enough in expressing it in that way.

My God, I have mellowed since coming to Ottawa.

Senator Frith: Well, by admitting that that was indelicate, yes.

Senator Doody: In any event, in those disadvantaged areas where the need for capital is the greatest, the negative impact of FIRA was the greatest. If Canadian capital were available, perhaps the system could be justified. But apparently that is not the case. Canadian capital is not available. Canada desperately needs jobs; Newfoundland more than desperately needs jobs.

We had a heart-breaking debate in this chamber yesterday during which the Leader of the Opposition in the Senate described the plight of his friends and constituents in Cape Breton.

I feel reasonably certain that the people who are being displaced in Port Hawkesbury and in Canso would not be too concerned about where the investment to create jobs came from. The idea of prospective investors having to beat their way through the Foreign Investment Review Agency would not be too happily accepted by them. The idea of a more positive approach is desperately needed in Canada generally, and in eastern Canada in particular.

I can say with complete sincerity that I am very pleased with the changes proposed in this bill. I have absolutely no hesitation in endorsing the bill. I think it is a great step forward.

While it certainly isn't the complete answer to the unemployment problem in Canada, it is a big step forward in creating the kind of atmosphere that will attract the business community and thus lead to jobs. I, for one, am very pleased to endorse it.

Hon. B. Alasdair Graham: Honourable senators, I welcome the opportunity to participate in the debate on this very important legislation. In my view, some changes to the existing Foreign Investment Review Agency legislation would have been inevitable regardless of the government in power.

As we all know, FIRA, for whatever reason, had acquired an image abroad as a symbol of hostility to foreign investment. This image was, I believe, sometimes exaggerated, sometimes blown out of proportion. In many cases, it was an image that was not deserved. But there is no denying that it was an image that did exist and constituted a problem which would have to be addressed.

Former DRIE minister Ed Lumley had suggested last spring that, as a start, the agency's name should indeed be changed to Investment Canada, as Bill C-15 proposes to do.

Eleven years of experience with the Foreign Investment Review Act had revealed deficiencies and shortcomings which needed to be remedied. Such an outcome is to be expected with any pioneering legislation.

It is impossible, of course, to anticipate all situations that might arise with a new legislative framework, but there is no question that changes are in order.

The amendments proposed in Bill C-15 speak to many of the problems that have emerged with the screening mechanism

that has been in place over the past 11 years; but they also leave much unaddressed, in my opinion. Some of the proposals provide grounds for serious concern.

Some of these issues I shall take up later. Before doing so, perhaps a brief review of FIRA's operation and performance to date will help place the proposals contained in Bill C-15 in proper perspective.

Under the Foreign Investment Review Act, virtually all takeovers of Canadian businesses by foreign controlled companies, as well as the establishment of new businesses in Canada by non-Canadians, are subject to review. Only those investments which are assessed or judged by the review process to be of significant benefit to Canada are allowed to proceed.

• (1610)

FIRA sets out five criteria to be considered in assessing whether an investment proposal is likely to result in significant benefits. Those include the effect of the investment on economic activity, efficiency and competition, the degree and the significance of Canadian participation in the proposed investment, and the compatibility of the proposed investment with domestic industrial and economic policies.

All decisions on whether to accept or reject an investment are made by the Governor in Council upon the recommendation of the Minister of Regional Industrial Expansion. In making his assessment, the minister is advised by the Foreign Investment Review Agency which was established by the act for this very purpose. As a matter of practice, I am assured that FIRA has always consulted with those provinces affected by an investment proposal prior to tendering its advice to the minister.

In the early 1970s when adoption of a foreign investment screening mechanism was being discussed, as mentioned by Senator Kelly and, I believe, alluded to by Senator Sinclair earlier today, more than one third of all business activity was carried out by foreign controlled enterprises. Since then foreign control of Canadian industry has declined to about one quarter of the total business sector. But even at this much lower level, the extent of foreign ownership in Canada remains among the highest in the industrialized world. No one is going to argue with the suggestion that foreign investment is beneficial and even necessary to healthy economic development. Senator Doody has made reference to his own province of Newfoundland. I make reference to the province of Nova Scotia and, indeed, to the entire Atlantic area and other disadvantaged areas of Canada. It can improve access to scarce capital, and capital is very scarce in our region of Canada. It can improve access to entrepreneurship, to managerial skills and to new technology.

However, it has costs and it has risks as well. Beyond the income flows that accrue to foreign investors, foreign investment has the potential to stifle indigenous skills and, indeed, entrepreneurship. All too frequently, foreign subsidiaries amount to little more than assembly operations in Canada with severe self-imposed restrictions on what they can produce and where they can export. The most significant corporate

activities such as planning research and development is done by the parent firm or in the firm's home country, and I believe that this is something that has to be addressed. As a result the capacities of the host country in these areas are reduced and, indeed, stunted. There is also the danger that high levels of foreign ownership and control with the attendant decision making centres abroad can impede a country's ability to pursue policies suited to its domestic needs or in accord with its own national priorities.

The recognition that foreign investment is generally beneficial but that it also carries costs and risks which on occasion may outweigh the benefits, has provided the inducement for the adoption of a screening mechanism giving the government the power to examine investment proposals on a case-by-case basis to ensure that they are compatible with Canada's interests. Senator Sinclair made reference this afternoon to statements made by the Prime Minister and, indeed, by other members of his cabinet that Canada is now open for business. Senator Sinclair justifiably and properly said that Canada was never closed for business.

Senator Doody: Only parts of it.

Senator Graham: FIRA, despite widespread impressions to the contrary, was never meant to block or discourage foreign investment in Canada but, rather, to ensure that whatever investment took place was in Canada's interests. On the basis of its performance, when you carefully examine the facts, it is difficult to make the case that FIRA was a significant deterrent or major stumbling block to foreign investors. Of the 7,053 investment applications resolved from the time of the act's proclamation on April 9, 1974 to March 31, 1985, some 5,981 were allowed, 435 were disallowed and 637 were withdrawn by the applicant before a decision had been rendered. Thus in more than four out of five cases foreign investment proposals have been approved and only one in twenty has been rejected.

I acknowledge that these statistics in themselves do not prove that FIRA has not been an irritant to foreign investors. But they do suggest that it has not been the significant negative factor that it has so often been made out to be. Besides, the act applies only to a relatively small proportion of all foreign and direct investment in Canada, because more than 80 per cent consists of non-reviewable investments for modernization or expansion of foreign firms already established in Canada. Of course, many more factors in the screening mechanism alone bear upon one's decision of where to invest one's capital. So taking the proposals together those who fear that paring down the screening mechanism along the lines proposed in Bill C-15 would lead to a sell-out of Canada are perhaps being unduly alarmed, and those who anticipate a huge inflow of new investment to result from the Bill C-15 proposals, I believe, are being excessively optimistic. I hope that I will be proven wrong—

Senator Doody: Me too.

Senator Phillips: It won't be the first time.

Senator Graham: —in Newfoundland, Nova Scotia and all the other disadvantaged areas of the country.

As already noted, Bill C-15 will institute a number of positive changes in the existing investment screening mechanism, but it contains a number of shortcomings as well. In light of the generally negative perception that foreign investors have of FIRA, a conscious attempt has obviously been made with Bill C-15 to convey the message that Canada welcomes foreign investment. Thus in addition to the screening process and the screening purpose which alone animates the Foreign Investment Review Act, Bill C-15 also stresses in clause 2 the aim, "to encourage investment in Canada by Canadians and non-Canadians that contributes to economic growth and employment opportunities." Paragraph 5(1)(a) says that to this end it enjoins the minister to, "encourage business investment by such means and in such manner as the Minister deems appropriate."

The intent expressed here is really not unusual. By all accounts Canada, a resource rich and economically young country, will continue to rely on foreign capital for much of its investment needs in the years ahead. Beyond the general statement already quoted, however, the bill is very silent on how the government proposes to do this. Perhaps the sponsor of the bill could describe to us the role of Investment Canada in this regard. What form of federal-provincial collaboration is envisaged? What, if any, special consideration will be given to Canada's economically depressed regions? Without any details the new mandate embodied in the bill has left little more than a tantalizing promise, and we have had evidence in the past couple of weeks of how valid and how solid promises made by this government might be at the present time.

Honourable senators, a distinct lack of precision also characterizes some of the bill's provisions setting out the classes of investment that would be subject to review. I believe that this is unfortunate since the general thrust of the bill toward a less comprehensive definition of reviewable investments has on the whole been welcomed and has been greeted with favour. One can quibble about the actual level of the take-over thresholds chosen. Some think them too high; others think them not high enough, but there is little argument with the principle that some of the smallest and least significant investments should be exempted from review. The alternative damages Canada's image as a hospitable place in which to invest; it clutters up the review process needlessly and absorbs scarce resources for which better uses can be found elsewhere. The exemption from review of most new businesses is also justifiable, generally speaking. The establishment of a new business is most likely to enhance investment, employment and consumer choice.

• (1620)

As a precaution against small but significant investment escaping review, the bill provides the government with the reserve power to review any investment, regardless of size, if it falls within a business activity that, and I quote from clause 15 of the bill:

> —is related to Canada's cultural heritage or national identity;

However, it fails to specify what business activities fall within the rubric of "cultural heritage or national identity." This lapse or oversight was cited by several witnesses appearing before the House of Commons Standing Committee on Regional Development, which reviewed the bill. A more precise definition of the scope of this reserve power would reduce the sphere for cabinet discretion in this regard, and provide potential investors with greater certainty about what constitutes a reviewable transaction. Perhaps the sponsor of the bill could also provide some clarification on this point.

Suggestions have also been made that other areas of the economy should be included in what is known as the reserve review power set out in the bill. In particular, I am thinking of the high technology sector which has been widely favoured as an area for inclusion. Technology is vital to Canada's growth and development. As Science Council chairman, Dr. Stuart Smith, forcefully argued before the House of Commons Standing Committee on Regional Development, the most innovative companies in fields of advanced technology are often relatively small but their small size does not mean that they lack economic significance. Therefore the review thresholds proposed in Bill C-15 would not by themselves ensure that takeovers of significance to the innovative capacity of the Canadian economy would be captured by the screening process.

However, honourable senators, perhaps my biggest concern of all is that Bill C-15, by transferring decision making authority from the full cabinet to a single minister, would leave that minister with too much discretion and arbitrary power without right of appeal. It would substitute the judgment of one minister for the collective judgment of cabinet, and remove as well a formal channel—and I want to underline and emphasize this point—it removes a formal channel through which regional ministers are able to participate in investment decisions and to insert regional concerns into the review process. The reason given for the proposed change is that full cabinet review constitutes a cumbersome and time-consuming process. A compromise suggested by former FIRA commissioner, Gorse Howarth, would be to place decision making power with a cabinet committee specifically formed for that purpose. Given the record size of the present cabinet, I would think that it would not be too difficult to find five ministers, for instance, to sit on a committee to encourage, and indeed enforce, the intent of this very important legislation.

In addition to the advantage of collective judgment and regional input, such an arrangement would also result in greater continuity and consistency in decisions under the new act.

As you know, ministers sometimes change portfolios and, with all of that power vested in one minister, when a new minister is brought into that particular portfolio, for example, that new minister, quite properly, would wish to put his or her own stamp upon the direction that this particular legislation was to take. Therefore the direction established by one minister might be altered significantly by his successor, thus providing for a lack of consistency and continuity. I am not saying that new directions and new ideas should be ruled out, but I do believe that a group of ministers, acting together, might help to avoid any resulting confusion.

Finally, honourable senators, I want to make the point again that Canada needs and welcomes foreign investment to help it in its economic development and growth. Bill C-15 is intended to emphasize this fact, while simultaneously making provisions for reviewing significant new investment by non-Canadians to ensure that they are of benefit to Canada. Compared to the existing screening mechanism under the Foreign Investment Review Act, Bill C-15 would reduce substantially the number of investment transactions that are subject to review, and would expedite considerably the review process involved. These changes should make the regulatory process a lesser impediment to inflows of foreign investment. These are the bill's beneficial effects.

On the other side, I am seriously concerned that the bill risks exempting significant investments from review, thereby reducing the government's ability to influence its quality and its direction. It also tends to make the review process less sensitive to regional concerns, and lacks precision in some of its provisions. I hope that the sponsor of the bill, in his wisdom, will be able to address the concerns that I have expressed and, indeed, that the government, as usual, will take very careful note of my recommendations.

I thank honourable senators for their kind attention.

Hon. Richard J. Doyle: Honourable senators, perhaps I should preface my remarks with a piece of information. Approximately ten weeks ago, in anticipation of this very afternoon, I acquired laryngitis and it will not easily go away until this afternoon's work is done. However, laryngitis does produce brevity and it does avoid what Senator Sinclair described as a tendency to be strident. It is very difficult to be strident when your voice will not even rise with the syllables.

I was impressed that both Senators Graham and Sinclair made reference to what I might perhaps call a slogan, that "Canada is open for business." However, I had not read that slogan in the same context as they had. I had read it and included it right on the first page of my notes because, from a variety of correspondence abroad, I had understood that to be the consensus of people who were in the investment industry in Britain, in the United States, in Japan and in other countries and who might have a dollar or two to drop down to meet some Canadian opportunity or some Canadian challenge.

"Open for business:" Not a bad slogan, in a world where the investment business is going through hard times. It is not a question any more of how rigid one can be; it is not a question of how open one can be; it is a question of being there and trying for what is legitimate, right and useful to the Canadian process.

• (1630)

Being open for business alone will not be enough to meet our needs for new and venturesome investment. The Conference Board of Canada has taken note of the hazards ahead which

do not mean "it is not possible to attract investment, but it isn't the 1950s or the 1960s any more."

When the minister introduced the bill last December, he emphasized:

> The Investment Canada Bill is one measure among many this Government intends to take to dismantle needless barriers to enterprise in this country.

The government's intentions to respond to international expectations are to be seen in the budget and will be evident wherever we have the opportunity to clarify or enhance our reputation as reasonable and eager partners.

But do not let us, in this debate, in any way detract from the singular importance of Investment Canada. Its replacement of the Foreign Investment Review Agency does so much to demolish the petty, bureaucratic and often inane pretensions of the 1974 legislation that it stands on its own as a forward and positive response to Canadian needs.

It exempts all new businesses from review. It limits review of direct acquisition by non-Canadians to businesses with assets of $5 million or more and indirect acquisitions, resulting from the acquisition of parent companies outside Canada, where the Canadian subsidiary acquired has assets of $50 million or more.

In terms of actual cases, both take overs and new investments, the new agency will screen only 10 per cent of what it does now. The government reserves rights in the culturally sensitive sectors, including publishing, film production and distribution.

Of immense importance is the fact that the bill provides for a specific mandate to encourage investment for growth and jobs. It provides information services and advises businesses and investors on opportunities and contacts. A somersault over the negativism of the previous government with its agency designed exclusively to find out what was wrong with attempts made from abroad to join in Canadian development.

In the lifetime of most of us in this chamber, Canada was a place that could take pride or whatever satisfaction seemed suitable for calling a spade a spade. In my town we had a rickety old building called the House of Refuge and, not a few blocks away, another monument to social conscience called the Home of the Friendless. Not far away, in Toronto, we prided ourselves on the existence of the Hospital for Incurable Children. However sympathetic those institutions might have been, they invited those who passed through their portals to abandon all hope. The Foreign Investment Review Agency—by its very name, and particularly by its acronym, FIRA—invited would-be investors or partners in the Canadian process to enter with little hope of refuge, fear of treatment as the friendless or identification as outfits incurably hostile to Canadian nationalism.

Some Hon. Senators: Hear, hear.

Senator Doyle: Honourable senators opposite will argue that none of these dreadful doubts should have been raised about FIRA, that the agency never cost us an industry worth having or delayed an application for approval to the point where eagerness turned to despair and the good people concerned simply went home.

Whatever it was, FIRA earned itself the best international reputation since Mata Hari, even before the estimable industry minister of the day threatened to strengthen the agency's powers and sharpen its appetites. Not even the minister's government would swallow that.

When the Investment Canada Bill was introduced, Keith Dixon, President of the Canadian Importers' Association, expressed delight. He said: "Anything is an improvement over FIRA." He went on to say:

> I've just come back from a trip to the United States and FIRA is regarded like a mad dog down there.

Well, perhaps not a mad dog, but an ill-conceived agency that brought us no good.

The government has done something about that.

On motion of Senator Frith, on behalf of Senator Godfrey, debate adjourned.

THE ESTIMATES, 1985-86

CONSIDERATION OF FIFTH REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the consideration of the Fifth Report of the Standing Senate Committee on National Finance (Main Estimates 1985-86), presented in the Senate on 30th May, 1985.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to take a few minutes of your time to respond to the speech made on Tuesday last by the Honourable Senator Leblanc. First of all, I should like to congratulate Senator Leblanc, the Chairman of the Standing Senate Committee on National Finance, for an excellent speech and report. That is not unusual from the Standing Senate Committee on National Finance. It has a long tradition of excellent reports and excellent chairmen.

Senator Frith: Don't push!

Senator Doody: The Senate agreed long before I arrived that the proper function of the Senate Committee on National Finance in looking at the estimates would be to have it take a particular item and deal with it as best it could. That tradition has resulted in excellent results.

In studying this particular set of estimates, the committee held hearings on the aspects of post-secondary education. Of the five hearings which were held, I had the good fortune to be able to attend four. As was the chairman, I was struck by the complexity of the problem and the extent of the questions that kept surfacing every time we tried to examine an issue. That is not an easy area to understand. It seems like there were wheels travelling within wheels.

Despite my previous somewhat biased impression, it is clear that the Government of Canada has a clear and substantial

role to play in the post-secondary education system. The federal government, in 1985-86, plans to spend $2.3 billion in cash and another $2.2 billion in tax transfers under the Extended Programs Financing. I do not need to remind honourable senators that those transfers to the provinces are unconditional in this particular area. I would think that the Parliament of Canada does have some responsibilities in this regard in looking for some accountability on the spending of that money. After all, $4.5 billion is quite a lot of money, and increases in that amount would be made, I suspect, grudgingly from the public treasury, in light of so many calls on it at this time.

● (1640)

For this reason, somehow, somewhere, somebody, and why not the Standing Senate Committee on National Finance, should take up this issue, as proposed by Mr. Johnson, who prepared a report for the Secretary of State. He indicated that he felt the object of simultaneously meeting the objective of equality of access to universities and the objective of internationally renowned excellence may not be possible. That is an interesting concept, and I think it is one that should be looked at.

Another point that struck me was the issue of research in our post-secondary institutions. There seems to be common agreement that some research is necessary, and that more research is better. How much more, I do not know. Senator Marsden spoke to that issue quite eloquently a little while ago. I have been doing a little research in that respect, and I hope to speak about it at a later time. It is an important question, and one that needs to be looked at.

The federal government supports research at universities through the Medical Research Council, the Social Science and Humanity Research Council, the Natural Sciences and Engineering Research Council and through countless special programs which individual departments operate. Surely, this makes involvement in post-secondary education a federal concern. But still, post-secondary education, and education generally, is quite clearly spelled out in the Constitution as the concern of the provinces, and it is a concern of the provinces, not simply the educational aspect, but there are provinces that have traditions and cultures of their own which are intertwined with the educational system, and they very jealously, and quite properly, protect these areas of interest to these particular provinces. There is a great fear of federal government encroachment in this area.

Some of the provinces can see a single approach, one national strategy, for post-secondary education which gives them cause for concern, so there is a need for funding from the federal government and a need for economy in the provinces. They are not compatible. The danger is that perhaps the federal government does not have the experience or the knowledge to handle these programs or this policy, or the strategy, as well as the provinces with their experience. Certainly the record of federal governments to date in post-secondary educational efforts for our aboriginal people, for whom they have responsibility, does not strike me as a very great success record compared with what some of the provinces have accomplished.

In any event, honourable senators, for these and for a number of other reasons I very strongly support Senator Leblanc's request that the committee look at post-secondary education and the various aspects and concerns attached to it. He already has a reference from the Senate, so a further reference is not necessary at all. I simply wanted to add my voice in endorsement of his request.

The Hon. the Speaker *pro tempore:* If no other honourable senator wishes to speak, this order is considered as have been debated.

The Senate adjourned until Monday, June 17, 1985, at 8 p.m.

THE SENATE

Monday, June 17, 1985

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

INCOME TAX CONVENTIONS BILL

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill S-3, an Act to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for the avoidance of double taxation with respect to income tax, that the bill was passed without amendment.

[*English*]

APPROPRIATION BILL NO. 2, 1985-86

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-54, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

PRAIRIE FARM ASSISTANCE ACT

BILL TO REPEAL—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-41, to repeal The Prairie Farm Assistance Act and to amend the Crop Insurance Act in consequence thereof.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

SPORTS POOL AND LOTO CANADA WINDING-UP BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-2, respecting the winding-up of the Canadian Sports Pool Corporation and Loto Canada Inc.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later today.

[*English*]

OLD AGE SECURITY

DE-INDEXATION OF PENSIONS—PRESENTATION OF PETITIONS

Hon. Earl A. Hastings: Honourable senators, I have the honour to present the petition of 105 senior citizens residing at West Park Nursing Home, 5715-41st Crescent, Red Deer and other residents of: Red Deer, Blackfalds, Lacombe, Penhold, Innisfail, Edmonton, Delbourne, Didsbury, Ponoka, Olds, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 10 senior citizens residing at Canterbury Court, 8403-142 Street, in the city of Edmonton, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 36 senior citizens, residents of Bow Centre Place, 7915-43 Avenue N.W., in the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, protesting the de-indexing of old age security payments and praying for the withdrawal thereof.

Honourable senators, I have the honour to present the petition of 80 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime

Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 54 senior citizens, residents of Jacques Lodge, 2500 Bow Trail S.W., Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 18 senior citizens, residents of Friendship Manor, 1923-33 St. S.W., in the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 134 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 122 citizens residing in Red Deer, Stettler, Erskine, Calgary, Edmonton, Mirror, Lacombe, Innisfail, Ponoka, Delbourne, Sylvan Lake, Penhold, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

• (2010)

Honourable senators, I have the honour to present the petition of 100 senior citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, protesting the de-indexing of old age security payments and praying for the withdrawal thereof.

Honourable senators, I have the honour to present the petition of 114 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, protesting the de-indexing of old age security payments and praying for the withdrawal thereof.

Honourable senators, I have the honour to present the petition of 114 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

[Senator Hastings.]

Honourable senators, I have the honour to present the petition of 48 senior citizens residing at Bow Bridge Manor, 3139 Bow Wood Drive S.W., in the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, protesting the de-indexing of old age security payments and praying for the withdrawal thereof.

Honourable senators, I have the honour to present the petition of 148 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to Petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 51 residents of Pines Lodge, 52 Piper Drive, Red Deer, and other residents of Red Deer, Coaldale, Picture Butte and Sylvan Lake, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 65 citizens of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, protesting the de-indexing of old age security payments and praying for the withdrawal thereof.

Honourable senators, I have the honour to present the petition of 118 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 121 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 66 senior citizens of Alama Park Lodge, 4525-31 St. S.W., Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 85 senior citizens, residents of Elbow Valley Lodge, 5025-45 S.W., Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the

Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 37 senior citizens residing at Forest Grove Care Centre, 4726-8th Avenue S.E., Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to submit the petition of 129 citizens of Red Deer, Lousana, Innisfail, Penhold, Blackfalds, Sylvan Lake, Lacombe, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 138 senior citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, protesting the de-indexing of the old age security payments and praying for the withdrawal thereof.

Honourable senators, I have the honour to present the petition of 185 citizens residing in the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 155 citizens of the city of Calgary, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 161 citizens of Red Deer, Lacombe, Innisfail, Bashaw, New Norway, Alix, Castor, Benalto, Bowden, Shaughnessy, Rocky Mountain House and Eckville, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 33 senior citizens, residents of Twilight Lodge, in the city of Red Deer, and residents of Penhold, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 20 senior citizens residing at Central Park Lodge, in the city of Edmonton, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present the petition of 41 senior citizens residing at Meadowlark Lodge and Garneau Hall, in the city of Edmonton, in the province of Alberta, availing themselves of their ancient and undoubted right to petition the Senate of Canada, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain the full indexation of old age pensions.

Some Hon. Senators: Hear, hear.

Hon. Ian Sinclair: Would the honourable senator permit a question? Perhaps he could inform this chamber of the average age of the people in Calgary who have petitioned the Senate.

QUESTION PERIOD

[*English*]

THE BUDGET

DE-INDEXATION OF PENSIONS—REQUEST FOR REPLY TO PETITIONS

Hon. H. A. Olson: Honourable senators, I would ask the Acting Leader of the Government in the Senate if he would respect the ancient and undoubted right of the senior citizens of Calgary and area to have a reply to the petitions that have just been presented and that, when that reply is prepared and ready, he will bring it to this chamber.

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I will certainly look into that matter. I am not familiar with the procedure in this particular house as it relates to petitions. I know that the system in my own legislature was a time-honoured and respected one, and we were hammered on a daily basis by the opposition in that chamber. I can see no reason why the same thing should not happen here, and if it is part of the procedure in this chamber, I shall certainly see to it that the appropriate reply is returned to the chamber.

Senator Olson: Honourable senators, I have a supplementary. I would advise the Acting Leader of the Government that it is a question of following the matter up and making sure that there is a reply, in order that all of these petitions do not just simply disappear into the system. That is the commitment I was really asking of the Acting Leader of the Government.

Senator Doody: Honourable senators, the honourable gentleman has far more experience of things disappearing into the system than I have, and I will, therefore, profit from his advice in this matter.

INDIAN ACT

BILL TO AMEND—SECOND READING

Hon. Nathan Nurgitz moved the second reading of Bill C-31, to amend the Indian Act.

He said: Honourable senators, at third reading of this bill in the other place the Minister of Indian Affairs and Northern Development said that the passage of the bill was an historic moment, and I must say that I fully agree with him. Consideration of this bill marks the first time since 1951 that Parliament has made substantial revisions to the Indian Act.

• (2020)

In our work on the Standing Senate Committee on Legal and Constitutional Affairs, and certainly in my own work on the Joint Committee on Regulations and other Statutory Instruments, I have had some exposure to the workings of the act. Particularly those of us who took part in a pre-study of this bill in the Standing Senate Committee on Legal and Constitutional Affairs have had some graphic evidence of the effects on Indian people and their communities. It takes no great insight into the situation of Indian people in Canada to state that these proposed changes are long overdue.

The Standing Senate Committee on Legal and Constitutional Affairs, during its pre-study hearings on the subject, heard from many witnesses representing what, I suggest, would be pretty well every point of view that there could be on the bill. One thing that struck me above all is the complexity of issues dealt with in and affected by this legislative proposal.

I think the minister is to be commended for piloting this bill over terrain which many previous ministers have feared to tread. I have watched closely the progress of the bill in the other place and its committee, and I believe that it constitutes a fair and reasonable approach to an extremely difficult set of issues.

The bill does not solve all of the problems of the Indian Act. It is not intended to. Much remains to be done. As I was taught during my five years' experience in this chamber by the then Deputy Leader of the Government, Senator Frith, who used always to say that one should be happy with half a loaf, for many this will, indeed, be half a loaf. There are many people who advocate further change or more extensive change, but I am suggesting to honourable senators that at this point in time, having regard to what I think are reasonably complex issues, this is a compromise worth accepting, and that it will serve the needs of Indian peoples.

The bill deals with two specific problems, and I suggest that it does so in a commendable way. The minister, in presenting the bill for second reading in the other place, said that the purpose of the bill was to correct two historic wrongs in Canada's legislation governing Indian people. He described these wrongs as, first, discriminatory treatment based on sex, and second, the control by the government of membership in Indian communities. He went on to describe these two issues in their historic context, and I should like to quote briefly from his comments because they illustrate eloquently the nature of the problem that this bill, hopefully, resolves.

[Senator Olson.]

Senator Frith: That is a good use of the word "hopefully."

Senator Nurgitz: He said:

> In the early days of Confederation Canada consisted only of the Maritime Provinces, parts of Ontario and parts of Quebec. The balance of the great land was the territory of the aboriginal peoples. At that time the Parliament of Canada took upon itself to define through the Indian Act who it would recognize as having Indian status. As Canada took over those Indian lands, hundreds of thousands of people and their descendants fell unknowingly into a category of people whose lives would become dominated almost totally by the federal Government.
>
> The legal definition of who was an Indian reflected the nature of Canadian society at the time. A woman followed her husband's status. He alone had civil and political rights and he alone could pass them to his children. This 19th century view was reflected throughout the Indian Act. An Indian woman would, parliamentarians of the day reasoned, be taken care of by her white man and therefore would no longer need to be an Indian. She was enfranchised to use the terminology of the act.

I will come back to that question because some of you may wonder where the term "enfranchised" comes into play. To continue the quotation:

> For her, the price of marriage was her status as an Indian.
>
> It is sad to say that these legal definitions continue to the present day. The result is a lengthy list of hotly debated issues. These include questions like who is an Indian, who determines who belongs to a band, who should be registered as having Indian status, what should be done with people who lost status unfairly and with their children, and what is enfranchisement and why do we still have it? All of these issues mean little to most Canadians but they are critical, urgent and important questions to Indian people. That is why federal governments have been under pressure from many fronts for many years, both in and out of Parliament to remove sexual discrimination from the Indian Act.

When one speaks of the kinds of pressures that we undergo just on that point alone, I am sure honourable senators will recall the Sandra Lovelace case which was the case of an Indian girl who made an application to the Human Rights Committee of the United Nations alleging that the operation of section 12(1)(b)—and that is a section in the existing act that says that if an Indian female marries a non-Indian she loses her status—was in breach of Article XXVII of the International Convenant of Civil and Political Rights of which our country is a signatory.

In 1981 the Human Rights Committee of the United Nations deemed Canada to be in breach of Article XXVII of the covenant.

The minister then went on to discuss how this question looks from an Indian point of view. He said:

> Indian people have consistently objected to the federal government intruding into the governing of their communities and nations. What greater intrusion can there be than the arrogance of assuming the right to tell another people of another culture and tradition who is and who is not a member of their community and who can and cannot live on their own lands?

The resolution to the two historic wrongs, referred to by the minister, is based on three principles which form the very heart of this bill: one, removal of discrimination; two, band control of membership; and three, as a result of those two the third point, restoration of rights.

Dealing with the first point, the bill eliminates all forms of sexual discrimination in the act. No longer will a woman's or a child's entitlement to be registered as an Indian be determined by the status of their husband or their father. All persons will be treated equally. Implementation of this principle will bring the Indian Act into accord with section 15 of the Charter of Rights and Freedoms which recently came into effect.

The second principle, band control of membership, ensures that for the first time since Confederation Indian First Nations will be recognized by the federal government as being able to assume meaningful control over the determination of their band membership.

• (2030)

The third basic principle incorporated in the bill is restoration of rights. This bill ensures that all persons who lost rights directly as a result of sexual discrimination in the Indian Act will be entitled to have their rights restored.

To those uninitiated in the intricacies of Indian life in Canada, these three principles may seem simple and easy to implement. Let me assure you, this is not the case. Most observers will readily agree that all three principles are valid and, taken by themselves, appear to be quite reasonable, but there is, unfortunately, the potential for deep-rooted and serious conflict among these principles.

Is it possible to eliminate discrimination and restore rights, yet still respect the right of bands to control membership? If membership is returned as a matter of right to a large number of people, has the power of the band to control membership been diluted? On the other hand, is it reasonable to give bands membership powers which might prevent some people from regaining rights lost as a result of discrimination?

These were the kinds of issues faced by the minister in drafting the bill. In my view, the solution he has devised constitutes a careful and a fair balance among the three basic principles I have outlined. For one of the basic principles to be predominant could only be done at the expense of the others. This bill avoids such extremes.

Having said that, no one gets 100 per cent of what they sought, but each group gets something important. There is no other fair path, I suggest, that we can follow.

I should like to take a moment to underline the key elements of this bill. First, the bill removes sexual discrimination from the Indian Act for the future. Under the present Indian Act, Indian status and band membership generally depends on one's husband or father. The most notorious form of discrimination is found in section 12(1)(b), to which I referred, which provides that an Indian woman marrying a non-Indian loses all her rights; conversely, her brother loses nothing by marrying a non-Indian, indeed, her sister-in-law becomes an Indian, as do all her brother's children. Bill C-31 abolishes this blatant inequity. In the future Indian men and women will have exactly the same rights. No one will gain or lose their rights as Indians through marriage. Children of mixed Indian/non-Indian marriages will inherit Indian status in the same way, whether their Indian parent is their mother or their father.

Other provisions relating to inheritance, desertion and the definition of a child will eliminate unequal treatment based on sex or whether a person was born in or out of wedlock. For the future, the Indian Act will be stripped of what has been termed "sexist orientation."

Second, I shall describe how bands may assume, once again, control of their own membership. Before the Europeans came to this continent and long afterwards, Indians themselves defined who their people were. Most Indians assert that they never gave up this central aspect of nationhood. The fact remains, however, that over 100 years ago, in 1876, the Government of Canada passed an Indian Act which made the definition of "bands" a matter of federal law. That regime has persisted with little change to this very day. Bill C-31 will change all this. For the first time in over a century the federal government will recognize the right of bands to determine who are their members.

The transfer involves meeting only three criteria: (a) the majority of band electors must consent to assuming control and to specific membership rules; (b) appropriate notice must be given before band electors are asked to make these decisions; and (c) the acquired rights of existing band members and those to be restored to band membership must be respected.

If these conditions are met, the minister will be required to shift control of the band list to the band itself.

Third, there will be a program to restore rights lost unfairly through sexual discrimination or otherwise. Most importantly in this regard, the 16,000 women who lost their rights as a result of marrying a non-Indian, will regain both Indian status and band membership.

Three other groups totalling about 2,000 people will also regain status and band membership. Included in this group of 2,000 there are: children who had band membership and lost it when their mothers married non-Indians; illegitimate children of female Indians who lost band membership when non-Indian paternity was determined; and children whose mothers and

maternal grandmothers were non-Indians and who lost their band membership at the age of 21. In addition, those people who enfranchised voluntarily under subsection 109(1)—that is, those who themselves applied to give up their rights, as well as their wives and children who were enfranchised with them—will be entitled to regain registration under the act. Band membership for this group, which numbers about 8,000, will be decided according to band membership rules.

The first generation descendants of all of these people, both the victims of sexual discrimination and the families that enfranchised voluntarily, will be eligible for first-time registration as status Indians under the Indian Act. This group of descendants is estimated to number about 50,000. Again, band membership for this group will be a matter for the bands to decide.

If a band does not act within two years of Royal Assent to Bill C-31 to assume control of its own membership, then band membership for that band will be administered by the federal government. In such cases, Indian status will confer band membership, as has been the long-standing federal policy. People granted status under this bill would be among those gaining band membership in those circumstances. The government expects, however, that most bands will act within the two years to assume control of their own memberships.

The final key element that I would like to mention is the abolition of this term "enfranchisement." This curious term is used in the present act in just about the reverse of what people would assume it to mean. It is used to describe the process of giving up Indian status. It dates from a time when the only way Indians could obtain the vote—that is, to become "enfranchised," according to the meaning we might give the term—would be to renounce their "Indian-ness." This assimilationist policy has been an anachronism since 1961, when the Diefenbaker government gave Indians the right to vote in federal elections. I am pleased to confirm that Bill C-31 eliminates this offensive concept from the act.

The principal elements of Bill C-31, then, are: the removal of sexual discrimination for the future, band control of band membership, restoration of rights for those who lost them through sexual discrimination and elimination of the concept of enfranchisement.

Major changes have been made to the original Bill C-31 by the Standing Committee of the House of Commons on Indian Affairs and Northern Development. The elements I have just described to honourable senators were, for the most part, contained in the original version of Bill C-31. Members of the Standing Senate Committee on Legal and Constitutional Affairs will be familiar with these points. I have gone over this in some detail for the benefit of all honourable senators, and I would now like to summarize the major amendments made to the bill during the course of its consideration in the House of Commons.

I have already dealt with one such change relating to those who were enfranchised under subsection 109(1). In the bill, as it was tabled in the House of Commons, only certain categories of those so enfranchised were defined as "unfair," examples of which included including persons enfranchised as a result of joining the Canadian Armed Forces, as absurd as that may sound, or those enfranchised in order to obtain or maintain employment. During the hearings of the House of Commons committee, it became clear that the distinction between fair and unfair enfranchisement was tenuous. Accordingly, the minister moved to amend the bill as I described earlier. All those enfranchised under subsection 109(1) of the former Indian Act will regain Indian status if they so wish. On the other hand, to restore band membership directly for this group will intrude too far on the principle of band control, so the amendments also provided for band rules to determine whether those enfranchised regained band membership. This change has been well received by most observers and by both opposition parties in the House of Commons.

• (2040)

Amendments led to a further strengthening of band control. The original bill provided for an explicit bylaw power pursuant to which bands would regulate residence on reserves. One amendment gives bands the power to prohibit intoxicants or regulate their use on the reserve. The provision was included in the bill to plug a gap created by a series of cases in the courts, and in particular two cases that were heard in my home province of Manitoba, one being *The Queen vs. Edwin Bear,* which was a judgment of the Court of Queen's Bench in Manitoba, and the second being *The Queen vs. Hayden,* which was a decision of the Manitoba Court of Appeal in October of 1983.

Both cases concerned individuals apprehended with intoxicants on a reserve, and the court held, in both cases, that the section of the Indian Act which prohibits intoxicants on reserves is in violation of the Canadian Charter of Rights and Freedoms. To apply its provisions is to discriminate on the basis of race.

That was section 97 of the former act. There was an Alberta case as well.

I should mention, also, that, in respect of the judgment of the Manitoba Court of Appeal, the federal Department of Justice attempted to obtain leave of the Supreme Court of Canada to have the matter heard by that court, and leave was not granted. I assume, therefore, that there is some ground to believe that the court, in hearing the application for leave, either found the judgment of the Manitoba Court of Appeal to be sound, or saw no reason why it would reverse such a finding—

Senator Frith: Or that it had no pan-Canadian significance. However, I would not think that would be a good ground for refusing the application in this case.

Senator Nurgitz: I think not. In any event, section 97, which deals with the possession of intoxicants on reserves, has been removed. In essence, the changes made through these amendments provide for something akin to municipal bylaws in this respect. I am sure all honourable senators are familiar with the fact that there are municipalities in our country that are still

"dry," prohibiting the sale of alcohol and spirits within their bounds. This would be a similar provision, pursuant to which an Indian band could regulate the availability of alcohol on reserves.

An amendment to section 81 strengthens the means to enforce band by-laws. In brief, it takes the penalty of $100 as set in 1950 and, applying an indexation factor, brings it up to $1,000—a more realistic level in 1985.

Some amendments serve to provide better protection for bands. For example, after Royal Assent has been given to Bill C-31 a full two years will be available for bands to adopt their own membership rules, rather than two years from April 17, 1985, the effective date of the Charter. The original bill said that it would be two years from the date that the Charter came into effect. With the amendment, it will be two years from the date on which the bill receives Royal Assent.

Another amendment ensures that subsection 11(2) will not come into effect inadvertently—and subsection 11(2) is the subsection which would give band membership to first generation descendants of what are referred as section 12(1)(b) women—if a band does not adopt its own rules within two years.

The fear was that a band might develop and submit its rules in good faith and on time, but there could be some delay in approval, allowing subsection 11(2) to come into effect, notwithstanding the band's intentions. The amendment in subclause 10(7) states that membership rules will be effective from the date that notice is given to the minister by the band, rather than from the date of approval.

A third amendment requires the minister to report to Parliament in detail within two years on the implementation of this bill. This provision will keep the pressure on the government to live up to its commitment to make sure that bands will not become worse off as a result of the passage of Bill C-31. Further, section 64.1 is expanded to permit bands to restrict access to programs financed by the band's own money in the case of persons restored to band membership who received large pay-outs of band funds when they lost their membership. Although this provision will only affect, perhaps, a dozen bands, it will ensure that those who received large pay-outs cannot benefit a second time. If an individual has left the band and asked for and received his or her distributive share, if you like, that individual cannot now rejoin without repaying the moneys received. And on that, so that it is not reduced to trivial matters, the first $1,000 of such a pay-out would not have to be repaid, thereby removing trivial cases from the rolls.

Still other amendments will encourage fairness in various other ways. For example, appropriate notice is now required prior to band votes on proposed membership rules.

Another change related to a reduction in the age of majority in the Indian Act from age 21 to age 18, to conform with general federal practice. Also, the definition of "adopted child" has been broadened to include children adopted in accordance with Indian custom and not only those adopted according to provincial laws dealing with adoption.

The standing committee of the House of Commons also deleted clause 14.4 as it appeared in the original version of Bill C-31. This clause provided for the right to remove one's name from the Indian Register on a band list maintained in the department. Many witnesses criticized this provision as a holdover of the enfranchisement concept. They fear that people might once again be induced to give up their rights. After considerable debate, all parties in the Commons agreed to delete that clause.

There was a lengthy debate, as well, in the House of Commons dealing with the so-called high impact bands. The point was made that some bands might be affected disproportionately on the average number of people entitled to regain band membership. We heard evidence in our committee of bands as small as 38 members. If 50 people were returning to that band as a result of Bill C-31, that 50 would control, in essence, the band. There are rules providing for percentages only to be allowed back in—and that runs over a seven-year period—to ease the pressure on what are referred to as "high impact" bands.

One proposal before the standing committee of the other place called for a transitional list for those who would otherwise be entitled to regain band membership under Bill C-31. Such a proposal would leave to the band decisions on band membership for everyone in cases where band membership was projected to increase by 20 per cent or more. The committee rejected that proposal, since some of those normally entitled to regain membership under the bill might remain on the transitional list indefinitely. This would undermine the principle of restoration of rights which is central to this bill. For that reason, the 10 per cent rule was brought in to deal with that kind of problem.

The government is confident that the provisions already in Bill C-31, and particularly those related to band control of membership and bylaw power on residence, should provide ample protection if there are problems which have not been foreseen. Such problems could be dealt with when Parliament reviews the implementation of Bill C-31. As honourable senators will note, this review will take place in two years' time.

And, finally, in discussing the handling of Bill C-31 in the House of Commons, I should like to comment briefly on the issue of broadening access to Indian status and band membership to more people.

Various amendments to this effect were proposed by the opposition. The government in fact, as I have noted, did expand access to status to all of those enfranchised under subsection 109(1). The government is not prepared at this time to go further. The bands, of course, will be able to accept whomever they wish as band members. No doubt many descendants of those regaining membership under Bill C-31 will themselves become band members under band rules. But to impose on the bands membership for persons who were

never band members would make the principle of band control meaningless.

● (2050)

On the question of the scope of those gaining Indian status under the bill, I should point out that up to 70,000 people will be eligible for status and band membership under the provisions of Bill C-31.

To include just one more generation—that is, to go from mother to child to grandchild—would add anywhere from 40,000 to 70,000 more; and from reading the committee proceedings and the debates of the house, one will see that the minister thought that that would mean going further than he was prepared to go at this time with this bill.

Honourable senators, it is impossible to undo all of the residue of past discrimination. Nevertheless, the government is convinced that Bill C-31, as passed by the House of Commons, provides a generous and virtually unprecedented measure of redress for past wrongs under the Indian Act.

There were also a number of technical clarifications and improvements adopted in the bill, which I need not go into.

It would be naive for me to suggest that large increases in the current number of status Indians that would result from this bill would not have significant financial implications for the government. The government is fully aware of the need to ensure that the bill will be implemented in a fair way and that adequate funding is provided. To that end the minister has given an assurance that, in fact, there will be no shortage of funds to provide for full implementation of this bill.

The objective of the government is to ensure that people restored to status can enjoy the full range of programs and services to which they, as status Indians, are entitled. That will be accomplished without altering the current situation in which individual Indians and their communities find themselves.

The minister has pointed out that he is aware of the need to implement this legislation as quickly as possible. Many individuals and communities are anxiously awaiting passage of this bill, and I suggest, honourable senators, that there is some urgency.

The bill came into effect, in essence, on April 17, when section 12(1)(b), even without judgment of a court, would obviously be ineffective. To all intents and purposes the discriminatory section can hardly be said to be in effect, because of the effective date of April 17.

The longer the gap between that date and the date of Royal Assent, the greater the danger of legal complications arising from conflicts between the provisions of this proposed bill, Bill C-31, and those of the Indian Act.

Immediately following Royal Assent being given to the bill, the government is prepared to begin the implementation process. Individuals eligible for restoration will be made aware of how to apply to regain their rights. Bands will be assisted in assuming control over their own membership. Steps will be taken to ensure that bands are able to cope effectively with their new band members.

[Senator Nurgitz.]

The problems dealt with by this bill have created wounds in some Indian communities which will take time to heal. But I believe that, in time, most individual Indians and bands touched by the legislation will agree that it constitutes an important and necessary step forward.

I use the word "step" advisedly, because this legislation is only a beginning. What lies ahead for us is to deal with the other critical issues facing Canada's Indian people.

Foremost among issues to be resolved is that of Indian self-government. That is the course to which many wish to dedicate themselves following passage of this bill.

I urge all honourable senators to support the bill. I look forward to hearing the comments of honourable senators, and I trust that the bill will be considered further by the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. John M. Godfrey: May I ask the honourable senator a question?

Senator Nurgitz: Certainly.

Senator Godfrey: I gather that this bill was pre-studied by the Standing Senate Committee on Legal and Constitutional Affairs. Did it make any recommendations either officially or unofficially, and, if so, which recommendations were accepted and which were rejected?

Senator Nurgitz: In reply to Senator Godfrey, the committee had six or seven meetings at which it heard representations from a wide range of Indian groups, pressing us, I must confess, on every conceivable issue and on every side of every issue. The committee made no recommendations whatsoever.

Hon. Joyce Fairbairn: Honourable senators, I rise with some considerable reluctance to speak on Bill C-31, which deals with amendments to the Indian Act primarily in the area of discrimination and band citizenship. It is rather like being party to a break and entry. We are intruding ourselves into somebody else's home. We are meddling with their family life and then leaving them to sort out the pieces.

All of us are caught in a process which would be intolerable should it happen to most of us. The fact that it is happening to one of our colleagues in this chamber, Senator Marchand, adds to my own feeling of inadequacy.

The only justification for our action is that this latest intrusion into the lives of Indian people is necessary to try to end a much greater injustice which Canadian governments introduced many years ago with the passage of the Indian Act.

I should like to say a few words about my colleague, Senator Nurgitz. I wish to thank him, and the committee—and most particularly the chairman, Senator Neiman—for the courtesy and encouragement given me in permitting me to join in the pre-study discussion of this bill. I appreciate the encouragement given to me, as a new senator, in undertaking for the first time the pre-study of an important and controversial bill.

I listened to Senator Nurgitz with interest and great respect. He gave an excellent review of the provisions of the bill and the process of amendment which led to its introduction in this chamber.

In the course of my remarks, I may approach the subject from a different direction, namely, from the direction of those whose views I heard during the long weeks of pre-study.

I believe that my honourable friend, and other members of the committee, would agree that we can take no joy in this bill. There are no real winners here, not in politics, not in government, not in Parliament, nor among the Indian people themselves.

The minister, the Honourable David Crombie, in his speech on third reading of the bill in the other place, acknowledged the pain of imperfect compromise. He noted that dissatisfaction will greet the effort to balance what he called two "just causes:" that of women's rights, on the one hand, and of Indian self-government on the other. He urged that a spirit of generosity and reconciliation prevail among those who will have to make the personal adjustments in adapting to the new law, if this bill passes. All of us must join him in that plea.

• (2100)

Who exactly are we dealing with in this bill? At the latest count we are dealing with 581 bands which are comprised of 332,000 status Indians, 235,000 of whom are living presently on reserves. We are dealing with some 18,000 persons who will have their status and band membership reinstated as a result of the repeal of the sexual discrimination provisions in the Indian Act. We are dealing with some 50,000 children of these persons who will gain Indian status but not automatic band membership. And, finally, we are dealing with some 8,000 other Indian people who lost status because of other provisions of the act, such as joining the clergy, finishing university, accepting veterans' benefits, voting in federal elections, joining the armed forces, going away to work, and so on. It seems incredible that we have had a law on the books which prevented an Indian from being an Indian as a result of participating in these routine and often patriotic acts.

There is a great deal of hope for the future in this bill. However, one of the difficulties surrounding it from the beginning and for the present is that it deals at the same time with principles which are volatile and incompatible. First, it removes the sexual discrimination from the Indian Act in the infamous clause 12(1)(b) under which Indian women who marry non-Indian men lost their status and were struck off the band list. That status would now be restored along with band membership. Second, the bill moves toward government recognition of the rights of Indian band control over their own membership; rights which, as Senator Nurgitz pointed out, the Indians themselves have never relinquished. This, too, is a step toward self-government which itself is currently at a stalemate at the level of the Constitutional Conference.

Taken separately, one would have difficulty arguing against either of these principles. But place them together in the context of Bill C-31 and it is like mixing oil and water. In the first instance we see that sexual discrimination is not stamped out after all. In the words of one of our witnesses, the bill is transmitting the discrimination from the women to their children. The women, as I said before, who have lost their status through marriage to non-Indians will have it restored along with membership in their band. But their children gain status only, and from age 18 must rely on the decision of the band as to whether or not they will be accepted as members. This contrasts with the case of an Indian man who has married a non-Indian woman—the wife becomes a status Indian, as do the children, and all of them are band members. What initially was hailed as the end of sexual discrimination was quickly seen as only half a step, which could result, depending on the will or the economic circmstances of the band, in dividing family units, rather than bringing them back together in the community. The bill also does not end immediately discrimination against these "12(1)(b) women" as they are called in terms of their ability to transmit their status directly beyond first generation children.

Amendments have also been rejected which would have guaranteed that re-instated women could participate in the process of establishing band membership that would ultimately affect the membership of their children. I have listened carefully to the arguments of the minister and I understand that while a major step has been achieved in the removal of discrimination against these women, imposing their children on the band membership would offend the principle of control for band councils.

The war against discrimination has been fought for many years, often in lonely battle, by Indian women—people who appeared before us such as Mary Two Axe Early and Sandra Lovelace. Was it simply a selfish fight for their own individual interests which motivated them? I shall let Gale Stacey-Moore of the Quebec Native Women's Association answer that question. She told our committee:

> The fundamental reason for the movement by native women to change the discriminatory sections in the Indian Act is for the benefit of our children, who are our future.

Wally MacKay, Ontario Regional Chief of the Assembly of First Nations—which places the right of self-government at the very top of its list—told us that the Assembly of First Nations Chiefs fully supports the removal of sex discimination from the Indian Act, but noted Bill C-31, "splits the families. It victimizes the children in that regard." He went on to say:

> When we look at it (the bill) as a transitional process, once we achieve that recognition of citizenship, we will set the house in order the way it is supposed to be set in order.

There is pain in the testimony of Indian women on this issue. For some, this bill has become a hollow gesture because they do not want to risk re-establishing themselves on a reserve with children who may have an uncertain future in terms of band membership. Women like Muriel Sasakamoose, Executive Director of British Columbia's Native Women's Society, maintain that reinstatement for women and their children and grandchildren into band membership must precede the question of self-government. She contends, as do others, that this part of the bill violates the Charter of Rights. Yes, there is pain; there is anger and there is resolve to fight again, if necessary, in the courts for family reinstatement.

In the case of the second principle in this bill—the right of the bands to control their own membership—it has come under equally heavy criticism for arbitrarily imposing a potential of many thousands of persons back into the bands. I think it is fair to say that a majority of the witnesses attacked this provision on many grounds. It was contrary to basic treaty rights. It threatened the already precarious economic survival of the bands. It offended the whole concept of self-government. It threatened the cultural and spiritual roots of community living which individual groups have struggled to maintain against incredible odds. In some cases the bands simply did not want the women and their children back at all, as they had chosen to marry out and that was that.

In terms of Bill C-31, the Constitution and the Charter, many reject totally any attempt by the federal government to interfere with the right of Indians to determine their citizenship and their right of residence on Indian land. Indeed, the very first group to appear before us, headed by Mr. Eric Robinson, Co-ordinator of the Manitoba Brotherhood of Indian Nations, who was speaking for the Coalition of First Nations, stated bluntly:

> If the Government of Canada is adamant in its pursuit of this legislation, we can only inform you that your government and our First Nations governments who make up the coalition, are on a collision course, a course that will lead not only to defiance on the part of the people and the governments of the Coalition of First Nations, but to possible conflict if this legislation is passed.

From the Treaty Six Chiefs Alliance, Chief Gordon Gadwa told us:

> We will not accept legislation which will impose people upon our communities without our consent.

He added:

> We see indigenous peoples as a people indentifying with a particular culture, a particular community and a particular value system. For us, people left our community by choice. They may racially look like Indians, but are they Indians?

● (2110)

The so-called "high impact" bands also have a deep concern. These are bands which have a small population and area which could, in their view, be overwhelmed by even a small number of reinstated members. In Alberta, I have heard people scoff at some of these bands. These are bands which have had the good fortune to have a resource base discovered on their land. There is a tendency to say either that they can easily afford newcomers, or that they want to restrict newcomers in order to avoid additional claims on band revenue. Surely bands which have prospered, thanks to good management and resource discovery, have no less a desire to maintain the way of life and customs which they have built up in their communities. To quote Catherine Twinn, Counsel to the Treaty 8 Bands of Alberta:

> In its rush to correct past injustices, Parliament must ensure that its actions will not jeopardize the survival of any Indian community.

Honourable senators, I have gone on at some length about the views expressed to our committee, because a number of them are not reflected in Bill C-31.

The government has addressed difficult issues in what Mr. Crombie believes is the fairest way to reach specific and limited objectives. He acknowledges that the result does not satisfy any of the constituent groups. Indeed, he suggested that, if it did, he would have failed to achieve the limited balance he had been seeking.

We must also acknowledge the tremendous amount of time, effort and thought which Indians across this country have brought to this debate. Their presentations to committees, both in the House of Commons and in the Senate, were outstanding and really reached far beyond this single bill to the larger issue of self-government which will dominate future discussions in this country.

I know that the government will not be moved on the basic principles contained in this bill. That has been made very clear to us. Nonetheless, even at this late date, there are still avenues to explore when we meet the minister in committee, as I hope we will.

One which I have not touched upon, but which is of vital concern, is the question of financial assistance to the Indians bands. The minister, thus far, has not wished to put a price tag on his principles, but I ask him to give us and the Indians a clear picture of the range of the government's commitment before the bill goes to third reading.

Time and again, witnesses demanded that the bill contain a guarantee that necessary resources would be forthcoming. Indeed, the negative attitude of some towards reinstatement might have been somewhat muted by such a guarantee. For some, the desperate conditions on their reserves gave them no option but to oppose.

With respect, the Indian people are not about to accept with blind faith assurances from the minister that they will be no worse off as a result of this bill, and why should they? I, personally, find it difficult, especially after we had a peek at the leaked documents from Deputy Prime Minister Erik Nielsen's Task Force on cost-cutting, which recommended substantial cuts in native programs over the next three years. To be fair, the minister and the Prime Minister denied that the document represented government policy. However, its very existence and the attitude expressed in it indicates a way of thinking within government departments that justifies concern, if not cynicism.

We are in a period of restraint, of deficit cutting, of pulling back and of shifting from government to the private sector. Let us be perfectly clear that none of that philosophy must—indeed none of it can—apply to the Indian people, either in terms of regular government financial assistance or certainly as a consequence of this bill.

It is not enough to tell the Indian people that the status quo will be maintained. In many cases, the status quo is utterly intolerable by any standards used for the rest of Canadian society. Let us not forget that, for the Indian people at this moment, there is no real private sector. There is the government and themselves.

We must make a clear commitment that those currently living under great difficulty will have those difficulties addressed as a priority of this government, completely separate from the obvious assistance required for reinstatement under this bill. It would be tragic, honourable senators, if we in this Parliament endorsed one more measure which placed an additional burden on some of our most disadvantaged Canadians.

There is another avenue that we should also probe. A number of serious questions have been raised concerning the constitutionality of Bill C-31, particularly in terms of section 15 of the Charter of Rights and Freedoms which provides, as you know, that every individual is equal before and under the law, and has the right to the equal protection and equal benefit of the law without discrimination. The government maintains it is confident the bill meets the test of the Charter, but other legal experts have lively doubts.

There is no doubt, however, that, if this bill passes, there will be court cases launched and the costs could be punitive for the Indians and their band councils. University of Lethbridge Professor Leroy Littlebear, speaking for the Indian Association of Alberta, put it in a nutshell when he told our committee:

> The people who will feel the impact of these discriminatory situations will be the bands. It will not be the government any more. The people who are going to be brought to court, if anybody is brought to court under the Charter and so on, will be the bands, because they will be the ones who will be blamed for these types of discrimination. It will be the bands who will continually be taken to court for these types of situations.

Honourable senators, perhaps the government should look again at the possibility of placing a reference before the Supreme Court on the discrimination aspects of this legislation in order that there might be a clear-cut opinion without the time and expense involved in the hearing of individual cases. Section 55 of the Supreme Court Act is available, and I challenge the government to use it to refer the question of compliance of Bill C-31 with the Charter of Rights and Freedoms to the Supreme Court of Canada. This is a serious suggestion and I hope it will be given serious consideration. If the government persists in its refusal to do this, I offer an alternative suggestion: Would the government assist Indians in funding court challenges to this bill under the Litigation Support Program, as it has done in other cases in the past?

Honourable senators, I have tried to convey to you some of the concerns surrounding this legislation. They are real concerns, and I hope my words will not fall on barren ground because the hard work now must be done in the real world at the band level, should this piece of paper become law.

I do believe a real effort has been made to correct some injustice through this bill. The fact of discrimination against Indian women is unbelievable in 1985. It has hung like a black cloud over the relationship between the Government of Canada and Indian people during negotiations over the past several years. That is one bottom line in this legislation, and if we cannot erase that line of discrimination forever within Canada, how can we participate with any credibility in world councils?

• (2120)

The second bottom line is that a real step has been taken to quicken the pace of disengagement from the intrusions governments have made in the daily lives of Canada's Indian communities. This step is in the form of recognition of future control of band membership by Indians.

But let us not for a moment think that this bill accomplishes these goals. While ending some old suffering, it unfortunately creates new and difficult situations for our Indian society. All the accumulated wounds of more than a century cannot be healed in the minds and hearts of the Indian people by this bill, or by any bill.

While we attempt to deal with one level of discrimination in this bill, we, as senators, must realistically acknowledge the much greater daily trial of racial discrimination which faces the native peoples of this country from the day they are born until the day they die. It is inescapable, not just a product of laws, but a disease of attitude.

In recent weeks I have had the great privilege of travelling with the Senate Youth Committee across Canada. Everywhere, we have been listening and searching for creative and productive ideas which might help turn discouragement into optimism for the current generation of young people. Nowhere is this discouragement more cruelly evident than in the testimony of native youth and those who work with them. To all the other difficulties that youth now faces is added the soul-destroying element of racial prejudice. It has already tainted the hopes and expectations of many of today's native youth.

In my first speech in this distinguished chamber I urge each of us, in whatever way we can, to launch a personal campaign to rid our society of this destructive attitude, wherever it exists. If we cannot stand side by side in friendship and in honour with the first Canadians, what hope can we offer to the other races from other lands who wish to make their home in Canada.

Hon. Len Marchand: Honourable senators, this is the first opportunity I have had to, in a sense, make a formal speech in this chamber. I do not intend this to be of a maiden speech, because, as a parliamentarian, I had that honour back in 1968, when I seconded the motion for an Address in Reply to the Speech from the Throne, along with my esteemed colleague, Senator Corbin, who moved the motion for the Address in Reply on that great occasion. However, I should like to say a few things in a way that might be considered to be along the lines of a maiden speech.

I want to refer to two predecessors of mine in this chamber who were status Indians. Senator Gladstone was appointed to this house on January 31, 1958. He was an esteemed senator, who hailed from Cardston, Alberta. He made his maiden speech in this chamber on August 13, 1958. On that occasion he moved second reading of a bill which amended the Indian Act, Bill C-24. I did not in my research find out the exact nature of that bill, because he did not refer to it in any detail. However, I knew Senator Gladstone well. He was a gentleman, and I believe he conducted himself in this chamber with honour on behalf of his people. I know that was his desire.

Senator Williams, whom many of you know, was appointed to this house on December 9, 1971. Senator Williams is from the province of British Columbia. He is a long-time friend of mine. He also conducted himself with distinction and honour in this chamber. Incidentally, recently Senator Williams has not been well, and I am sure that all honourable senators will join with me in wishing him a speedy recovery, and we hope that he will regain good health for the future.

Hon. Senators: Hear, hear.

Senator Marchand: I am a member of the Okanagan Indian Band, near Vernon, British Columbia. To me, that has always been a great source of pride during my life as a member of Parliament in the other place. I want to say that I look forward to my participation in the work of this house, and I hope that I conduct myself in the same manner as my two predecessors as Indians in this chamber. It is an honour for me to be here with so many distinguished and capable men and women as senators.

I suppose one of the aspects of this bill that we are dealing with tonight relates to self-government, the government of the Indian people, the First Nation, or however you want to describe us. Just as an aside, let me say that I read some portions of the late Honourable John Diefenbaker's book, the first volume, in which he commented upon why he appointed Senator Gladstone to this chamber back in 1958. He said that at that time it was his desire to see a greater participation of the Indian people of this land in the political, economic and social life of this country. At that time he felt that there was no other way in which to accomplish that other than appointing Senator Gladstone to this chamber. However, he later went on to refer, very kindly, to my election, and also the election of Wally Firth at the time, who was a Métis from the Northwest Territories, as things that happened perhaps a little sooner than he thought would be the case.

Perhaps another significant thing that happened around that time was that the Indians of Canada received the federal vote for the first time in this land of ours in 1960. It was the first time that they received that vote.

I will refer to some other very significant things that happened, because some of the changes that are now in this bill relate to Indians receiving the vote. One of the clauses refers to enfranchisement. I know of people who gave up status as Indians when they were so-called enfranchised under the Indian Act, just so that they could get the vote and so that they could buy things like liquor. In the province of British Columbia, for instance, we were not able to go and buy liquor legally in the liquor stores until 1960. It caused our people a great deal of pain and hurt later on, because right now alcoholism among our people is one of the most serious problems they face. Be that as it may, we were still discriminated against very seriously in so many laws of this land. I will never forget that before 1960, when I was 21, I went to the liquor store to buy my first bottle of booze ever. Every time I think about it I shake. I stood in line at the liquor store on West Broadway in Vancouver and so many thoughts went through my mind. I wondered if at some point somebody was going to say, "Hey, you, Indian, get out. You can't come in here. You're Indian. You can't come in and buy liquor." Those are the realities of the situation that we had to face. I am glad that there is at least some movement toward addressing some of those issues in this bill.

• (2130)

I am very pleased with the comments that Senator Fairbairn made. She covered a lot of the territory I wanted to cover this evening. She made an excellent speech. She covered in a very sensitive manner a lot of the real issues that are before the people and are being dealt with in this bill. In introducing this bill, Senator Nurgitz referred to it as a historic act. I wish I could be in agreement with all of his points because I know he sincerely wants to do the right thing, as do other honourable senators. But in terms of fundamental justice and equality of treatment for Indian women, this bill is defective. It really is quite a good bill for the future but for now it fails that test of equality for women badly. I acknowledge that it is okay for those women who can come back, numbering 16,000, and it is also okay for the other 2,000 who lost membership and status for various other reasons. Good God, can you imagine losing your band membership and status because you get a university degree? Can you imagine losing your status as an Indian because you joined the army? Can you imagine the women losing their status because they marry a non-Indian? I can only say about those circumstances, "How stupid could we have been to put up with all of those kinds of situations?"

The bill discriminates against women in this manner: It splits families, which is a very serious matter. The women can come back but all of their descendants cannot come back into band membership and status. The only reason those women and all of their descendants lost membership or did not have membership in the beginning is because they are women and because those descendants were descendants of women. An Indian male was always able to pass on status to any number of generations because he was male. This bill fails badly on that count. It is a very serious matter and a very serious situation in terms of fundamental justice and equality and of treatment for Indian women.

I hope that in the consideration of this bill in committee we can make amendments and present them to the minister again. I am really sorry if the women have to suffer again and resort to the courts in order to obtain justice. They have suffered great indignities, particularly the indignity of losing their

status when they were told that they were no longer Indians. That was a very dehumanizing and serious act of discrimination against those Indian women. They are going to have to suffer that indignity all over again because their families cannot come back with them into band status and membership. To say that it is up to the bands to bring them back into membership does not do justice to the situation. In my view band control over membership never really was the real issue. This view is also held by most of the Indian women. Some bands I know have said they want to have that right to control membership. Who are they controlling? It is not as if there is a new group of people all of a sudden dropping out of the sky and saying, "We want to get back as members of the band." These people whom the bands will be considering for reinstatement into membership are the offspring—the children, the grandchildren and perhaps some great grandchildren—of people who were and should have been band members all along. They lost their band membership unjustly, and if women were being treated equally in this bill, as they should be, that would not be an issue. But it is an issue now and the descendants of those children will have to go on bended knee in some cases and say "Please, bands, can we come back into band membership?"

I was speaking yesterday with a lady from a particular band and she said she had already approached them about getting back. She is a first generation descendant. The band council told her that she could not come back because they do not want her back. The only reason they do not want her back is because of the particular family that she comes from. These kinds of little imperfections in Indian communities go on. If you are from a particular family and another family is in power, those women and children are going to suffer a lot again, particularly those descendants who want to get back into band membership. That is the reality of a lot of the Indian communities. In many cases there will be no problems. I hope in my own band that they will be welcomed back with open arms to a large degree.

I have been preaching hard enough to a lot of them to recognize, for God's sake, that these are your sisters, your cousins, your aunts and part of your blood.

Chief Sophie Pierre of the Kootenai Band said it very well for me. She said on behalf of her Band in terms of band membership "As long as any of the people have Kootenai blood in their veins, that is good enough for me. I want them back."

It does not matter if the number reaches 2 million, if they are entitled to band membership they should have it. Money should not be the determining factor in terms of recognizing the rights of Indian women and treating them on an equal basis. As Senator Fairbairn mentioned, in some instances there was the coincidence—at least we hope it was coincidence—that a lot of the bands with great assets were among the most vociferous in saying to the women and their descendants, "We don't want you back." I know of the pressure that was exerted in terms of the desire for control over membership. I have some comments in that respect but I will save those until we are dealing with a bill respecting Indian band government.

• (2140)

There is an urgency and a general commitment on the part of this government and, certainly, on the part of the previous government that there should be a constitutional amendment which would provide the right to self-government. I believe it is a good commitment which I want to see lived up to, but that will be, perhaps, the subject of another debate on another bill.

Honourable senators, I may have more to say at third reading of this bill. I look forward to its examination in committee. I hope the committee has adequate time to really examine all aspects of the bill again.

However, in its present form, I find that the bill has a serious flaw. If we cannot correct that and get some other commitments, I, personally, will have no other choice but to vote against it at third reading.

Hon. Senators: Hear, hear.

Senator Nurgitz: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I have to inform the Senate that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on the motion for second reading of Bill C-31.

Senator Nurgitz: Honourable senators, I was delighted to join with Senators Fairbairn and Marchand in this debate, both of them indicating that this was their first speech in the chamber. They hardly sounded new or unfamiliar. I fear that their long years of experience in the work they did before they came here will stand them in good stead. Perhaps if I had had their alleged inexperience, I would not have made the serious error that I did in proceeding to tell the chamber about the 10 per cent rule in dealing with "high impact" bands. As I looked at the clock, I thought I was talking much longer than I ought to and, as a result, I failed to mention that this great 10 per cent rule for "high impact" bands is one the committee in the other place considered and came to the conclusion that it was inappropriate.

As I advance that case, I wish to correct the record and indicate that there were strong negative reactions to that kind of proposal, especially from the women's non-status Indian groups. They were concerned that, for most bands, those regaining membership would have to wait for two or three years. They argued that this was unfair and unnecessary since the amendment was only supposed to be a protection for the few "high impact" bands. As a result, the government moved to delete that clause at report stage. I failed to point that out in my initial comments.

There was developed in the committee in the other place a "high impact" amendment which was more targeted. It provided that bands experiencing a membership increase over 50 per cent could only make land surrenders, distribution of Indian moneys to members, or changes to legal arrangements outside the Indian Act for the purpose of making payment to band members subject to approval by a so-called "double

majority." This means that approval would be required both from all band electors and from electors who were band members when Bill C-31 came into effect. The effect of this is that "old" members could veto basic changes regarding band assets. This provision also has a seven-year sunset.

Although the government was convinced that this was a fairer and more appropriate means to protect high impact bands from disruption, spokespersons for such bands felt that the amendment would not help. Therefore, the government decided not to proceed with this 10 per cent solution.

Honourable senators, that completes my comments on second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

APPROPRIATION BILL NO. 2, 1985-86

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody (Acting Leader of the Government) moved the second reading of Bill C-54, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

He said: Honourable senators, the bill before us this evening is the Appropriation Bill No. 2, 1985-86, and provides for the release of the balance of the main estimates for 1985-86 amounting to some $26.7 billion and the whole of supplementary estimates (A) 1985-86 amounting to about $365 million. The total spending authority requested by this bill is just over $27 billion.

The main estimates were tabled in the Senate on February 26, 1985, and were referred immediately to the Standing Senate Committee on National Finance. These estimates were discussed in committee with Treasury Board officials on February 26, 1985, and with the President of the Treasury Board and his officials on May 8, 1985.

The supplementary estimates (A) were tabled in the Senate on May 29, 1985, and immediately referred to the Standing Senate Committee on National Finance. Officials of the Treasury Board secretariat discussed the estimates with the committee on May 30, 1985. The committee, on June 11, 1985, presented an interim report to the Senate on these estimates.

As honourable senators are no doubt aware, further meetings are currently being held by the committee to discuss the amendments to the Bretton Woods and Related Agreements Act.

Should honourable senators require additional information, I would be pleased to try to provide it. As I have said, these estimates have already been examined in committee and, therefore, I move second reading of the appropriations bill.

[Senator Nurgitz.]

On motion of Senator Frith, for Senator Stewart (Antigonish-Guysborough), debate adjourned.

SPORTS POOL AND LOTO CANADA WINDING-UP BILL

SECOND READING—DEBATE ADJOURNED

Hon. Orville H. Phillips: moved the second reading of Bill C-2, respecting the winding-up of the Canadian Sports Pool Corporation and Loto Canada Inc.

• (2150)

He said: Honourable senators, Bill C-2 is straightforward, uncontentious and even unpretentious. The bill itself is concise and precise—I hope that my explanation will be the same.

Bill C-2 terminates Loto Canada and the Sports Pool Corporation and confers all rights, property and liabilities on Her Majesty. If any honourable senator feels like suing the corporations because he didn't win, he can now sue Her Majesty instead.

I will provide to honourable senators a brief history of the corporations. Loto Canada was established to assist in paying for the 1976 Olympics. Canadians were optimistic that the Olympics would be a success, which they were in every aspect except the financial. The lottery was extended beyond the Olympics to 1979 in order to attempt to recoup some of the heavy losses accruing from the Olympics.

The provinces, in turn, began to remind the federal government that they surrendered this field on a temporary basis to assist the Olympics, and began asking for the return of that tax field. The Clark government, in negotiating with the provinces, agreed to terminate Loto Canada, in return for which the federal government would receive an indexed annual payment of $25 million.

The Liberal government was re-elected in 1980 and commenced the Sports Pool, despite objections from the provinces that it was re-entering the lottery field and violating the 1979 agreement.

The Sports Pool was set up to meet the partial costs of the Calgary Olympics in 1988 and to provide for amateur sports and medical research. Interestingly enough, the Medical Research Council neither received nor requested aid from the Sports Pool, possibly because that organization had a better vision of the future than this chamber had. The Sports Pool went on to lose approximately $1.5 million per week, and the total losses are expected to accumulate to a sum of $45 million. Recently, the provinces and the federal government have completed a new agreement. The provinces will pay the federal government $100 million over the next three years. This money will go towards the commitment to the Calgary Olympics. In addition, the provinces will continue the indexed payment agreed upon in 1979, and that will be $35 million annually.

I am sure that honourable senators will want to know about the commitment made to the Calgary Olympics, wherein the federal government agreed to assist in the construction of

various items such as the Saddle Dome, the ski runs and other facilities. The Minister of Fitness and Amateur Sports reaffirmed this agreement at a press conference on September 21, 1984, when he announced that the Sports Pool was being terminated. He stated, and I quote: "This government unconditionally accepts the commitment to provide financial support in the 1988 Olympics to a total of $200 million." Bill C-2 will not affect that commitment.

Honourable senators may have an interest in the future of the staff members of the Sports Pool. Following the termination announcement, negotiations were carried on with Treasury Board. Treasury Board has now reached a satisfactory agreement with the employees, who will receive compensation according to their status within the Sports Pool. Top and middle management will receive a greater settlement than will the others.

The bill was referred to committee in the other place, but there was no discussion other than a clause-by-clause passage of it. I need not remind honourable senators that our committees have a lot of work before them over the next two weeks, in light of the expected heavy legislative load coming from the other place. Therefore, I would suggest that this bill be passed without referral to committee. If any honourable senator has a question, I will attempt to obtain the information and pass it on to him.

On motion of Senator Frith, for Senator Perrault, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 18, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OLD AGE SECURITY

REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE ON SUBJECT MATTER OF BILL C-26 TABLED

Hon. M. Lorne Bonnell, Deputy Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, tabled the following report:

Tuesday, June 18, 1985

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SECOND REPORT

Your Committee, to which was referred the subject-matter of the Bill C-26, intituled: "An Act to amend the Old Age Security Act", has, in obedience to the Order of Reference of Wednesday, June 12, 1985, examined and considered the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

M. LORNE BONNELL
Deputy Chairman

BUSINESS OF THE SENATE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to consult with the house about the business for the remainder of the week. An inquiry was brought to my notice, from one of my honourable friends on the other side of the house, as to whether or not we would be sitting on Friday.

I have consulted with my colleague, the house leader, who tells me that on the basis of the business now before him, it may not be necessary for us to sit on Friday. With respect to those bills now before us, I understand that there is general agreement that they will be proceeded with in time to have Royal Assent on Thursday afternoon. If that is so, then it will be unnecessary for us to sit on Friday.

However, I must issue the caveat that if the other place surprises us by sending us bills that at the present time we do not expect, then we may have to review the situation. But in view of the arrangements that have to be made, I thought that honourable senators might like to know the lie of the land.

Hon. Royce Frith (Deputy Leader of the Opposition): In order to be sure that there is no misunderstanding, one bill for which we would hope to receive Royal Assent is Bill C-15, the Investment Canada bill. The interventions to be made on this side of the chamber indicate that the bill will probably receive third reading this week, in time for Royal Assent on Thursday. There is almost equal hope with reference to the appropriation bill. However, with regard to that particular bill, I have to consult further with our spokesman, Senator Stewart. I believe it is reasonable to assume that we will be able to deal with those two items of legislation, and if we are able to deal with any uncontroversial bills that are on our order paper, they too can be ready to receive Royal Assent.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I certainly appreciate the comments of the Deputy Leader of the Opposition, and with reference to Bill C-15 he is absolutely right. I would not want to leave the Senate with the impression that the appropriation bill is not a matter of urgency. If we do not get the appropriation bill through before the end of this week, then they will have to go to extreme lengths to get funding for various matters of concern for the Government of Canada, namely, the payment of their ongoing expenses. Therefore, it is a matter of practical necessity that we get the appropriation bill through this week before we adjourn.

QUESTION PERIOD

[*English*]

REQUESTS FOR ANSWERS

Hon. H. A. Olson: Honourable senators, I want to raise a question with the Leader of the Government, a question which I asked him on May 28 concerning the sugar-beet and the sugar-processing plants keeping their factories in a state of capability to deal with future crops. I do not need the answer today or tomorrow, but I certainly do need it next week. For the benefit of those producers who are now, of course, not going to plant a crop this year, I expect it would be helpful for them to know before we adjourn for the summer whether or not there is a possibility of those factories being reactivated in the future.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have not forgotten my honourable friend's question by any means, but I am not entirely in control of the answers. I have to wait until the companies themselves give us their

replies to the questions raised. I will do my best to expedite matters, in the hope of getting all of the replies in by next week, but I am not sure that is possible.

Hon. John M. Godfrey: Honourable senators, on May 9 I asked the Leader of the Government to ask the minister responsible why he was not obeying the law requiring the monthly tabling of reports under the Regional Development Incentives Act, and I have not yet received a reply. I was hoping that even if the minister did not give us a reason as to why he was not obeying the law, he might start obeying it. Would the leader please follow that up?

Senator Roblin: Yes, I will.

THE BUDGET

IMPACT ON SENIOR CITIZENS—MOTION—SPEAKER'S RULING ON POINT OF ORDER

The Hon. the Speaker: Honourable senators, on Thursday, June 13, the following motion was to be debated:

> That, in view of the adverse effects on the standard of living of senior citizens resulting from the elimination of full indexation of pension benefits, it is the view of the Senate of Canada that the government should rescind this particular provision of the Budget immediately.

The day before, on Wednesday, on June 12, Senator Flynn raised a point of order and tried to defeat the motion on constitutional grounds.

In answer to your request, I shall develop the three important issues raised by this challenge.

[*Translation*]

Firstly, it was suggested that "the right to vote on a motion of censure rests exclusively with the House of Commons", which of course I do not dispute. A very old British tradition which we have always scrupulously observed says so. But a motion of censure must be drafted in very explicit terms and should actually contain a withdrawal of confidence. But in the aforementioned motion, we find the words" . . . it is the view of . . ." and the conditional "should". Evidently, even if this motion was put to a vote, it is essentially an expression of a point of view, a mere opinion that does not bind the government and even less to resign. An additional proof of my point is the fact that the House has itself, on Thursday, June 13, debated quite a similar motion, though the wording was different, which read:

> That the House urge the government to now commit itself to the upholding of the present total indexation of old age security benefits after January 1 of 1986.

During the debate, the mover specified from the outset that his motion was not a non-confidence motion.

[*English*]

My second argument deals with the notion of anticipation, and here we must tread with caution. Indeed, we should take it for granted that the important elements of a budget must be worked out in a bill during the same session. In the present case, it seems clear that a de-indexation formula will appear in a bill.

Article 416 of *Beauchesne's* Fifth Edition reads:

> An old rule of Parliament reads: "That a question being once made . . . in the affirmative or negative, cannot be questioned again . . ."

It says, further:

> This rule also applies to decisions taken by the House on amendments to the Address in Reply to the Speech from the Throne and to the Budget Motion.

All these arguments apply more specifically to our case.

[*Translation*]

Let us now examine the motion in question more closely. For the sake of our discussion, I assume the motion has passed through the Senate. I must then ask myself how can such a motion prevent the Senate from subsequently examining a legislation containing a de-indexation formula. Word for word, the motion reads

> . . . it is the view of the Senate of Canada that the government should rescind this particular provision of the Budget immediately.

The government receives the notice and decides not to cancel de-indexation immediately. Essentially, all that the motion contains is: a point of view to rescind immediately. Therefore, nothing prevents the government from taking forthwith a different course of action by disregarding that point of view, or from choosing a specific formula at a later date. The motion allows the government complete freedom of action. If it rescinds de-indexation, there will be no further discussion in the Senate. If it does not rescind, we are unaware of the wording which will be used in a gradual formula of indexation or de-indexation. The substance to be discussed, therefore, remains pending, because the terms are unknown to us. We are unable to anticipate in a precise way.

[*English*]

We now have to consider closely our rule 47. The notion of repetition here is related to that of anticipation, save for slight differences that I shall endeavour to clear up.

Our rule 47 specifies:

> A motion shall not be made which is the same in substances as any question which, during the same session, has been resolved . . .

Now, it is argued that if the Senate rules in the affirmative or in the negative—that is to say, resolves the proposed motion—this motion could not be debated further on second reading of prospective legislation. In my ruling I do not even make assumptions. I take it for granted that we shall consider the substance of a bill dealing with de-indexation after passaged of the proposed motion.

Now, would rule 47 prevail? The bill which will be submitted to us will, no doubt, contain some kind of formula for de-indexation. The budget does not specifically suggest total de-indexation. It is matched with some quantified formula for

pension benefits indexation. Our parliamentary jurisprudence requires that we have in hand identical texts for rule 47 to apply. One of the texts suggests rejection of de-indexation, while the other, in its present form, proposes to implement it gradually. The first motion, if passed, would reject partial de-indexation. The difference is substantial. Nothing will prevent subsequent consideration of de-indexation under specific conditions rather than in the abstract.

[*Translation*]

The Honourable Leader of the Government has raised a fourth point with the following question, and I quote:

> If the motion were passed and accepted by the government it would, in effect, call for a payment from revenue because it would increase government expenditures. There is no reason why we cannot find proper wording to deal with resolutions calling on the government to spend money. There is a formula available to private members or anybody who wants to propose something that calls for the expenditure of government funds, without contravening the rule that only the government can produce a royal warrant. I am not sure that this resolution is properly worded to accommodate that important technicality.

I have studied the motion under two very specific angles. First, I looked at the wording and merely saw the statement of an opinion implying no requests as such.

Secondly, I have studied the question of imposed expenditures, should the government agree to the motion. If we analyzed the situation more closely, we would be obliged to conclude that if the motion was accepted it would not impose additional expenses but would simply maintain the *status quo ante*. Presently, there is a pension act with indexation providing for the necessary expenditures. It would be an amendment to this act changing the indexation formula and, while debating this amendment, parliamentarians would not be in a position, unless they were ministers, to propose any additional expenditures. Which is not our case. The motion, in fact, only refers to the *status quo*.

[*English*]

I do admit that the objections raised last Wednesday provided a good reason for us to tread with care and insight, but in order to bar debate in this chamber arguments against the motion must be tight. Even if we are doubtful, we must encourage debate in keeping with the great tradition of freedom of speech in both chambers.

● (1410)

I, therefore, consider that the motion is acceptable.

SPORTS POOL AND LOTO CANADA WINDING-UP BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, for the second reading of the Bill C-2, intituled:
>
> "An Act respecting the winding-up of the Canadian Sports Pool Corporation and Loto Canada Inc.".—(*Honourable Senator Perrault, P.C.*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, perhaps we could revert to this order later this afternoon.

Hon. Senators: Agreed.

Order stands.

INVESTMENT CANADA BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, for the second reading of the Bill C-15, intituled: "An Act respecting investment in Canada".—(*Honourable Senator Godfrey.*)

Hon. John M. Godfrey: Honourable senators, this bill brings a certain feeling of nostalgia to me, because I was appointed to the Senate on October 1, 1973 and I made my maiden speech in the Senate on December 5, 1973, on second reading of the Foreign Investment Review Act.

The first reading of that bill had taken place in the House of Commons sometime in January of 1973. The Standing Senate Committee on Banking, Trade and Commerce studied the subject matter of the bill for approximately two months and finally brought in a report in July of 1973.

Senator Hayden, in a speech which he made to the Senate on December 12, 1973, pointed out that of the 16 recommendations made in the report of the Banking, Trade and Commerce Committee, ten were dealt with by amendment in the House of Commons. Of these ten, the committee felt that six could be said to meet fully the objections which prompted the committee's recommendations. A further four amendments responded, at least in part, to the committee's recommendations, and in the remaining six cases no amendments were made.

The gist of my speech on December 5 was to say that I disagreed with the report of the Banking, Trade and Commerce Committee with respect to at least four of the recommendations which had not been accepted by the government. It might be of interest to point out very briefly what those were. One of the recommendations was that there should be an exception granted under certain circumstances where no Canadian purchaser could be found or was willing to pay a reasonable consideration. I recall at the time reading the evidence of a Mr. Beach who appeared before the Banking Committee for the Canadian Manufacturers' Association, and he pointed out that if he were permitted to sell his company to an American he would get $1 million more than it was worth from the American, and he did not think that it was reasonable that he should be denied that opportunity. I did not agree with Mr. Beach. I thought that as long as he was getting what he felt his company was worth, there was nothing wrong with

it, and that the government was quite right in not accepting the proposed amendment.

The second recommendation of the Senate committee proposed that the province where the investment was located or was to be located be given a right of veto over any decision turning down an investment as not being of significant benefit. I did not agree with that recommendation because I thought that it was a constitutional matter and that the federal government had to take the responsibility, and we had been assured that there would be consultation with the provinces at all times and on all applications. Senator Flynn, the then Leader of the Opposition, pressed the matter and at third reading stage proposed an amendment in the Senate to, in effect, approve that recommendation and give veto power to the provinces. I must say that in the 10 or 12 years that have elapsed since I gave my speech, I have not changed my opinion at all. It will be interesting to see whether Senator Flynn, now that his party is in power, is still of the opinion he expressed at that time and will be proposing a similar amendment when this bill comes up for third reading.

The third amendment recommended by the committee was that there be an appeal to the courts from the decision of the minister to recommend to the cabinet that the investment be disallowed because of its not being of significant benefit to Canada. In other words, there should be an appeal procedure to the courts of what was essentially a subjective, political and administrative decision. I thought the government's position was the right one. Senator Flynn moved an amendment to the effect that there should be an appeal procedure to the courts on that subject, and it will be interesting to see if he is still of the same opinion 12 years later.

Senator Steuart: He has mellowed.

Senator Godfrey: The fourth recommendation was that investment companies be, in effect, exempted from the provisions of the bill. I did not agree with that one either.

There was one recommendation which was not accepted by the government, and I was of the opinion at that time that it should have been. I will illustrate it by reading an excerpt from the brief given by the Canadian Bar Association at that time, as it is recorded in *Senate Debates* December 5, 1973, page 1265:

> A major additional safeguard is that any decision by the Government—except on the question of significant benefit—can be brought before the courts.

In other words, they did not believe that there should be an appeal of the minister's decision on significant benefits. The excerpt continues:

> This includes the Minister's judgment on whether the company is foreign controlled and hence subject to the review process; whether an investor has in fact acquired control; whether an acquisition is of a Canadian business; and in the case of the establishment of a new business, whether it is related to an existing operation.

After I gave my speech, the Banking, Trade and Commerce committee met to discuss the bill, and I attended the meeting.

Mr. Gibson, the lawyer for the department, drew the attention of the committee to section 18 of the Federal Court Act which, in effect, gave an appeal from these types of decisions in this type of matter by applying for *certiorari* or prohibition. I remember at the time observing that I had been guilty of something I had always advised the law students in our firm not to do, and that is to rely on someone else's legal opinion. I always told them to do their own research. I had been foolish enough to rely on the legal opinion of the Canadian Bar Association and the Senate Committee on Banking, Trade and Commerce, as I pointed out at the meeting of the committee and later in the Senate, and I was willing to admit I was completely wrong. I actually did not take Mr. Gibson's legal opinion and did some independent research of my own.

• (1420)

However, Senator Flynn was not prepared to admit he was wrong and, in his motion, he still insisted that there was no right of appeal on these technical matters and moved an amendment providing for such an appeal. His amendment was voted down. I would be interested to see whether Senator Flynn has changed his mind in the intervening 12 years on this subject and whether or not he will move a similar amendment to this bill on third reading.

The speakers in this debate so far have pretty well covered the subject, and I do not want to repeat what they have said.

When I was still practising law, I had some experience with FIRA. Even after I retired, I heard many comments and opinions from lawyers about how it operated. I must say that everyone was of the opinion that during the first few years of its operation, the delays in dealing with applications were inexcusable.

I recall, when we examined the original bill in committee, that there were certain time limitations which could be extended and that we received assurances that there would be no undue delays, assurances which were not carried out. Sometimes the delays would be a year long. Sometimes, when undertakings were asked for and the applicant would not agree, they would sit on the application and do nothing until finally, in exasperation, the applicant agreed to give the undertaking.

I believe that FIRA did serve a useful purpose. As Senator Sinclair has pointed out, some of the amendments to the act and the speeding up of the procedures, which were made about three years ago, did clear up most of the objections as to how it was being administered.

As far as the present act is concerned, I agree with Senator Sinclair that the wording does not make such difference. It is cosmetic or window-dressing to try to define the difference between "significant" benefit and "net" benefit. It really does not matter.

What really matters is the opinion of the minister who will be administering the act. The minister is the key person. As long as Mr. Sinclair Stevens is going to be administering it, I do not think any foreign investor will take the act seriously.

The record since September 4, 1984, has been that not one single application has been turned down.

The main advantage of the act was not the fact that it allowed the government to turn down some applications; it was the bargaining power which it allowed the government to exercise with foreign investors. We could get undertakings from them, and that was very useful for the benefit of the country as a whole and could turn the investment into a significant benefit for Canada.

Because of Mrs. Stevens' well-known views on the subject, I think the government has lost all its bargaining power and no foreign investor will take the new act seriously.

I can recall when Mr. Stevens appeared before the committee on the pre-study he talked about undertakings that he had received from the parent company of Texaco Canada to the effect that FIRA had received an undertaking that they would sell 12 million shares of Texaco Canada. In fact, the parent company sold 14 million shares and, as far as the investment community was concerned, the reason they sold that number was because they needed the money. If they were merely complying with the undertaking they had given Mr. Stevens, they would have sold only 12 million shares. They had made large purchases in the United States, they badly needed money and, in a straight business decision, they went ahead and sold 14 million shares.

Honourable senators, there is one other matter which I think has some relevance, and that is I believe we are not paying enough attention to encouraging Canadians to invest in their own country. It is all very well to say we should bring in foreign capital, but Canadian capital has been fleeing the country and, I must say, not always profitably. I must admit that on certain occasions when I see companies who could have spent the money in Canada spending it in the United States and stubbing their toes, it gives me a certain amount of satisfaction. Furthermore, I have always felt that one of the reasons Canadians sold out after the war to the Americans was because we did not have a capital gains tax. People would not have been quite so eager to sell their interests in companies to foreigners if they had had to pay a 25 per cent capital gains tax on the capital gain. By the time the capital gains tax provision was in place, it was really too late.

That is what is worrisome, in my opinion, about this $500,000 exemption contained in the present budget. According to the Minister of Finance and according to speeches given by various ministers, it is supposed to encourage investment in Canada by Canadians. Of course, that could easily have been done by eliminating the capital gains tax on Canadian investments, but they did not do that. They eliminated the capital gains tax on a person's foreign investments as well. I think that the government could have accomplished more by way of encouraging investment in Canada by giving a little more thought to that particular provision and by not including foreign investments in the scope of it.

As Senator Sinclair said in his speech, favourable tax treatment is probably one of the most important elements considered by foreign companies when deciding whether or not they will invest in Canada. I recall that, a few years ago, I had lunch with the vice president of finance and the head of the tax department of Stelco. I asked him how the Canadian steel industry managed to be so efficient—which it is; it is far more efficient than the United States industry and can compete with the U.S. companies in their own markets. He said that the reason for Canada's efficiency is that capital intensive companies in this country receive a much more favourable tax treatment than they would in the United States, for example. Back in 1972, we had brought in accelerated depreciation provisions and investment tax credits. Furthermore, in the United States when a company builds something, it cannot take into account any depreciation until the plant is actually operating. In Canada, however, even though it may take some years before a plant is completed and operating, the company can deduct depreciation right away as the money is spent. The tax treatment of Stelco was so favourable that, at that time, it had not paid any income tax whatsoever for three or four years and did not expect to do so for another nine or ten.

After the luncheon, I phoned an executive vice president of Dofasco to ask whether he was of the same opinion. He happened to be out of town, so I spoke to the head of their tax department and he agreed completely with the views of the official of Stelco. Later, I happened to mention what had transpired at a Senate committee meeting. The Executive Vice-President of Dofasco heard about what I had said. He phoned me and, although he admitted that the information was right, he did not like admitting it in public. He did not like admitting that the government was really going something that was good for business.

Honourable senators, I really do think that our tax treatment of corporations—particularly the capital intensive companies—is such that it should and would encourage foreign investment. I think that such legislation will have much more effect in attracting foreign investment than the few amendments that we are up against in this new bill.

Hon. Efstathios William Barootes: Honourable senators, I rise to speak on Bill C-15. I should like to make a few opening comments on points that have been raised by other honourable senators.

I should first like to congratulate those speakers on the other side of the chamber for their eloquence in expressing their views. I particularly want to congratulate them on their inventiveness in being able to find some good things to say about FIRA. It hasn't been easy, but they have been able to dig up several items to which they can refer with some pride. They have, in part, appeared as apologists for FIRA; but, in so doing, I am afraid they have damned FIRA with faint praise.

• (1430)

Perhaps I may be allowed the courtesy of bringing to your attention one or two specific items. Both Senator Sinclair and Senator Godfrey raised the matter of the sensitive case of decisions having to be made by one cabinet minister, in contrast to having, as was suggested, either tne entire cabinet, or a small committee of cabinet, passing on these matters.

[Senator Godfrey.]

There may be some merit and virtue in that. However, on the other hand, what troubles me about that suggestion is that when one minister is responsible for the decision, he is then accountable to the house and to committees.

I see trouble in a committee of cabinet, or the entire cabinet, having the final say, lest they take refuge behind cabinet secrecy. Then those of us who wish to probe into the decision making may not be able to obtain the information we require.

Another item that was raised on several occasions, and which also has some merit, was the request that it would be helpful in future if the minister were asked, through an amendment, to bring to our attention statistics, and also make a report to Parliament on those cases that he judges to be of net benefit to Canada. That point was raised by Senator Sinclair.

In my view, the suggestion has merit. It was suggested that for two or three years in special cases it should be on a short-term basis, and in the larger cases it should be on a longer term.

That could probably be done quite freely without amendment to the act. For example, I know that departments maintain statistics until one's head turns dizzy with them. There is nothing that they do not record, quantify and put on a computer. Surely any member of Parliament, whether of this or the other chamber, could ask for, and obtain, that information at any time, from the reams of statistics that departments have accumulated.

Finally, there was the suggestion concerning fossil fuel: that if a new Canadian business had more than 15 per cent foreign content, it should be reviewed. I believe our Canadian petroleum industry, in particular, and perhaps our fossil fuel industry, are now in a fairly healthy condition to be able to withstand the raids and ravages of the multinationals. I have no fear that Pan Canadian Oils, or that Nova or Husky might be subject any longer to an easy raid.

There is one further item that may appear to be somewhat provincial, and therefore I ask honourable senators to forgive me for mentioning it. There is reference, through the various articles and material, to the new Investment Canada Act opening Canada for business. The slogan is "Open For Business," and, on a provincial basis, I hope my confrères from Saskatchewan will support this. I should say that in October 1982 shortly after the establishment of a new Progressive Conservative administration in Saskatchewan, an excellent conference, arranged by the *Financial Post*, was held in Saskatoon. The slogan for the conference was "Saskatchewan is open for business;" and indeed it was, and is, and ever shall be, I hope. That has since been copied by many administrations.

Several matters were raised, and I agree entirely with Senator Godfrey who said that the delays were inexcusable. I will touch on those in a moment. Senator Godfrey, with others, also raised the fact that the present act appears to be "cosmetic or window dressing" rather than embodying major and meaningful change. Indeed, from what we hear from other countries, it is what we are perceived to be doing through FIRA that has frightened investment and capital away from this country; so that at times the perception is even more damaging than the actual fact.

To encourage Canadians to invest in Canada, there are provisions in this budget, and there were provisions in the economic statement of November 8.

Honourable senators, since 1974, when FIRA was established, Canada has been perceived as wishing to repel foreign investment. Despite protestations to the contrary by our former Prime Minister and his cabinet, the Liberal administration was regarded as being negative, if not, indeed, hostile to foreign investors.

Although a vast majority of formal applications were ultimately approved after considerable negotiation, the sticky web of red tape and the hordes of bureaucrats combined to create time delays, which were referred to by Senator Godfrey—time delays that discouraged new foreign capital and investment in Canada. In fact, in almost every instance when our officials and elected people met with their counterparts in other countries, that complaint about FIRA was loudly voiced, to our embarrassment.

In addition, many instances can be quoted of foreign investors who just could not be bothered to look at Canada and who went elsewhere rather than suffer the harassment of a FIRA review.

The proof of that was offered the other day. Of 7,035 applications, FIRA disallowed 435. But 637—that is 200 more—withdrew their applications during the course of waiting, due to the delays which others have touched upon.

The Lord knows how many jobs, how much capital, how much expertise, how much outside marketing ability and potential was lost to Canada during that period—or how much expansion, how much new and sophisticated industrial technique was lost to Canadians and has been forgone because of that act.

Honourable senators, the era of insular protective nationalism in business affairs has gone. In fact, the situation has backfired; and the very same people who practised parochial protectionism in Canada have been, for example, begging and politely blackmailing foreign auto manufacturers to locate in Canada in order to create jobs for our unemployed workers.

The period of history that was led by the Walter Gordons and the Mel Hurtigs is passé, as we have finally realized the damage that FIRA probably did to our economic development and to the protection of employment opportunities for Canadians.

Canada needs jobs. It needs to create real, meaningful, permanent employment; and we can do that only through the capital investment that we require—capital investment that Canada and Canadians have been unable to obtain in sufficient quantities.

The two-pronged effort—and this answers part of Senator Godfrey's question—to mobilize the needed Canadian capital to spur economic prosperity and to generate employment is now laid out before us: first, by Mr. Wilson's budget initia-

tives, which will encourage and help free up billions of dollars of domestic capital to be invested in new job-creating opportunities.

• (1440)

Second, this act, the new Investment Canada Act, will streamline and welcome investment of all types of capital into Canada establishing a new era of economic expansion and, we hope, prosperity.

We need and we should welcome foreign capital investments from all parts of the world and not allow our narrow-minded parochial nationalism to reject industrial and commercial competition. We should embrace outside capital. This will not only make us more efficient and more productive, but it could also create job opportunities.

I repeat that Canada needs jobs, jobs which governments did not and cannot provide; not wheel spinning, make-work jobs of a temporary nature which past governments have attempted and which disappointed workers, and which barely qualified these workers to go on unemployment insurance in the future, but permanent long-term, worthwhile jobs in small and medium-sized Canadian businesses which will raise the self-esteem and the self-realization of unemployed Canadians.

In this respect and to meet the future needs of such industries, Flora MacDonald's programs of many billions of dollars for the preparation, retraining and upgrading of qualifications is properly co-ordinated to meet with Mr. Wilson's budget and his economic statement of November 8.

Honourable senators, we tried the other methods. We tried throwing away taxpayers' money to create work, and we failed. We tried economic nationalism and we rejected foreign capital, and that failed. Surely, we should give a fair and honest opportunity to encouraging mobilization of private initiatives and of attracting foreign investment to try to accomplish what former efforts and policies failed to do.

During the 1984 national convention and campaign the Progressive Conservative Party promised to change the nature, the name and the mandate of FIRA. Bill C-15 fulfils that promise. We should not, and must not, stand in the way of legislating that expectation of Canadians. Opposition members cannot, on the one hand, complain when government attempts to fulfil its election promises and, on the other hand, complain when they have failed to do what was promised in the election campaign. You cannot have it both ways.

This is a new and streamlined agency, and it will encourage and facilitate domestic and foreign investment. It will be more responsive because it exempts all new businesses from review, requiring only notification of such investments and thereby lessening the work of the agencies.

Investment Canada will establish thresholds to limit review to larger acquisitions by non-Canadians so that direct acquisition by non-Canadians of business in Canada below $5 million will require only notification; second, indirect acquisitions resulting from the acquisition of a parent company outside of Canada of a Canadian business or subsidiary which has assets over $50 million will be subject to review; third, it provides authority to protect Canadian investments in businesses which have culturally sensitive natures in sectors such as book publishing—I guess we will look after Mel Hurting and Jack McClelland in that way—film distribution and production, broadcasting, news media and so on; fourth, it puts in the minister's hands, as has been pointed out, the authority to make judgments on investments that are likely to be of net benefit to Canada and allows us to question him about it; fifth, it imposes time limits—this satisfies Senator Godfrey's complaint—for decision-making in Ottawa for faster and simpler procedures; and sixth, this bill provides clearer rules for determining the status of corporations which are under consideration.

My dear friends, I have no strong urge to condemn actions taken in the past under different circumstances by well-meaning persons in government. We must all concede, however, that until recently we have not been able to accommodate the new entrants into the work force in Canada. Secondly, our economy has not grown at the rate at which we would like to see it grow. Bill C-15 is one avenue of redress, one new initiative to expand our economy and to create employment. It was also, incidentally, a major promise of the Progressive Conservative Party during the election.

Honourable senators, I strongly support, and I urge you to support and pass this bill as introduced by the Honourable Senator Kelly.

Hon. Ian Sinclair: Would the honourable senator permit a question?

Senator Barootes: I would be delighted to respond if I can.

Senator Sinclair: In drafting your notes, did you make any distinction between an audit and statistics?

Senator Barootes: I did not. I noticed that the word you used was "audit". I took it to mean that there would be a substantial outside organization collecting and supplying the information which you might require. I used the term interchangeably.

Senator Sinclair: Would the honourable senator, in light of that, support a view that some change should be made in the language of the bill so that the gathering through an audit of all that detailed information by outside people would assist in the appreciation of what he has said was a new era?

Senator Barootes: My impression of what might or might not be done in this regard is that information and statistics will be collected by the department. The second step beyond that, as far as I can see, which would perhaps satisfy all of us, would be that some organization within government, such as an agency, perhaps Statistics Canada or others who have this information, can, on request, make it available to any member of the other house or this chamber who requests specific information. We already have a great deal of make-work projects in government in Canada, and I doubt that we need to employ additional people to do this.

Hon. Charles McElman: Honourable senators, I have a question for Senator Barootes. I got the clear impression from

his remarks when he referred to, I believe the figure was, 637 applications that had been withdrawn, that he was intimating that all of these were withdrawn because of delays in dealing with them. My question is: Is he not aware that there were many reasons for the withdrawals, including delays, or did he wish to leave the impression that they were all because of the delays?

Senator Barootes: Honourable senators, I accept the remarks that were made. There is no doubt that some of them may have been withdrawn for other purposes, but in the case of those firms with which I have had contact, I should like to quote the Bard: "There is a tide in the affairs of men,—"

In business investments, it frequently happens that there is a time when the investment is feasible and profitable. But there are also instances where time passes by and with other entrants into that field or other sources for that product the investment does not produce the results that would have been produced had there not been the delays and frustrations that FIRA represented in the minds of many people. The statistics I quoted here have come from the address given by the Honourable Senator Graham.

• (1450)

Hon. John B. Stewart: May I ask the honourable senator a question? In his speech he refered to the provision in the bill with regard to cultural matters, and, in a rather slighting way, I thought, he said that that provision would enable us to take care of Mel Hurtig and Jack McClelland. Surely he would not want to leave the record like that. Surely he does see some purpose in that provision of the bill other than simply to be of assistance to these two publishers.

Senator Barootes: I agree entirely, Senator Stewart. That remark was made to apply to those people who had strong ties to economic nationalism. In this case we are referring to cultural matters of Canadian importance. I accept that criticism.

Hon. Azellus Denis: I should like to ask the honourable senator a question. We have read in the newspapers and heard on the radio and T.V. that during the FIRA period more than 95 per cent of the requests for investment were granted. That question was put to the Honourable Robert de Cotret on T.V. He was asked why it was they wanted to change a law that was good to more than 95 per cent of those making requests. He replied that it does not take into account those who did not dare to apply, because they were afraid to ask anything. How is it that those frustrations did not appear in the newspapers, or anywhere else, when every newspaper reported that more than 95 per cent of the requests for investment in Canada were granted?

There must be some interest in coming to Canada to invest. For instance, in the budget there is a proposal to have no capital gains tax in certain cases. That might be a good means of replacing FIRA, rather than this Investment Canada Legislation. It all depends on the interest they might receive from investment in Canada compared with investment, for instance, in the United States. People invest somewhere else because they want to make a profit, but when there is no profit there is no investment. Therefore, I woiuld like to know the real difference between FIRA and Investment Canada. Is there really no difference at all, or is there frustration which did not appear before, or that we do not know about?

Senator Barootes: Honourable senators, I am not sure where the figures quoted by the honourable senator come from. Senator Graham quoted a figure of 7,035 applications.

Senator Graham: An unimpeachable source.

Senator Barootes: Undoubtedly. He said there were 7,035 appliations, of which 5,981 were accepted; that is to say, not quite 95 per cent, but it would make it closer to about 85 per cent. There is about a 14 per cent difference. Of those that did not go through, more than half were withdrawn, as I noted. I do not know the total reasons for their being withdrawn.

Senator Sinclair: Let us have the statistics right.

Senator Barootes: One out of seven is 14 per cent.

Senator Sinclair: Come on!

Senator Barootes: That is just in my little head here.

I must go on to point out that these are 7,000 cases where an application was made. God knows—and I don't know, you don't know, and none of us knows—how many firms from Great Britain, Ireland, France, the United States, Mexico or Japan might have applied except that they did not want to go through the harassment, the delays, the push-offs. This is the kind of thing that happens when a business finds an opportunity and wants to get in there to supply, say, rubber hoses for something, and then all of a sudden they are harassed and delayed for a year or two years; somebody else comes in with a new method or technology of manufacture and it is too late for them. In other words, we might well have had another 7,000 industries that might have set up and helped the Canadian economy. I don't know. It is pure conjecture on my part, and on yours as well.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move—

Senator Steuart: You get better all the time. One more question and you've got it made.

Senator Frith: I don't want to interrupt anyone.

Senator Flynn: What are you going to do?

Senator Frith: Knowing how favourably inclined I am to heckling, honourable senators can understand why I do not want to interrupt any heckling. However, I rise to move adjournment of the debate in the name of Senator Davey.

On motion of Senator Frith, for Senator Davey, debate adjourned.

PRAIRIE FARM ASSISTANCE ACT

BILL TO REPEAL—SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-41, to repeal the Prairie Farm Assistance Act and to amend the Crop Insurance Act in consequence thereof.

He said: Honourable senators, the bill before us is simply a housekeeping bill. It will formally end the life of the Prairie Farm Assistance Act and the Prairie Farm Emergency Fund established under this legislation. In fact, operations under the act ceased in 1972, and the repeal of the act will simply confirm that reality.

The original legislation, enacted in 1939, had a long and useful life. Under the act, money was collected from western farmers through a 1 per cent levy on grain sales. This money was kept in a fund that was used to provide financial relief to farmers hit by crop damage or crop failure. When the federal provincial Crop Insurance Program came into force, PFAA operations became redundant. Western farmers had a better way of protecting themselves against emergency situations. As a result, PFAA operations were wound down, with one notable footnote. There was exactly $9,066,972 left in the fund, money that had been collected from western farmers. It belonged to the farmers, but there was no administrative way of returning it to them. The problem was finally resolved a decade later when the federal cabinet authorized handing the money over to the Western Grains Research Foundation, an organization set up to sponsor additional agriculture research in the west. The foundation was established under the supervison of the Canadian Federation of Agriculture, the umbrella national organization for many farm groups in Canada. Besides the federation, foundation membership includes the three prairie wheat pools and other prominent western farm organizations. Agriculture Canada has a senior research branch official on the foundation board of directors to ensure a close working relationship with the federal government.

● (1500)

The overall aim was to use the money to fund western research in grains and oilseeds on behalf of the farm community, which contributed the money in the first place. I am happy to say that goal is being achieved. The money has been prudently invested; returns on investment are flowing out to finance research projects at more than $1 million per year. By the end of the calendar year 1985, 33 separate research projects will have been arranged.

All of this has been accomplished in a short time span. The foundation received the Prairie Farm Emergency Fund residue in May, 1983 and began funding research projects the following year. Research funding comes entirely from returns on investment. The original donation is intact, and will remain so.

Overall, the decision to return the Prairie Farm Emergency Fund residue to the western farm community seems to be paying dividends. One spinoff was the creation of an entirely new source of research funds for prairie universities. So far, the Universities of Alberta, Saskatchewan and Manitoba have been the principal beneficiaries of foundation grants. Some research projects are being carried out with the help of Agriculture Canada research stations in the west.

I think the fate of the money from the old Emergency Fund is worth noting as we move towards the official end of the Prairie Farm Assistance Act. I believe the money is being wisely used for the benefit of western agriculture, and indeed the country as a whole.

[Senator Frith.]

On motion of Senator Argue, debate adjourned.

RESEARCH AND DEVELOPMENT

SUPPORT AND GOVERNMENT POLICY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marsden calling the attention of the Senate to the importance of research and development in every province and territory and the need for caution and sensitivity in the realignments of support, and of policy by government, which relates to research and development.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I will take just a few moments of the Senate's time to comment on Senator Marsden's eloquent remarks on government policy regarding support of research and development.

First of all, let me assure the honourable senator that this present government is deeply committed to enhancing research and development in Canada. The priority approach is through private sector research and development, although not to the exclusion of the public sector.

I will quote a few examples of this government's commitment to research and development. The Prime Minister has committed the government to three specific priorities as it relates to research and development. First, the strengthening of the capital base of private industry; second, a better use of the money involved in R&D flips—and I will comment on R&D flips in a moment. Third, the overhaul of existing government R&D programs. These commitments, made in August last, were addressed in the budget on May 23. At that time, the Minister of Finance said:

> Encouraging an improved R&D performance in Canada is an on-going priority of this government.

He identified R&D as one of the three components of economic growth most likely to bring the greatest and fastest response.

The recent budget does much to benefit small technology-oriented businesses. As well, of course, it benefits all businesses, both large and small, in this area. The tax incentives in the budget are opening the doors to large pools of capital for use by small start-up companies and those larger established firms looking to expand.

There is little doubt that Canada can benefit greatly from new technology and more entrepreneurship. This is what creates new jobs, generates increased government revenues, helps national productivity and contributes extensively to the balance of trade by the export of goods and services.

The government has thus decided to provide suitable tax and other incentives to private investors and financial institutions in order to support early stage ventures, particularly seed ventures where research and development are of special importance. The decision to grant a lifetime capital gains exemption

of $500,000 to individual Canadians alone will boost research and development in Canada, as it will encourage investment in small, innovative enterprises whose livelihood is research and development.

In addition to the changes in the capital gains tax, measures affecting pension funds, Registered Retirement Savings Plans, RHOSP's and the Solidarity Fund in Quebec will all encourage greater investment in small and medium-sized technology-oriented businesses. The government will also replace the thoroughly discredited Scientific Research Tax Credits with a system which will see the money put directly into the hands of the companies carrying out research and development.

The controversial Research Tax Credit Program which ran wildly over budget, has been canned. The idea of a program which allowed investors in research companies to trade in the tax credits had some merit, but I fear it was far too openended. Instead of the $200 million cost projected by then Finance Minister Lalonde, officials of the Department of Finance are now estimating its eventual cost will be at least $1.9 billion, and perhaps as high as $2.3 billion. For all this money, research and development increased only marginally. Much of the money, now gone, could have been made available for some of the very legitimate concerns that Senator Marsden raised in her able address.

Small technology firms will be the bid beneficiaries of the decision to refund 100 per cent of the tax credit which they earned on the first $2 million of qualifying R&D each year. This full cash refund will be much more effective than the complicated and often abused predecessor, the SRTC.

The government has also improved the tax definition of R&D. Those of you who have an interest in science and technology will know that, up to now, expenditures had to be "wholly attributable" to R&D. This has been the source of no end of headaches for smaller companies, especially where management personnel is engaged directly in the research and development area. Marketing was also a problem area. The new flexible definition will not only increase the benefit to the taxpayer but will also make business a great deal easier.

Honourable senators should also note that the term "scientific research" has now been replaced by "scientific research and experimental development." This small but vitally important change recognizes the reality of industrial R&D, and emphasizes the need to develop new products and processes. It is the new products and processes that ultimately create the jobs.

Small science and development-oriented firms will also welcome the news that the Minister of National Revenue will be engaging scientific and technical experts to aid the tax auditors. In some cases, the technical experts may be on site to deal directly with the company concerned, and this should help to make research and development claims easier and more efficient.

The cumulative effect of all these and other changes gives an unprecedented boost to private sector research and development. There is no question that the effect will be many times greater than that created by the now defunct SRTC.

Honourable senators, there is also no question that there have been cutbacks in government funding of various agencies. The ongoing problem of financial demands from the post-secondary educational institutions increases all the time, and it becomes harder and harder to meet their very justifiable demands. There can be no doubt that a great deal more money could be spent on research and development, and indeed on scientific training and improvements. The question is, of course, where is the money to come from? This is not an open-ended, bottomless pit. It is a finite, financial pool with demands on it from all sectors of society, and although cutbacks have been made in the areas mentioned, there can be no doubt that the commitment to scientific research and development, both to the public and private sector is, as I have said, very much a priority of this government.

Before I close, honourable senators, I should also call your attention to the meeting of federal-provincial and territorial ministers responsible for science and technology, chaired by the Honourable Thomas Siddon, Federal Minister of State for Science and Technology on February 4 and 5 of this year. This was the first meeting of its type ever held in Canada, and I would commend the communiques issued by the participants to the attention of my honourable colleagues who are interested in R&D and the scientific community generally. There was a very strongly worded reaffirmation of a federal/provincial and territorial commitment to the idea of concern which Senator Marsden expressed so well. I will not bother to read it at this time or to quote from it, but I can assure honourable senators that it is a very encouraging document. May I at this time thank honourable senators for their attention. That is the end.

• (1510)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Marsden may want to exercise her right of reply on her inquiry, so I shall adjourn the debate in her name.

On motion of Senator Frith, for Senator Marsden, debate adjourned.

NATIONAL DEFENCE

CONSIDERATION OF SECOND REPORT OF SPECIAL COMMITTEE ENTITLED "CANADA'S TERRITORIAL AIR DEFENCE"—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the consideration of the Second Report of the Special Committee of the Senate on National Defence entitled: "Canada's Territorial Air Defence", tabled in the Senate on 23rd January, 1985.—(*Honourable Senator Doody.*)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I adjourned the debate on this order in case somebody might be interested in speaking further

to this topic. If nobody else wishes to speak at this time, I suggest that we consider the order debated.

The Hon. the Speaker: If no other honourable senator wishes to speak, this order is considered as having been debated.

SPORTS POOL AND LOTO CANADA WINDING-UP BILL

SECOND READING—ORDER STANDS

Leave having been given to revert to Order No. 2:

> Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Seantor Doody, for the second reading of the Bill C-2, intituled: "An Act respecting the winding-up of the Canadian Sports Pool Corporation and Loto Canada Inc."—(*Honourable Senator Perrault, P.C.*)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have made some inquiries and Senator Perrault is unable to be here until later this afternoon. I shall discuss with him the matter of debating this order tomorrow.

Order stands.

ECONOMIC AND SOCIAL POLICIES

GOVERNMENT STATEMENT—DEBATE CONCLUDED

Hon. Ian Sinclair rose pursuant to notice of December 19, 1984:

> That he will call the attention of the Senate to the growing concern, even in some cases fear, arising from the contradictory government statements on economic and social policy.

He said: Honourable senators, I rise at this time in a very contrite way. When I last brought this matter to the attention of honourable senators, it was just prior to a long vacation period for Parliament. At that time a certain group of people within the country were deeply concerned. Shortly thereafter, the Prime Minister, in a spirit of remembering what was, in his words, a sacred trust, said unequivocally to the House of Commons and to the public, "There will be universality," and those elderly people who had felt concern went to happy Christmas. Now, as we approach the summer vacation, concern, fear, misunderstanding and wonder rest once again in the bosoms of those elderly people. Why?

This time their fear is greater. They thought the Prime Minister of this country, remembering his promise on universality—and it took their fear to bring it to the fore—would not let it happen again. But it has happened again. Just yesterday an honourable senator from the province of Alberta brought to the attention of the Senate via petition this very real concern. The people who are concerned have lived in their salad days. Honourable senators will recall that I asked the honourable senator for the average age of these concerned Alberta citizens, but he did not now. I am sure that the median age would be much higher than the median age in this very distinguished chamber.

Some honourable senators have suggested that we wait and see what the Prime Minister says. Honourable senators will remember that he said, "I have no hesitation at all in saying that I hesitate, and this is why I have put this off until 1986." The Leader of the Government also drew this statement to the attention of honourable senators. The proposed elimination of full indexation of Old Age Security will not go away because it bothers people. You might say that they should not be worried, that when the Minister of Finance, a man of great integrity and the Prime Minister, a man of great words, move across this country reassuring people, they should accept it. Why should they accept this reassurance when all the Prime Minister has to do is to say, "I promised you that indexation of Old Age Security would not be touched; I am a man of my word, and it will not be touched," and the concern will disappear.

If you say that they should not be fearful, I remind you of the words we heard in just the past few days, that perception is often more important than the fact. If the perception of elderly people is that they will have their pensions cut, that there will be some slicing, even if the fact is that there will not, surely that perception should be looked at and action taken. What can be done? The *Globe and Mail* of June 18 quotes in an article Ms. Joyce King, President of the United Senior Citizens of Ontario:

> —the federal Government's proposal to limit old-age pension increases will have a massive negative impact on the lives of hundreds and thousands of Ontario senior citizens—

Hundreds of thousands of Ontarians are concerned and while the task forces of the government rush across the country talking about what they have done for business and what that will do for the investment climate, is it not time that a single word or a single sentence was uttered by the Prime Minister to allay the fears of our senior citizens?

After the words of the Prime Minister just before last Christmas, I delayed rising to speak to this inquiry. In view of the necessity for action now, I rise again and I hope that honourable senators and the Leader of the Government will bring this matter forcibly to the attention of the government before our senior citizens go through this summer—for some of them their last summer—under this cloud.

Senator Flynn: You have saved face.

Senator Argue: Can't the Conservatives work up the courage to reply?

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 19, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

OLD AGE SECURITY

DE-INDEXATION OF PENSIONS—PRESENTATION OF PETITIONS

Hon. Earl A. Hastings: Honourable senators, I have the honour and privilege to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour and privilege to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of the residents of the electoral district of Edmonton South, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of further residents of the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Some Hon. Senators: Hear, hear.

[*Translation*]

Senator Flynn: And the audience applauds.

Senator Frith: And everybody else.

[*English*]

Senator Perrault: As empty as Tory promises.

OIL SUBSTITUTION AND CONSERVATION

REPORT OF ENERGY AND NATURAL RESOURCES COMMITTEE ON SUBJECT MATTER OF BILL C-24 TABLED

Hon. Earl A. Hastings, Chairman of the Standing Senate Committee on Energy and Natural Resources, tabled the following report:

Wednesday, June 19, 1985

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

SECOND REPORT

Your Committee, to which was referred the subject-matter of the Bill C-24, intituled: "An Act to amend the Oil Substitution and Conservation Act and the Canadian Home Insulation Program Act", has, in obedience to the Order of Reference of June 12, 1985, examined and considered the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

EARL A. HASTINGS
Chairman

NATIONAL ENERGY PROGRAM

ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO PUBLISH AND DISTRIBUTE REPORT

Hon. Earl A. Hastings, Chairman of the Standing Senate Committee on Energy and Natural Resources, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to publish and distribute its interim report on the review of the National Energy Program as soon as it becomes available, even though the Senate may not then be sitting.

Senator Perrault: Don't count on it.

Motion agreed to.

WESTERN GRAIN TRANSPORTATION

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-44

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the subject-matter of the Bill C-44, intitutled: "An Act to amend the Western Grain Transportation Act" be withdrawn from the Standing Senate Committee on Agriculture, Fisheries and Forestry and be referred to the Standing Senate Committee on Transport and Communications.

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

Some Hon. Senators: Explain.

Senator Doody: Honourable senators, the bill was referred to the Standing Senate Committee on Agriculture, Fisheries and Forestry, on my recommedation, because the words "Western Grain" caught my eye. I have been told since that the bill was dealt with in the other place by their Transport Committee and that it is more properly a matter of concern for the Transport and Communications Committee of the Senate. The bill has overtures to the Crow. I say that very quietly and with great respect, coming, as I do, from so far east. The Crow is a very strange bird indeed. I immediately bowed to those people from western Canada who suggested that the matter is really a transport problem and not a grain problem, although "grain" precedes "transportation" in the title of the act.

Senator Argue: You are still getting feed grain assistance.

Hon. Léopold Langlois: I wish to inform the house that at 8.30 tomorrow morning the committee will meet to study the subject matter of this bill.

Motion agreed to.

QUESTION PERIOD

CANADA-UNITED STATES RELATIONS

FISH—ALLEGED SUBSIDIZATION OF CANADIAN EXPORTS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government relating to the alleged dispute which erupted yesterday at a meeting between the Atlantic premiers and the governors of the New England states on the subject of fish. In that exchange the spokesman for the New England governors persisted in asserting that Canadian fish was moving into the market of the United States subsidized by the public purse. Of course, that view was contested, and correctly so, by the premiers of the Atlantic provinces, particularly Premier Buchanan of Nova Scotia and Premier Peckford of Newfoundland.

I think it would be helpful to have the matter clarified by having the Leader of the Government state clearly that, in the view of the Canadian government, there is absolutely no foundation for the view that fish moving into the New England market is subsidized from any source.

Hon. Duff Roblin (Leader of the Government): Honourable senators, of course, that is the position of the Government of Canada; that the definition of "subsidy" as presently understood in the United States does not involve, in our opinion, identification of a subsidy in the Canadian fishing industry. However, my honourable friend will know, as I do, that already a countervail of a very considerable sum has been placed on saltfish. So we have lost the first round, let us say, in the saltfish controversy, but it is my sincere hope that the dispute will not extend to other branches of the fishing industry, where we may face similar problems.

• (1410)

I know that one of my colleagues, the Honourable James Kelleher, is in Washington today and this is among the subjects which he hopes to discuss with the American government with a view to finding some meeting of minds in respect of this very vexing matter.

Senator MacEachen: I wonder if the Leader of the Government can tell us what view the Government of Canada has taken with respect to the imposition of a tariff on the importation of saltfish into the United States market. Has the government made representations and indicated that that action by the United States is unjustified?

Senator Roblin: My information is that that is what has been done, and also what is being reiterated today when the minister meets with his American counterparts.

Senator MacEachen: I have a final question to address to the Leader of the Government. I am wondering whether there can be impressed upon the authorities in the United States, if not upon the fishing industry in the New England states, the desirability of not pressing ahead with these actions, with particular respect to fresh frozen fish. I say this in light of their experience on three or four previous occasions when, upon examination of the facts, it was found that no injury was caused to the United States fishermen because of Canadian importation. I wonder whether that is also a matter which is being conveyed to the United States authorities at the present time.

Senator Roblin: Those are precisely the matters at issue. In our opinion, the real root of the problem has nothing to do with subsidies, but has everything to do with the difference in value between our two dollars. That is the driving force, we think, behind some of these problems.

OLD AGE SECURITY

DE-INDEXATION OF PENSIONS—GOVERNMENT MONITORING

Hon. Ian Sinclair: Honourable senators, my question to the Leader of the Government in the Senate has to do with the subject of the elimination of full indexation of old age security. In the other place, the Prime Minister has said that the matter will be looked at from time to time. With a view to having this terrible issue resolved, I wonder if the honourable Leader of the Government in the Senate could indicate to this chamber

what periods of time the government has in mind for looking at this matter.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have every expectation of making a considerable speech this afternoon on this topic and I shall remember, in the course of my remarks, to deal with the point raised.

Senator Sinclair: I have a supplementary question, honourable senators. If the word "monitor" has the connotation I think it has, it means "to do something continuously." Also, I would like to know how much additional revenue would be required to have the government change its attitude and carry out its promises to the elderly people of Canada.

Senator Roblin: The whole question of the economic situation we face and its impact on old age pensions will be highlighted in my remarks this afternoon.

Senator Sinclair: Honourable senators, this chamber recognizes, as I am sure do the people of Canada, that the elderly people in this country are a particular group and are not in the same position as Canadians generally. As I said yesterday, they have had their salad days and therefore must be looked upon from a different point of view, rather than as being part of the economic woof. They cannot make the contribution that my friend is talking about.

Senator Roblin: I think I am going to partially agree with my honourable friend, if he will stick around and see what I have to say this afternoon.

Senator Sinclair: I may not be able to stick around.

DE-INDEXATION OF PENSIONS—POSITION OF CANADIAN PETROLEUM ASSOCIATION

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government in the Senate. Let me say that we shall be anxiously awaiting his speech this afternoon.

I notice that the Canadian Chamber of Commerce has joined that multitude who are condemning the government with respect to their actions on de-indexation of old age pensions. On hearing that, I really had to check my position. I thought perhaps I had made a mistake, but it is nice to welcome them aboard.

My question pertains to the Canadian Petroleum Association, that vociferous spokesman of the multinationals, who were treated handsomely and, if I can use the word, liberally, in that same budget, and has such an alleged deep and profound social conscience. I should like to ask the Leader of the Government whether the government has received any representation from the Canadian Petroleum Association with respect to the intention of the government to de-index old age pensions.

Hon. Duff Roblin (Leader of the Government): I think I will be better able to answer that after I have read my honourable friend's report on energy, in which he will be dealing with the position of these "rapacious" oil companies that he has mentioned.

Senator Flynn: You cannot mix oranges and apples.

DE-INDEXATION OF PENSIONS—PRESS RELEASE BY PRESIDENT OF NATIONAL ADVISORY COUNCIL ON AGING

Hon. Joyce Fairbairn: Honourable senators, I have a supplementary question. I think we all received a press release within the last few days from Mrs. Yhetta Gold, the President of the National Advisory Council on Aging, who I believe is from Manitoba as well. In it she indicates that the current plans for de-indexing are going to provide a short-term saving in exchange for a long-term loss. She says:

> More and more senior Canadians will find it difficult to cope with a deteriorating physical, mental and social condition. In time, expenditures for other types of care will limit the savings due to de-indexing.

I wonder if the Leader of the Government could tell us whether he will deal with this in his speech, or could he tell us what kind of response Mr. Epp has given to Mrs. Gold?

Hon. Duff Roblin (Leader of the Government): I would like to tantalize my honourable friend by suggesting that she, too, remain in her place, and she will hear what I have to say on that subject. I am probably overlooking very few of the observations that have been made in respect of this problem.

Senator Olson: You are supposed to answer questions in Question Period.

ROYAL CANADIAN MOUNTED POLICE

ALLEGED CONDUCT OF FORMER CORPORAL

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. I doubt that he will be dealing with this in his heralded speech this afternoon, although anything is possible.

My question deals with the Solicitor General and former Corporal Jim Wood. There has been a suggestion that Mr. Wood, a former corporal in the RCMP, used to leak information to Mr. MacKay when he was in opposition.

Senator Perrault: Shame!

Senator Frith: The allegation is that Mr. Wood has now been rewarded by being appointed to the Canadian Pension Commission. The difficulty is that nothing I have read about it deals with the direct question of whether or not Mr. Wood did, in fact, as is alleged, leak information to Mr. MacKay. When Mr. MacKay was asked about it he said:

> I've known Jim Wood off and on for over a few years—as I have many other members of the force.

This was outside the chamber.

> He has always served his country well in his function as an RCMP member, and I'm sure he'll continue this solid record of public service in his new position.

What I am asking the Leader of the Government to do is to find out for us what the facts are that all of this is supposed to be based on. That is, will he ask the Solicitor General whether or not Mr. Wood used to leak information to him when he was in opposition?

Hon. Duff Roblin (Leader of the Government): I think I had better undertake to ask my colleague to comment further on the allegations, and ask him whether he has anything he wishes to add to the statement he has already made that would deal with the point my honourable friend raises.

Senator Frith: I hope the Leader of the Government will particularly, when asking him, say that my interest is really in knowing whether the fact upon which all these allegations are based is true.

Senator Flynn: The allegations were made by whom?

• (1420)

Senator Frith: I'm asking the questions. Do you want me to go over there and answer questions?

Senator Flynn: Who made the remark?

Senator Frith: I'll tell you that.

Senator Flynn: Whom are you hiding?

Senator Frith: There is nothing to hide. I will read the whole thing. It states:

> Solicitor General Elmer MacKay debased the Royal Canadian—

Senator Flynn: No! No!

Senator Frith: You asked the question, now you've got to sit and take the answer.

Senator Flynn: That is not the answer.

Senator Frith:

> —Mounted Police oath of secrecy when he offered a highly paid post—

I avoided reading all of this but you want it, so you can have it.

> —a highly paid post to a former Mountie who used to leak information to him when he was in opposition, Liberal John Nunziata said yesterday.

Senator Flynn: Hah!

Some Hon. Senators: Hear, hear.

Senator Flynn: That is what I wanted on the record.

Senator Frith: Can the reporter hear all right?

The Hon. the Speaker *pro tempore:* Order! Order!

Senator Frith: The article continues:

> The appointment of Jim Wood, an RCMP corporal, to the Canadian Pension Commission at an annual salary of $65,000—

I am wondering if the reporter can hear everything.

> —at an annual salary of $65,000—

Senator Flynn: Shame!

Some Hon. Senators: Shame! No!

Senator Frith:

> —sends a message—

You asked for it.

> —sends a message to other RCMP officers that they can "violate their oath with impunity," Nunziata told the House of Commons.

Senator Flynn: Aha!

Senator Frith: Honourable senators will remember that I avoided mentioning any of these issues. I asked simply for the facts.

Senator Flynn: You did not say everything.

Senator Frith: Now you want more, so you will get more.

Senator Flynn: We don't!

Senator Frith: To continue:

> "Indeed, if they violate their oath—

Senator Flynn: Don't bother!

Senator Frith:

> "Indeed, if they violate their oath for the greater glory of the Tory party, they may even be rewarded."

Some Hon. Senators: Hear, hear!

Senator Perrault: Those little brown envelopes.

Senator Frith: Do you want to hear more? Fine.

> But MacKay, who used information from Wood to attack the Liberal government when he was on the Opposition benches,—

An Hon. Senator: Shame!

Senator Frith:

> —rejected Nunziata's suggestion as "malicious and unfair."

And now for the question: Did that in fact take place? That was my question but Senator Flynn wanted more. He wanted to ask me some questions so I am giving him the answers. Now, when we try to find out if Mr. Wood, when he was a corporal in the RCMP, did or did not leak information to Mr. MacKay, and when Mr. MacKay is asked he says:

> "I've known Jim Wood off and on for over a few years as I have many other members of the force,"—

Still no answer.

> "He has always served his country well in his function as an RCMP member and I'm sure he'll continue this solid record of public service in his new position."

What we want to know is, when he was serving his country well in his function as an RCMP member, did that good service include leaking information to Mr. MacKay?

Senator Flynn: Did you ever commit a sin?

Senator Roblin: Honourable senators, I want to express—

Senator Frith: Senator Flynn has another question for me.

Senator Flynn: Rubbish!

The Hon. the Speaker *pro tempore:* Order!

Senator Flynn: Rubbish!

Senator Roblin: I want to express my gratitude to Senator Flynn for acquainting me with the source of the rumour—a member of the other place. I am not exactly sure whether it is required of me to satisfy allegations made by a member of the other place when the minister to whom he addressed the question is sitting in front of him. I think it is up to that member, if he is not satisfied with the answer that he got from the minister, to pursue his questioning. But to raise the same issue in this house and expect me to provide a different answer from that already provided by the minister is not correct use of the Question Period here.

Senator Frith: Honourable senators, I have a point of order. I said there were allegations made and I wanted to know the facts. The facts have not appeared on the record there or elsewhere. That is what I am asking for.

Senator Flynn: Are you speaking for Nunziata?

Senator Frith: Is the Leader of the Government seriously suggesting that I am not entitled, as a senator, to ask him whether the fact is or is not that something took place? That is what I want to find out.

As I understand it, the point the Leader of the Government is making is that the question was asked in the other place, that allegations were made in the other place and that I am not entitled to ask for facts connected with those allegations. I am so entitled and that is all I am asking for. I am not asking him to say anything about Mr. Nunziata.

Senator Flynn: Oh, oh.

Senator Frith: No, I am not. Read the record. I am simply asking for an answer to this question.

Senator Flynn: Ask him.

Senator Frith: Mr. Nunziata does not know whether it happened or not.

Senator Flynn: If he does not know, he should not have made that allegation.

Senator Frith: That is his problem. You wanted to know about Mr. Nunziata, and I told you about him. Now we are going to talk about what I want to know, as a senator, not what Mr. Nunziata wants to know.

Senator Flynn: Rubbish!

Senator Frith: I want to know: Did Corporal Wood leak information to Mr. MacKay or not—period? That is the question.

Senator Perrault: A good question.

Senator Frith: It could not be any more simple and it is perfectly in order. It has nothing to do with whether someone asked questions in the other place.

Senator Flynn: You use your immunity like Nunziata. That is cowardly!

Senator Roblin: I have taken notice of the fact that my honourable friend—

Senator Frith: Whom are you calling a coward?

Senator Flynn: I said that what you said was cowardly.

Senator Frith: Is it parliamentary to call a senator cowardly?

Senator Flynn: I did not call you a coward; I said that what you said was cowardly.

Senator Frith: That is a very cowardly answer.

Senator Flynn: I don't mind.

Senator Frith: You do not have the guts to stick with it.

CANADIAN PENSION COMMISSION

REPLACEMENT OF WING COMMANDER MacKENZIE, DFC

Hon. John M. Godfrey: Honourable senators, according to the report in the newspaper, Corporal Wood replaced Wing Commander Andy MacKenzie, DFC, whom I met when I was representing the Senate at the thirty-fifth anniversary of the D-Day celebrations. Wing Commander MacKenzie fought not only in Europe, but while fighting in Korea he was shot down.

Senator Perrault: The Tories shot him down again.

Senator Godfrey: He spent two years in solitary confinement in China before he was released. He is very well regarded in the air force. He never, as far as I know, had any political connections with the Liberal Party.

In view of all of that, would the Leader of the Government speak to the minister in an endeavour to find Wing Commander MacKenzie some other suitable employment? I know it may be too late to put him back on the Canadian Pension Commission.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): When my honourable friend speaks of a veteran, I listen. From personal contact with him many years ago, I know of Wing Commander MacKenzie's distinguished career in the air force.

My honourable friend can rest assured that I will take his question as notice and try to find an answer for him.

APPROPRIATIONS

URGENCY OF PASSAGE OF BILL C-54

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government or, perhaps, more appropriately for his deputy, Senator Doody.

On Tuesday, the Deputy Leader of the Government, with regard to Bill C-54, the appropriation bill, said:

> If we do not get the appropriation bill through before the end of this week, then they will have to go to extreme

lengths to get funding for various matters of concern for the Government of Canada, namely, the payment of their ongoing expenses.

It is now almost two weeks before the end of June. Interim supply was granted for the first three months of the fiscal year. Why the urgency of having the measure before the end of this week, and why would extreme lengths have to be contemplated to get funding to pay ongoing expenses?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I appreciate the concern of Senator Stewart. I would like to iterate and, perhaps, even reiterate that the information I delivered to the chamber yesterday was as a result of a message I received from the Treasury Board. It seemed to me at the time that there was some urgency and that was the message I delivered. It was the message I had received.

I will undertake to try to get the information for Senator Stewart from Treasury Board to expand on my answer of yesterday. The information that I received was that, if the government did not get this appropriations bill by the end of the week, it would have to go to warrants. Perhaps naively, I did not ask for an elucidation of the reasoning behind that. I accepted the statement at face value. I will certainly try to obtain the substantiating data behind that and deliver it to the honourable senator as soon as I possibly can.

• (1430)

Senator Stewart: By way of a supplementary question—which I ask because I assume that we will get to order No. 3 on the order paper today—Senator Doody now speaks of going to warrants. Perhaps he would inquire as to what kind of warrants would be used, with Parliament in session, to withdraw money from the Consolidated Revenue Fund?

Senator Doody: I certainly will. I was perfectly cognizant of having used that word because, like Senator Stewart, my experience has been that one does not use governor's warrants when Parliament is in session. With that in mind, then, I shall certainly follow up on the question.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—GRAIN SHIPMENTS TO U.S.S.R. AND AVAILABILITY OF HOPPER CARS

Hon. Joseph-Philippe Guay: Honourable senators, I direct my question to the Leader of the Government in the Senate. It has to do with the proposed trip to Russia of the minister responsible for the Canadian Wheat Board. First, does he intend to discuss the matter of using the Port of Churchill for the transportation of grains from Canada to Russia? The Russians have entered into grain contracts with Canada on a long-term basis. I am very interested in this matter and I know that our minister will be meeting with those ministers involved with agriculture and grain in the Soviet Union.

Bearing in mind the Port of Churchill, and having become aware that Transcona has now started to build hopper cars of lightweight material—possibly aluminum—I ask the Leader of the Government whether he is aware of how many cars the CNR is building. How soon will they be available? How soon will they be on the tracks to the Port of Churchill? Could he provide to us some up-to-date information on what has taken place in that regard?

Hon. Duff Roblin (Leader of the Government): I quite understand my honourable friend's interest, because he has had a long-standing—I almost said "flirtation"; that is not the right word to use—interest in what is going on in the Port of Churchill. He is quite right in saying that the CNR has now developed a special lightweight hopper car that can use the rather unreliable railroad track to Churchill, which is, of course, closed to standard hopper cars. It is expected that one of these days we might even have a little ceremony to unveil this new hopper car. If we do, I hope that I will remember to ask my honourable friend to attend that unveiling.

Respecting the general question of the visit to Russia of the minister in charge of the Canadian Wheat Board, my honourable friend can be assured that that is one of the items on his agenda. The government is anxious to do what it can to improve the use of the Port of Churchill. Indeed, it is studying measures to improve the facilities there. I hope that one day in the not-too-distant future we will be able to offer further information about the government plan for that port.

Senator Guay: Could the Leader of the Government inform the Senate of the number of cars that will be built by the CNR? It is my understanding that the cars are being built in different proportions, in terms of weight. It would be interesting for all honourable senators to know what this is all about.

Senator Roblin: I shall take that part of my friend's question as notice.

INVESTMENT CANADA BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, for the second reading of the Bill C-15, intituled: "An Act respecting investment in Canada".—(*Honourable Senator Davey.*)

Hon. Keith Davey: Honourable senators, I have known the Honourable Sinclair Stevens for a very long time. I must confess at once that I like him and admire not only his tenacity but his commitment to the political process. I make these observations notwithstanding my opinion that this bill is wrong-headed and smacks very much of this government's branch plant mentality.

What does it say about this government, a government that is only now about to pass its first major piece of legislation? We have already had the longest wait in parliamentary history from election day to a budget—a budget which, incidentally, did not live up to either its advance hype or its stated purpose. Be that as it may, honourable senators, I think it is typical of

Mr. Stevens that he should be the first minister off the mark with an important piece of legislation.

Honourable senators, I was, and I remain, an unrepentant economic nationalist. My patron saint, as many in this chamber will know, is the Honourable Walter Lockhart Gordon, so aptly described as the gentlest of patriots, which indeed he was and which indeed he is. For me, FIRA's only fault was that it had no teeth; that it was never tough enough. But governments change, and apparently so do times, because now Canada is for sale. I think that is what the Prime Minister said, or words to that effect—

Some Hon. Senators: No, no.

Some Hon. Senators: Yes, yes.

Senator Davey: Well, words to that effect, certainly.

An Hon. Senator: "Open for business."

Senator Davey: And, yes, it is true that the government does have public opinion surveys which indicate that a great many Canadians now agree with this government's continentalist philosophy. But be forewarned, my friends opposite, it is at best a fickle love affair. Make no mistake. What Canadians want most of all, in the memorable words of some feckless Tory speechwriter, are "jobs, jobs, jobs." And Canadians are still waiting for this government to produce. They have been told over and over again that big private American enterprise, like the U.S. cavalry of old, is going to ride in and save the day.

Well, this isn't Hollywood, honourable senators; it is the real world. Upwards of a million and a half Canadians are jobless, and recently the Minister of Finance assured us that the problem will not subside, in his opinion, for at least a decade.

Well, that is not good enough. When Canadians realize, as they inevitably will, that the United States is primarily occupied with its own economic problems, that international American corporations look after their own jobless first—which explains some of our own current high unemployment—that foreign takeovers usually cost more jobs than they create and that in return for nothing we will have sold out even more of our heritage—when these realities come home to Canadians, then—and mark my words—then those big Tory numbers will start to tumble, and so, I suggest, will the love affair with Ronald Reagan.

This is the recurring reality of Canada. Our attraction to foreign investment swoops up and down like a roller coaster. It has done so for a hundred years. Meanwhile, I wish that some of my continentalist friends would cool their rhetoric. Indeed, the minister became excessive the other day when he said that those of us who disagree with him, and I quote, "hate everything foreign." That is unfair. It is a little like my suggesting that those who support this legislation are not good Canadians. I would never say such a thing.

In fact, I love New York, apple pie, and the Toronto Blue Jays. I have a number of dear American friends, most of whom, like me, just don't agree with the politics of Ronald Reagan.

So, here I am, an unrepentant economic nationalist, faced with legislation which both as a Liberal and as a Canadian I find repugnant. I am sure some of my friends opposite faced this kind of problem on countless occasions in the past; but may I suggest that it was easier for them because they were a minority and could vote their conscience. I could never believe that we should use our majority here to thwart the will of the other place. I have really only one course of action: to put my concern on the record, to ask a series of questions for information, and then possibly to abstain when it comes time to vote.

In that spirit, and briefly, honourable senators, let me put these facts on our record. It is a dreary as well as all too familiar catalogue which should inhibit any government's open door to foreign investment. The following are StatsCan figures: our rubber industry, 98 per cent foreign owned; the tobacco industry, 97 per cent foreign owned; the electrical apparatus industry, 71 per cent foreign owned; manufacturing, 51 per cent foreign owned; transportation equipment, 92 per cent foreign owned; agricultural machinery, 51 per cent foreign owned; the chemical industry, 71 per cent foreign owned. By now honourable senators should have the idea. In fact, few countries in the world come even close to Canada when it comes to foreign ownership of its economy. Japan has one per cent foreign ownership; the United Kingdom, 2 per cent; the United States, 2.5 per cent; France, 3 per cent; and Canada, a staggering 30 per cent. In other words, foreign control of our economy is pervasive, it is massive, and it should be alarming.

● (1440)

Someone may ask "Does it really matter?" I think it does, even setting aside the contribution that foreign ownership makes to the erosion of our national spirit and to the resultant Canadian national inferiority complex.

Those things aside, let us examine just one net result of what foreign ownership does to our service deficit. In 1984 there was an outflow from Canada, for interest payments on foreign debt, of $1 million each and every day, 24 hours a day, seven days a week, 52 weeks a year; plus $300,000 every hour in dividends that we pay non-Canadians for their ownership in Canada; plus another $800,000 every hour in service charges related directly to the degree of foreign ownership. That totals $35 billion per year.

Even more depressing, honourable senators, is the fact that more than 60 per cent of all loans made by Canadian banks go to non-citizens of Canada. Mel Hurtig in a recent speech said:

> It's indeed ironic that in a country where so many of our business and political leaders have for so long pontificated about our heavy dependency on foreign investment, our own major banks, employing Canadian savings, have been the financiers of so much of the foreign control of our own country. It's probably safe to say that throughout the 1970's over half of all private-sector bank loans made by our large banks went to foreign-controlled corporations either inside or outside of Canada. In 1983, an educated guess would be that a shocking 65% of all the dollars lent by our own big banks to private corporations go to foreign firms.

He then says:

> It would be nice to offer a more specific calculation, but neither the Bank of Canada nor the Department of Finance is able to, nor are the banks themselves prepared to offer much information on the subject.
>
> In short it's clear we good Canadians continue to finance most of the sellout of our own country.

Meanwhile, honourable senators, FIRA, in my opinion, was at least a stop-gap, albeit ineffective.

Honourable senators will recall that of the several thousand foreign investments reviewed, more than 95 per cent were approved. Of those, almost half of the applications were updated in terms of Canadian value; and countless other foreign takeovers were not even attempted, thanks to FIRA.

Now, under this new bill, we have a $5 million threshold for direct investment review, a $50 million threshold for indirect investment review, and no review at all for new investment.

In other words, more than 90 per cent of all takeovers will no longer be reviewed; and one man alone—Sinclair Stevens—will determine whether such an investment is of "net benefit" to Canada. No longer will it be "of significant benefit"—

An Hon. Senator: Shame.

Senator Davey: —because all of us accept foreign investment on our own terms, but now it is simply "net benefit" as determined by the minister.

I began by saying that I admire Mr. Stevens, and I do. But does anyone seriously imagine that the minister will reject anything at all?

Absolutely none of those concerns seems to matter to this government, which cares only about the sacred commitment to the private sector in general and to American private investment in particular; and all that some of us can do is stand by and watch the erosion of our cultural and economic sovereignty.

An Hon. Senator: Shame.

Senator Davey: That is strong language, but with a Prime Minister who apparently is prepared to sell even our water, I just don't know.

One happy footnote that honourable senators should be aware of is that thanks to the effective work of just 40 Grits in the other place, the government is unable to exempt, without review, the takeover of all rental properties from foreign investors.

I shall close by drawing the attention of the Senate to that part of the bill which provides for a review of investments of all kinds that are "related to Canada's cultural heritage and national identity." A review? Surely there should be outright rejection of those kinds of investments.

Some Hon. Senators: Hear, hear.

Senator Davey: The other day in the other place the minister referred to book publishing as a case in point. He said that book publishing should not be allowed to pass into non-Canadian hands. I say "Amen" to that—except that Mr. Stevens added the following phrase:

> Book publishing should not be allowed to pass into non-Canadian hands without a review.

That is not good enough. We know these Tory "reviews" too well.

May I therefore ask nine specific questions, to which I trust the bill's sponsor will respond—although he may require time to do so?

I wish to stress that they are not rhetorical questions. I am seeking facts. I want to find out how seriously this government takes its commitment to Canadian cultural survival.

(1) Will this government continue to guarantee that all newspapers published in Canada, and all radio and television cable stations in Canada, will continue to be owned and operated by Canadians?

(2) Will this government give Canadians an ongoing commitment to public broadcasting in general, and to the CBC in particular? Can we be assured that the CBC, as we know it, will continue to serve Canada?

(3) Will this government continue to enforce Canadian content requirements on both radio and television? This is a particularly relevant question, because earlier this week the central Canada division of the Radio and Television News Directors passed a resolution asking that such Canadian content regulations on radio and television newscasts be dropped. Surely, honourable senators, we need a Canadian perspective on international events. Surely we are not going to turn the clock back to utter dependence on American news services.

(4) Will this government continue to protect Canadian magazine publishers by continuing to eliminate the tax deduction for Canadian advertisers buying space in American media? Incidentally, there is also a footnote here, which seems to be a good impetus. Recently there was a 114-page publication on World War II put out by *Life* magazine, which never once mentioned Canada's role. *Life* magazine is, of course, a product of Time Incorporated. The publication prompted Farley Mowat to suggest that "this was further evidence that Americans regard Canada as a regional backyard from which comes raw resources and Florida-bound tourists."

(5) Will this government commit itself to the policy of its Liberal predecessor when it comes to government advertising? That is, that all advertising on behalf of the Government of Canada, appearing in Canada, will be created and executed exclusively by Canadian advertising agencies?

Some Hon. Senators: Hear, hear.

Senator Davey: The next question is as follows:

(6) Will the government continue to support Canadian broadcasters with such all-important policies as the substitution of simultaneous American programs on cable, the deletion of American advertising on cable, and, of course, the aforementioned elimination of the tax deduction for Canadian advertisers buying time on American television?

(7) What specific steps is the government prepared to take to protect the Canadian book publishing industry?

(8) What specific steps is this government prepared to take to protect the Canadian film industry?

With regard to the film industry, the Minister of Communications, the Honourable Marcel Masse, made the right noises in Hollywood earlier this week when he said:

> The overwhelming pervasiveness of American films on Canadian screens has been an issue for Canadian governments for a long time. Unfortunately, the last six months of discussion have produced no practical results whatsoever.

Honourable senators should be aware that in 1984 American movies accounted for 80 per cent of Canada's $400 million movie box office receipts. The screen time for Canadian films was less than 2 per cent. In my judgment, levies and quotas are the only answer. Moral suasion of the American film industry simply will not work. It has been tried and it has failed. I hope that Mr. Masse is on the right track.

● (1450)

Finally, I come to my ninth question: Will this government guarantee the future of the Canadian Football League by spelling out in specific terms that American professional football will be neither desirable nor welcome in Canada? The last time I mentioned this subject in the Senate, somebody came up to me and asked how we could do this without cutting out the Blue Jays and the Expos. The answer is easy. The coming of baseball to Canada has destroyed absolutely nothing. Indeed, amateur baseball in this country is flourishing as never before. But bring in American football and we can kiss goodbye to the Grey Cup—a great, meaningful, national institution in a country which has far too few national institutions—as we know it.

I thank honourable senators for their courtesy and I look forward to Senator Kelly's answers to my questions. In closing, I quote from the 1977 Senate Committee on Mass Media report which has withstood the years rather well. The quote is from the report's introduction with only one phrase transposed. We said:

> Geography, language, and perhaps a failure of confidence and imagination have made us into a cultural as well as economic satellite of the United States . . .
>
> We are not suggesting that these influences are undesirable, nor that they can or should be restricted. The United States happens to be the most important, most *interesting* country on earth. The vigour and diversity of its popular culture—which is close to becoming a world culture—obsesses, alarms, and amuses not just Canadians, but half the people of the world.
>
> What we are suggesting is that the Canadian (Government) . . . (has) an interest in and an obligation to promote our *apartness* from the American reality. For all our similarities, for all our sharing, for all our friendships, we *are* somebody else.

Hon. William M. Kelly: Honourable senators—

[Senator Davey.]

The Hon. the Speaker *pro tempore:* Honourable senators, if the honourable Senator Kelly speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Kelly: Honourable senators, I must say that I have been scribbling furiously because Senator Davey, who is a great friend of mine, did not give me notice of his questions in advance, but I shall struggle to answer his questions at the end of my remarks. I think this has been a useful debate with thoughtful remarks being made on both sides of the chamber. Before making final comment on this important piece of legislation and its role in the overall economic agenda of the government, I will take a few minutes to attempt to respond to some of the specific concerns raised by honourable colleagues. Reference was made by Senator Sinclair and Senator Graham earlier to the need for a more specific definition of business activity related to cultural, heritage and national identity. I will come back to this subject a little later in response more specifically to Senator Davey. However, I believe that Senator Barootes dealt with this question, at least in terms of the definition of and identifying areas of concern in specific terms. I would point out that the minister has stated that these definitions will be included in regulations to be issued at the time the legislation is proclaimed.

In respect to the suggestion of Senator Sinclair that clause 14 be amended to require a review of any new business in the fossil fuel sector, I would suggest to my honourable colleague that if the government should find it necessary to increase control of oil and gas development, it might be better to do so in specific legislation, rather than in the Investment Canada bill.

Concern was expressed, both during the pre-study and in this debate, about the transfer of decision-making authority from the full cabinet to a single minister, that perhaps it gives too much power to one minister. Honourable senators, I would like to offer what is really a personal view on this matter, because it is something about which I have thought a great deal over time. Were it not for our system of parliamentary democracy, I, too, would worry about power in the hands of individuals. However, in our system, along with the power to decide goes accountability for those decisions. A minister with power to decide must be accountable to his cabinet colleagues, to his caucus and finally to Parliament. It is easy for me to understand how our system holds an identifiable minister responsible and accountable, but somewhat more difficult for me to see how you would hold a cabinet committee or a full cabinet accountable, except at election time, and this happens under normal circumstances only once every four years. So I do not have the fear of a minister having responsibility to decide, because he is accountable for every decision he makes. In addition, ministers must consult with one another on a regular basis in the carrying out of their responsibilities. The extent of that consultation would vary from case to case, but accountability is ever present.

I believe the government is simply trying to avoid an administrative strait-jacket that would necessitate a collective

decision on all cases with the extra time and cost that would be entailed.

Senator Graham pointed out that the bill does not specify the ways in which the minister will encourage business development. I believe the bill itself and the message it sends goes a long way toward that end. I believe the message that Canada wants to encourage investment will have an impact not only externally but internally on the bureaucracy, and this will be important when the staff of Investment Canada hears remarks such as those made by Mr. Labbé, Commissioner of FIRA, to the effect that this new legislation is meant to encourage investors. Their own way of thinking changes, and rather than saying to proposed investors, "We will see whether you can or cannot invest here," they will say, "Let's see how we can make it possible for you to invest here." I think that is important.

Concerns were expressed by Senator Godfrey and others about the distinction between "significant" benefit and "net" benefit. I suppose I could argue both ways, but it seems to me that "net" benefit is a little more precise and, therefore, slightly more in the direction of making things somewhat easier for those would-be investors who have the decision to make about whether or not to apply. I agree totally with Senator Godfrey's point that efforts should continue to encourage Canadians to invest more in their own country, but I do not believe that Bill C-15 in any way forecloses on this taking place, and further, I believe that Investment Canada could well result in a growing number of joint ventures and partnerships between Canadians and offshore investors in Canada.

As regards Senator Davey's comments, I shall try very hard to deal with them, probably quite inadequately, as I always do when he asks me questions. However, I do take issue with the suggestion that someone said Canada was for sale. I would say to my honourable colleague that I have not heard that remark issue from the Prime Minister or any of his ministers. I do not believe that that is what is being said at all and, deep down, I do not believe that that is what Senator Davey believes either. However, I sympathize with his view. We are all concerned, given the nature, size, population, and relative wealth of Canada, about losing control of our own identity. I think this concern has been recognized in Bill C-15. If this government were not concerned about this matter, then clauses 15 and 35 would not have found their way into the bill. I suggest to Senator Davey that many of the concerns he raises are dealt with in other legislation. I think the CRTC deals with a number of the questions and concerns expressed by the honourable senator.

• (1500)

In the overall, however, I still must come back to the fact that we have a million and a half people unemployed. We must try to do something about that. I think that is what Bill C-15 is all about. In the process of trying to do something about it, of course, we must be sure we are not selling the store; that we are not letting something slip away that we can never get back. There is no question about that, but we absolutely must try, and I, for one, am not ready to suggest that it will not work. I worry a little about too many people saying that it will not work, whatever the initiative of the current government happens to be. I think that can become a self-fulfilling prophecy. If we start on the basis that we want to get a million and a half people back to work, none of us can disagree with that. Let us see if we can accomplish that, but let us be careful that we do not lose something in the process, as I mentioned earlier. However, we must try. I do not think we can have it both ways.

It was mentioned by someone earlier—and I do not think it was Senator Davey—that we cannot allow offshore investments to come here, buy a plant and close it up. In my opinion, the circumstance would be rare indeed where an offshore buyer wants to plough money into this country so that he can close up the plants. I can see the circumstances down the line where that might occur, but I do not see that as a basic objective when someone applies to invest in this country.

It is, after all, a global marketplace and the globe is getting smaller and smaller. I heard the other day about an organization that manufactures pizzas and sends them to Italy. That speaks loudly for the nature of this marketplace that we are all in, and we must be a part of it. I do not see us closing ourselves out of it, but I think we can find a way further into that marketplace without running into the difficulties that Senator Davey expressed concern about today. However, I do sympathize with his concern; I believe this government sympathizes with his concern.

Honourable senators, as I stated at the opening of this debate, and as I mentioned a moment ago, we are looking at the question of job creation and re-employment of Canadians as a central objective. Bill C-15 is very much a part of the government's economic agenda, which I believe I covered as adequately as I could on the opening of this debate, and I do not see the need to repeat it now.

Sincerely, honourable senators, I think this discussion has been excellent and I do urge passage of this bill.

Hon. Royce Frith (Deputy Leader of the Opposition): Would the honourable senator permit a question, or rather, one question involving two points?

Senator Roblin: Go ahead, make it two questions.

Senator Kelly: Yes, Senator Frith.

Senator Frith: Honourable senators, Senator Sinclair raised three questions, one or two of them by way of suggestions, and Senator Kelly, in closing the debate, dealt with one of them. The first of those questions is found at page 1026 of the *Debates of the Senate* of June 13, 1985. After reading one of the purposes of Bill C-15, Senator Sinclair then said:

> That is a laudable purpose, but I ask honourable senators, would that not be improved if there were only a slight addition, and that addition incorporated into the Purpose of the Act the following: A review of control arising from direct investment? That, I think, would improve the bill.

Then at pages 1027 and 1028, Senator Sinclair made a suggestion about a change to clause 5 to enable the audit to take place, and then suggested an amendment to clause 14.

Senator Kelly dealt with the question of clause 14, but not the other two points. Was that just oversight?

Senator Kelly: Honourable senators, I would need to check the record, but I believe that Senator Barootes responded to the question of audit. However, I do not read anything in Bill C-15 that leaves me with the feeling that the government intends to do other than watch very closely the results of this new legislation and the results of the decisions made by the minister in terms of all of the things about which everyone has expressed concern. I do not get the impression, honourable senators, that there is an intent here merely to put these matters into the lap of the Honourable Sinclair Stevens and let him run with it without anyone else really being concerned. I believe all of those things will take place, and that is about the best answer I can give you at this time.

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

Senator Frith: On division.

Motion agreed to and bill read second time, on division.

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

On motion of Senator Kelly, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

PRAIRIE FARM ASSISTANCE ACT

BILL TO REPEAL—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Walker, P.C., for the second reading of the Bill C-41, intituled: "An Act to repeal the Prairie Farm Assistance Act and to amend the Crop Insurance Act in consequence thereof".—(*Honourable Senator Argue, P.C.*)

Hon. Hazen Argue: Honourable senators, the bill before us is certainly a non-controversial bill in the sense that it has the support of all the parties in the House of Commons and I am sure it will receive full support in the Senate. In introducing this bill yesterday, Senator Balfour gave a comprehensive and, I think, a very adequate outline of the moneys involved and the purposes for which they are to be used. As he said, there was something over $9 million left unused in the PFAA fund when it was phased out and succeeded by crop insurance, and arrangements have been made to have this money used for research purposes to assist agriculture in developing new products of various kinds. This was, of course, one of the initiatives that was taken by the Honourable Eugene Whalen during the tenure of the last government and, at that time, as is the case now, the idea received general support.

This is, I suppose, the final phase and the final wind-up of the old Prairie Farm Assistance Act. That act was brought into operation in 1939 under the auspices of the late Right Honourable J. G. Gardner. Prairie farm assistance served a very useful purpose over many years. Criticisms of that assistance were many. One was, of course, that it applied only to the prairie provinces, and people from outside the prairie provinces wanted the same protection as the people on the prairies. Although developments made it draw ever closer to being somewhat on an individual basis, it was also on an area basis, and that area base became smaller. There was always the contention that some producers would have crop failures as defined in the act, but could not be paid because they were not in a sufficiently large area. Therefore it was a matter of somewhat rough justice. But it did assist a great many farmers.

Early on in those years, the idea of crop insurance came to the fore, and I remember in my days at the University of Saskatchewan that a very able and brilliant student at that time, R. E. Motherwell, based his master's thesis on a study of crop insurance. I think that was a useful exercise in that it provided a good deal of information for those who wished to go forward with the idea of crop insurance. I might say that the late R. E. Motherwell was the grandson of the former Minister of Agriculture, the Honourable W. R. Motherwell.

A close friend of mine at the university, a man who went on to obtain his doctor's degree, Mr. M. E. Anderson, wrote his doctorate thesis on the PFAA itself, and today that excellent paper contains a wealth of information on the operation of that act. I think these two papers helped establish a theoretical basis from which crop insurance could develop.

• (1510)

The Crop Insurance Act came forward afterwards, and I say, in all fairness, it was introduced by the Honourable Alvin Hamilton; it was made nation-wide, based upon agreements with provincial governments. It has evolved since, and I think it has been of increasing benefit. I have always taken the view that, in so far as it is possible, the farmers in all provinces in Canada should have access to the same kind of crop insurance protection.

The Standing Senate Committee on Agriculture, in 1975, did a study of crop insurance, particularly as it related to western Canada, but also as it related to all parts of Canada, and we made a report which recommended that steps be taken to make the coverage more nearly uniform. If you are dealing with ten provincial governments, you cannot have the coverage identical, obviously. Some provinces would have crops that are of importance to that province but not of importance to other provinces. However, the programs—and I make special reference to the three prairie provinces—are nearly the same, but they are not quite the same. In Saskatchewan, in 1985 winter wheat can be insured. I believe that in Manitoba, in 1985 they are not able to have their winter wheat crop insured, and I would hope that Manitoba would catch up to Saskatchewan in the interests of its producers.

The amounts paid out under prairie farm assistance were very considerable over the years. The total payments were some $378 million, and the levies the farmers paid amounted to $201 million, a benefit of about two to one. The largest payment in one year that I have seen during that period of time was some $54 million. With crop insurance it is another

ball game. The largest payment under PFAA, some $54 million in one year, has to be compared with a payment under crop insurance to producers last year of $289 million.

A very interesting statistic shows that crop insurance today is viable, that revenue has been just in excess of $1.9 billion and payments made have amounted to $1.67 billion. So, the crop insurance system is viable; it is in a good state, and I think it is something that is working reasonably well and should be kept in force.

Under PFAA farmers on the prairies contributed 1 per cent of their gross receipts. The government, for all practical purposes, as the statistics show, matched that amount and the farmers received the benefit. Under crop insurance the allocation of the costs is equal between the farmers and the Government of Canada. The farmer pays 50 per cent of the premium, the federal government matches the premium. The provinces make a contribution, they administer the act, and the last figure I have for their cost is some 8 per cent. Thus, the federal government and farmers pay about 46 per cent each and the provincial government pays 8 per cent.

Prairie farm assistance for those of us who were around at that time had the reputation, with its administration, of being something of a Jimmy Gardner political machine. That was the allegation. Well, I do not think he had many Conservatives working for PFAA; I think they were pretty well all Liberals. They did a great job, they were very generous, they were easy to deal with and they liked to give the farmer a break whenever they could. Then the Honourable Alvin Hamilton decided that the provinces should administer the crop insurance.

I think it is a wrong principle when one government pays the money, in an insurance scheme like this at any rate, and hands over the administration to the province which has no responsibility for the program in the sense of paying any part of it.

Senator Doody: It's called confederation!

Senator Argue: Call it what you like, but it leads to provincial political machines. The crop insurance administration in the provinces is not part of the Public Service. The NDP had a political machine in crop insurance in Saskatchewan. When the Conservatives came in they had a tough time dealing with this question and there were some ill feelings; some people were dismissed and new people were hired. At least the public perception now is that it is a Conservative political machine. I guess if somebody wants to get some employment with the crop insurance administration, his chances of getting it would be much greater if he could show support for the Conservative Party than if he supported another party.

In any event, it is a good program, it is of great benefit, but there is a looming danger. The government has decided to cut back on agricultural programs. The government has decided it is "going to have a look at them." The Honourable Erik Nielsen's ministerial task force has published a report. They have been looking at a lot of things, and one of them is crop insurance. The report says:

> Crop insurance offers to agricultural producers a means of purchasing protection against production risks. Crop insurance is currently funded on a tripartite basis by the federal and provincial governments, and by producers via their insurance premiums. While the question remains whether producers should receive *ad hoc* assistance for losses due to natural risks where they could have purchased protection via crop insurance, the federal government reaffirms its commitment to these highly effective programs.

That little titbit in there says that as far as the federal government is concerned there will be no further flood assistance or disaster assistance, as was generously provided by the federal government under the Right Honourable John Turner to northeastern Saskatchewan. As a matter of fact, the former administration provided $16 million for flood victims, farmers who lost crops in northeastern Saskatchewan, and the new Conservative government, saying they were friends of agriculture, reduced that to $8 million and the Honourable Erik Nielsen says, "You got it once but you will never get it again." I do not think that is a very constructive attitude for the government to take.

The report goes on:

> At the same time, the federal government will be indicating to the provincial governments that it wishes to renegotiate the cost shares, with a view to a more equitable balance of financial obligations between the three parties.

Instead of looking at crop insurance from the standpoint of negotiating a better system, they are going to look at loading a greater cost on provincial governments and on the farmers.

I have used this occasion, honourable senators, to make some remarks about prairie farm assistance and the winding-up bill. That bill alludes to crop insurance itself. I also wished to say that we in this country have made a great deal of progress in providing crop insurance for farmers, paid for partially by themselves, when they have suffered a loss. I want to say to the government, certainly on behalf of my party and, I believe, also on behalf of farm organizations generally, that we shall resist any drive by the government to reduce the benefits under crop insurance or to add a further cost to farmers during times when they are finding it so difficult to continue their operations. We will vote for the bill. We say to the government to deal with the question of crop insurance and keep on improving it and to resist any drive by the Honourable Erik Nielsen, the Minister of Finance and all others who want to tear down, from a farmer's standpoint, the very important provision of crop insurance.

• (1520)

Motion agreed to and bill read the second time.

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

On motion of Senator Balfour, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

APPROPRIATION BILL NO. 2, 1985-86

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips, for the second reading of the Bill C-54, intituled: "An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986". —(*Honourable Senator Stewart (Antigonish-Guysborough)*).

Hon. John B. Stewart: Honourable senators, Bill C-54 would authorize the Government of Canada to expend the balance of the money requested in the main estimates. It would also authorize the Government of Canada to expend the money it requested in supplementary estimates (A). The fact that authorization is sought in this one bill for these two sets of estimates confronts us with something of a problem.

Second reading of the bill was moved on Monday, June 17. The following day, June 18, the Deputy Leader of the Government told us that the Treasury dogs were barking at his heels. He said, relative to the planning of the program of the week of the Senate:

> If we do not get the appropriation bill through before the end of this week, then they will have to go to extreme lengths to get funding for various matters of concern for the Government of Canada, namely, the payment of their ongoing expenses. Therefore, it is a matter of practical necessity that we get the appropriation bill through this week before we adjourn.

When I heard that I wondered what the great urgency was. The main appropriation bill normally does not come to this place until the dying moments of the month of June; yet, here we have second reading of the bill being moved on June 17, and we have been told that unless it receives Royal Assent before the end of the week Treasury Board will have to take drastic action—and will have to seek warrants, we were told this afternoon—as a means of dealing with their dire financial plight. There must be some explanation for this deviation from the normal pattern. That is why I asked earlier today for the government to explain why this bill is needed so urgently when normally the main appropriation bill is not required before the end of June. I hope that the Leader of the Government or his deputy will explain that for us before the bill passes.

Over the years I have watched the financial officers in their relations with Parliament. I was reminded of past thoughts on this subject last winter when the Senate was confronted with Bill C-11. The Department of Finance seems to think that Parliament is a body which has to adjust to the expediency of the Department of Finance. After all, they are the top civil servants in this country—the super-bureaucrats—and ministers are brought in to serve their purposes for a while. Ministers come and ministers go, but the top bureaucrats in the Department of Finance, at least some of them, go on forever. Members of Parliament come and they go, but senators, unfortunately, stay a little while longer. But our feathers are to be plucked, we are told.

I am reminded of what happened in 1971 when the Minister of Finance of that day was proposing a new Income Tax Act. Without regard to all the advice that they received from the staff of the House of Commons, they brought in a notice of ways and means motion which was virtually in the form of the bill that they intended to put on the statute books. As many honourable senators know, that means that the hands of the Minister of Finance were tied insofar as the wording of the bill was concerned. The bill had to be consistent with his notice of ways and means motion. That motion produced by the Department of Finance was so specific that the minister found it very difficult to bring in a bill that was acceptable to members of the House of Commons, or even to those within his own party.

Then last February we had the example of Bill C-11 where the business to be done should have been dealt with in two bills. Now we are told that there were financial consequences that flowed from proceeding as they did; yet stubbornly, they insisted on going ahead regardless of the rights of Parliament.

Now we have yet another example. I do not claim that this is a major example, but it is an instance of the same kind of approach. We have one bill where we should have two. We should have one bill dealing with the balance of the main estimates and we should have a separate bill dealing with the money based on supplementary estimates (A). I do not argue that it is improper to put these two matters together, but it is improper to put them together and then insist that that part of the bill that is based on the main estimates has to be passed and receive Royal Assent with the same speed and urgency that seems to attend that part of the bill that is based on supplementary estimates (A). That is my complaint.

• (1530)

Perhaps Senator Doody is going to rise in his place and say, "No, no, it is not as obvious as that. What you say, of course, is true, but there is a much deeper reason and a greater kind of urgency here that you do not even suspect." I am hoping he will make some kind of interesting revelation along those lines.

We are being urged to give second reading now and third reading quickly to Bill C-54. As I said, second reading was moved the day before yesterday. Nowadays the Senate is going to be put right. The new, straitened régime has been revealed from on high. Thirty days is the appropriate amount of time for a money bill in the Senate. Nevertheless, in this case, this unreformed body is being asked to pass this bill in one week, that is, in about four days. I cannot resist asking myself: What kind of frenzy would the Minister of Justice find himself in if, in fact, we were to take the 30 days, the period which he finds appropriate for debating money bills?

Senator MacEachen: That's an idea.

Senator Frith: Has that ever occurred to you?

Senator Doody: I have been awake every night this week. You have no idea how much I worry about John's frenzy.

Senator Stewart: We do not want to roast Senator Doody as Crosbie's vicar, although he, too, is a Newfoundlander. He should feel chagrin on behalf of his province.

The appropriate period of time for debating a money bill is 30 days, yet we are being told that, unless the government has this bill for the end of this week, it will have to resort to the use of warrants. I asked earlier what kind of warrants these would be and I await the answer to that question.

Honourable senators, that is all I wanted to say about the timing of the bill, but I have something to say about the substance. Perhaps Senator Doody wants to interrupt me at this point to clarify this matter.

Senator Doody: No.

Senator Stewart: The forecast by the Minister of Finance for outlays for the fiscal year, as we know, is $105.4 billion. The main estimates, tabled on February 26, 1985, covered $103,571,860,000. Of this total, $102,530,583,000 is budgetary; whereas $1,041,277,000 is made up of loans, investments and the like.

It is interesting to notice, honourable senators, that, of this total of $103 billion, only about one-third requires to be voted by Parliament. In other words, about two-thirds of the expenditure is statutory; it is on a statutory basis and the expenditure goes on without any action by Parliament. Only about one-third of the total needs parliamentary action.

In the interim supply statute, Parliament authorized the expenditure of $10.5 billion. In the present bill, the balance of the money to be voted from the main estimates is covered. That amount is $26.7 billion. That will produce a total for the main estimates of some $37,216,857,000.

In addition to that, supplementary estimates (A) total $365,400,000. That means that, when this bill becomes law, the Parliament of Canada will have voted for this year a total of some $37,582,257,000. That is where we stand at the moment. Presumably, there will be other supplementary estimates to come. The government planned a cushion of approximately $2 billion. They will have used up only $366.4 million of that after this bill becomes law.

Honourable senators, I have put those figures on the record so that, as future supplementary estimates come before us, we can see how the government is keeping within the Minister of Finance's forecast that the total expenditures for the current fiscal year would be $105.4 billion.

At page 24-2 in the main estimates, Parliament is asked to vote some $2.277 billion as a cash payment to the governments in the provinces for the support of post-secondary education. We all know that associated with those cash payments there is the yield from the tax points included in the Established Programs Financing Arrangements.

I realize that there is a controversy with regard to which government really owns that tax-point money. Senator Tremblay, who speaks authoritatively from a Conservative viewpoint on this matter, insists that the money yielded by those tax points is provincial money; that it belongs to the governments in the provinces, and that all the Government of Canada is doing is acting as a tax collector on behalf of the provincial governments. There are others, including myself, who disagree with that. Putting that aside, the estimates do provide for a cash payment of $2.277 billion for the purposes of post-secondary education.

In the committee examination of these estimates, we looked into this whole matter of the financing of post-secondary education in a preliminary and somewhat superficial way. One of the groups which appeared before the committee was the Canadian Association of University Teachers. They drew to our attention the fact that, over an 18-year period, from 1967-68 to the present, the amount of the transfer in constant dollars from the Government of Canada to the provincial governments has increased in almost every year. In almost every year, in constant dollars, more money has been provided by the Government of Canada to the provincial governments for the purposes of post-secondary education than in the previous year. That remains true whether we talk simply about the cash transfer or whether we talk about the cash transfer plus the yield from the tax points.

● (1540)

They also put before the Committee on National Finance an important table, which appears in the *Minutes* of May 2, 1985, as Table 3. That table shows that the real expenditures by provincial governments for post-secondary education per student, in constant dollars, has declined in every province except one over the last nine-year period from 1977-78 to 1984-85. The table shows that, over that period in constant dollars, the provincial expenditure in Newfoundland has gone down approximately 29 per cent. In Prince Edward Island, which is the exception, the expenditure has gone up by 32.5 per cent. In Nova Scotia, it has declined by 9.4 per cent. In New Brunswick, it has declined by 18.3 per cent. In Quebec, it has declined by 18.9 per cent. In Ontario, it has declined by 17.4 per cent. In Manitoba, it has declined by 24.6 per cent. In Saskatchewan, it has declined by 12.6 per cent. In Alberta, it has declined by 14.1 per cent and, in British Columbia, at the other extremity of the country, it has declined by 23.5 per cent. The overall, average decline in Canada is 17.9 per cent; this notwithstanding that, almost every year, more money in constant dollars has been transferred from the Government of Canada to the governments of the provinces.

Many other interesting facts are revealed by this table and others provided by CAUT. I do not think that any honourable senator would disagree with the proposition that post-secondary education is of undoubted benefit and importance to the general interest of the people of Canada. A hundred years ago we would have had general agreement with that proposition. In 1985, when so much of our economic activity depends upon advances in the sciences and in conceptual thinking, it is even more acceptable as a proposition than it would have been 100 years ago.

We are being asked to vote over $2 billion for this purpose this afternoon. What is happening? To borrow an expression which we hear often these days, we are throwing money at the problem. It might be argued that that is all the attention we

are giving to it; that transfers are being made by the Government of Canada to the provincial governments. The cheques are sent out and that is the end of the concern.

Honourable senators, that is not quite the case, because the Department of the Secretary of State does try to pay some attention to what happens, but it does not do so very successfully. Then, in turn, the provincial governments decide how much money they are going to transfer to the colleges and universities within their jurisdictions. The dollars end up in the colleges and universities. I am sure that each college and university does the best it can in its own locale, but that is tantamount to fighting a war with each soldier in the trenches making his own strategic decisions.

We talk about academic freedom—we use that as an excuse for not confronting the problem. We talk about the independence of the provinces in the field of education, yet when provincial authorities suggest that they are going to interfere, the universities bristle. The final result is that, in many cases, the ultimate decisions are made within the colleges and universities—very often by particular professors in particular departments. That is what I mean when I say that the war is being fought with a distinct and separate strategy devised by each soldier in the trenches. That is no way to wage a war. In that way problems are neglected.

I do not intend to reiterate to honourable senators the entire list of the problems that were put before the committee in its three meetings, but I will, if I may, mention one of them. Some years ago there was a great expansion of our colleges and universities. There were not enough faculty members to service the students who were clamouring to be admitted and who were eligible to be admitted. As a result of that, there was a great recruitment of university staff and faculty members. Then, because of the levelling off of enrollment, the recruitment tapered off. At the same time, as I mentioned, the amount of money being provided declined sharply. The result is that colleges and universities are now recruiting few new staff and faculty members. This means that the personnel pyramid is being badly distorted. It is developing high shoulders. Furthermore, it means that there are few jobs for able new young instructors and assistant professors.

Our committee was told that, very often, the able graduate students respond to the demands of the market and go elsewhere rather than finish their graduate work. I think we can all see what is going to happen. Some day fairly soon, the faculty members hired in the expansion years are going to reach the age of 65 or thereabouts, and will retire. But we will not have graduate students coming on in sufficient numbers to provide replacements. So we will have to go out in the world market to attempt to recruit people to teach young Canadians. Those people will be teaching young Canadians about the Government of Canada from an American viewpoint or a British viewpoint or, perhaps, from a continental viewpoint. I take that fairly extreme example to make my point. Not only will we be unable to staff our universities with Canadians or people who have been trained in Canada, but we will not be able to bring to Canada people of the ability of those whom we are now, in effect, turning away from our colleges and universities.

Honourable senators, many young Canadians are not finishing their training. They are going where the market leads them. We will be recruiting people who decide to come to Canada because they cannot get the jobs that they really want in the United Kingdom, the United States, or France. In my view, honourable senators, it is just not good enough to have a great dependence on people who come to Canada—not in all cases, but in some—as a second or third choice, particularly when we are spending this kind of money in the field of post-secondary education.

● (1550)

I do not expect the Leader of the Government to rise in his place this afternoon and say that he will have this matter corrected before the end of June or before the end of the 30-day period that we are supposed to have on money bills. I do not expect that at all—

Senator Roblin: It is only a thought.

Senator Stewart: It seems to me that there is too much money involved for us to take this whole matter lightly. And what is more important, post-secondary education is of too great importance to Canadian life generally, whether we are talking about the economy, or the quality of life, or the general cultural and spiritual nature of our civilization. Post-secondary education is simply too important a matter to be sloughed off from the Government of Canada to the provincial governments, and by the provincial governments, in turn, to university administrations, which in turn very often slough it off to particular departments or particular professors.

I have called this to the attention of honourable senators in the hope that, should our committee decide to focus further on this question, we will have your support.

Before I resume my seat, I should like to know whether Senator Doody is going to be able to deal with the question concerning the great urgency for having this bill by the end of this week.

Is it because this bill will provide the supplementary estimates (A) money as well as the main estimates money? And if that is so, why were the two sums embodied in the same appropriation bill?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, to deal with the question, I shall undertake, as I did at Question Period today, to get from Treasury Board the rationale behind the urgency. I will make every effort to have that information available before the motion for the third reading of this bill is put, if that is acceptable to the honourable senator.

I suspect that what has been done is that the supplementary estimates (A) and the balance of the main estimates have been put into the one bill, as has been suggested. I can appreciate the fact that that is not the most appropriate way to handle the situation, if that indeed is what has been done. It would appear that that is the case.

I would also like to say that it is certainly within the jurisdiction of the Senate and of honourable senators to question the process and to bring it to the attention of the minister and of the department, if this has not been done, perhaps, in the most appropriate manner. I will certainly—

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, is Senator Doody closing the debate on the motion for the second reading of the bill?

Senator Doody: I am trying to answer Senator Stewart's question.

Senator Frith: I just wanted to be sure. That's fine.

Senator Doody: Whatever the reason, whatever the rationale behind this particular sense of urgency, I shall try to find that out. And make no mistake about it, the urgency was conveyed to me. I am not putting a scam across the chamber. The message was received, and I have delivered it. And I think it would be fitting for us to try to honour the urgency, or at least the request.

Senator Stewart: I thank Senator Doody for that response.

Senator Frith: Honourable senators, perhaps the appropriate thing to do would be to move the adjournment of the debate on the motion for the second reading of the bill until tomorrow. It can be adjourned in either Senator Stewart's name or in my name. Once we have the answer to the question, we can then deal with the motion for second reading tomorrow; and if everything proceeds satisfactorily, we could give leave to have third reading on the spot tomorrow.

Senator Doody: Certainly that process is in order. I see nothing wrong with that. However, it does raise the question once again—and to me it is a philosophical question rather than a political question—as to whether we in the Senate really want to hang up an appropriation bill once it is sent to us with the appropriate explanations.

Having examined both the main estimates and the supplementary estimates in committee and having reported on both to the chamber, do we really want to refuse to proceed to second reading of the bill before we get the answer? Do we want to adjourn the debate on the motion for the second reading of the bill until the answer comes and then, if the answer is satisfactory, at that point give the other place the appropriation bill that they have asked for?

I think that that is worthy of consideration before we decide on our course of action. It is certainly within the prerogative of the Senate to do whatever it wishes with any bill that comes before us. I just want to flag that question. I do not want it said that the flag had not been raised at the appropriate time, because if the bells start to ring and the flags start to wave again, I want to be in the van of the parade this time and not hanging on to the end of it.

Senator Frith: The problem with that, of course, is that whether or not we are holding something up turns on the answer to the question. Senator Stewart has said that he does not wish to hold this bill up. However, if the answer to the question is that there is really no need to have it until the end of June, which would be the normal time frame, then of course we would not be holding it up by holding it until the end of June. If, on the other hand, the answer provides us with good reasons for passing the bill now, then we pass the bill now.

So, in neither case are we talking about holding up supply.

Senator Doody: I think we are, in effect. I think—and I may be wrong; I may be interpreting Senator Frith's statement incorrectly—what the senator is suggesting is that if the answer that I bring in tomorrow, assuming that I can get the answer by tomorrow—and I hope that I can; or Friday, or whatever—isn't satisfactory to honourable senators opposite, then they will deny this appropriation bill to the Commons. That is where I see the danger. My attitude—and it was the same when I was sitting on the opposite side of this place, so I have no hesitation in saying so—is that when the Commons votes supply, the Senate provides it.

Senator Frith: Absolutely.

Senator Doody: And that notwithstanding the fact that we may not agree with their reasoning, or that we may disagree very much with the amounts and with the subheads. And I think if we find cause for that, we should so inform the minister and tell him that he should straighten up his act, or he should get his department together and change his system. But the idea of the Senate standing here and suggesting that we should wait until we get an appropriate answer about an appropriation bill, sent to us from the House of Commons, to me is just fraught with danger. I would caution honourable senators to proceed that way with extreme care. I would much prefer to have second reading take place this afternoon and proceed to try to answer this question before the bill receives third reading tomorrow.

Senator Frith: The only difficulty that we now have is a misunderstanding as to what is happening right now. What is happening right now is not holding up supply. The only "satisfactory" answer, or unsatisfactory answer, will be either: We have a very good reason for needing this bill today—

Senator Doody: I have told you that already.

Senator Frith: Yes, but then the question was asked: Why? And to give details as to why the normal period did not apply—namely, that interim supply usually lasts until the end of June.

If the answer tomorrow is that we are right, that it is not really needed until the end of June, then there will be no holding-up involved. If they say, "No, we need it now, and this is the reason we need it now—", with the detail that Senator Doody has undertaken to give, then it will be passed and there will be no holding-up.

I want to make it clear that this is not a discussion of holding up supply. It is a question of getting an explanation as to why we would be holding it up if it were not granted this week.

If Senator Doody finds it more satisfactory to work on the basis of our proceeding with second reading now with the explanation to be given tomorrow on the motion for the third

reading, that is fine. That is not an important point. If he feels more comfortable with that, let's give it second reading now, and he will give us the explanation tomorrow. If third reading is not given tomorrow, that would still not be the equivalent of holding up supply, because it will only be because it is not needed tomorrow.

That is all we are awaiting an answer to.

Senator Doody: First, let me express my gratitude to the honourable senator for his agreement to go along with my suggestion. I cannot fault the impeccable logic of the honourable gentleman, nor would I ever try to get involved in that. I respect very much his legal mind and his orderly presentation of facts—

Senator Frith: But . . .

Senator Doody: But—and this is a long slow one—the problem is not in the facts as presented; the problem is in the perception. I really do not have to tell any honourable senator that very often what is in the eye of the beholder is not what is actually happening—

Senator Frith: Well, let's see what happens tomorrow.

Senator Doody: If the word gets out that we are waiting until we get an explanation of such and such before giving this bill third reading, then I am afraid of what the perception will be in places other than this one. I do not doubt for a moment that honourable senators opposite are going to give us this bill. I just prefer that they do it in a way that is consistent with perhaps what I think, erroneously, should be the way the Senate should conduct itself.

I thank you for your consideration in this respect. I think it is really for the benefit of the chamber as a whole and not for me.

Senator Frith: There will be no "if" problem if it is tomorrow. We will know tomorrow.

• (1600)

Senator Stewart: Honourable senators, the Deputy Leader of the Government should not be put in the position of having to tell the Senate that they—presumably Treasury Board—will have to go to extreme lengths to get funding for various matters of concern to the Government of Canada without having been given some sort of explanation as to what the urgency is and what the extreme lengths are. It puts the Leader of the Government and his deputy in an awkward position when they have to use that kind of language and then say "Well, we will go back and see what they meant when they told us to say that."

Senator Doody: Honourable senators, perhaps I should not have used the word "extreme" with that degree of emphasis. I had not thought I had done that. I thought I had said "extreme lengths", or something like that. Or perhaps I should have just said "lengths"; or simply that "They want the money." I will try to be less histrionic the next time I ask for supply. I will be very pristine, very precise, and very concise.

[Senator Frith.]

As for being put in this position, I do not mind that at all. As I said earlier today, I was President of the Treasury Board and Minister of Finance in Newfoundland for a number of years, and the positions one gets into in that job are really rather difficult compared to my present position.

However, if honourable senators will permit me, I will conclude my remarks on second reading, unless any other honourable senator wishes to speak.

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doody: Honourable senators, as I have said, I would prefer to leave the point concerning the urgency of this matter, which probably hinges on the amalgamation of these two bills, until third reading tomorrow.

I have very little to add on the other matters that were raised. Senator Stewart's concern with regard to putting the Minister of Justice into a frenzy is not one that I share. There are many other Newfoundlanders whose present positions are a great deal more uncomfortable and untenable than is that of the Minister of Justice in Ottawa. I am thinking in terms of the number of unemployed people around the province who are in a far more difficult position, and I have far more sympathy for their plight than I do for my honourable colleague and friend in the other place.

With regard to the situation concerning post-secondary education, a few days ago I spoke in that connection and supported the request of Senator Leblanc that this matter be referred to the Standing Senate Committee on National Finance. I approached the matter from an angle and a perspective different from that of Senator Stewart. I still look at it from the point of view of its being a provincial responsibility. I lean more toward the school of thought adopted by Senator Tremblay, in terms of provincial rights, than perhaps some of my colleagues, either on the federal or the economic scene.

I believe it is a subject that will require a good deal of consideration, and will become far more important as time goes on. The amount of money involved is large, and the future of this country really depends on the development of that most important resource, our people, and also on standards, both in terms of the scientific and technical training and also on the academia that result from post-secondary education.

I completely concur with the need to examine such matters, and I look forward to participating in the examination of post-secondary education when the subject comes before the Standing Senate Committee on National Finance.

I again thank honourable senators for their consideration in this matter, and I trust that I will be able to provide some satisfactory answers tomorrow.

Motion agreed to and bill read second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CANADA'S INTERNATIONAL RELATIONS

APPOINTMENT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

> Consideration of a Message from the House of Commons requesting that a special joint committee be appointed to consider Canada's international relations.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this order was stood by me a few days ago, not because of any reluctance to join the other place in a joint committee to examine international relations, but rather because of budget restraints in terms of financing this operation.

Certainly, we have every reason to wish to join with the other place in this study. I have been given to understand that if the Committee on Internal Economy, Budgets and Administration makes the necessary references, arrangements may be made with the help of the government to provide the necessary funds for the joint committee to undertake the study.

No allowance was made for the study when the budgeting was first decided. This is a new concept that has been brought forward by the other place. Indeed, the same situation applies to the next item on the order paper, consideration of which was delayed for the same reason.

I believe that we should go ahead with this study. I have every reason to hope that funding will be arranged. I may appear to have been somewhat wishy-washy, but obviously I cannot will the money over here. If I could, I certainly would. However, I have been given an assurance that every consideration will be given to providing us with the necessary funds.

Senator Frith: You have been firmly and unequivocally wishy-washy.

Senator Doody: I have been unhesitatingly hesitant in this whole matter. The totality of the situation is that, yes, we want to get the money as soon as we can, as we would like to go ahead with this study.

Order stands.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

CONSIDERATION OF FIRST REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Wood, seconded by the Honourable Senator Barrow, for the adoption of the First Report of the Standing Joint Committee on Official Languages Policy and Programs (Report of Commissioner-1984), presented in the Senate on 29th May, 1985.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, my comments in connection with Order No. 6 apply also to this order.

Order stands.

THE BUDGET

ELIMINATION OF FULL INDEXATION OF PENSION BENEFITS—IMPACT ON SENIOR CITIZENS—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of June 11, 1985, moved:

> That, in view of the adverse effects on the standard of living of senior citizens resulting from the elimination of full indexation of pension benefits, it is the view of the Senate of Canada that the government should rescind this particular provision of the Budget immediately.

He said: Honourable senators, should it be the view of the Senate of Canada that the government should immediately rescind this particular provision of the budget?

It is now beyond any doubt that Canada's elderly citizens feel betrayed by the Mulroney government.

This morning, on the CBC FM and AM news, there was a rather touching moment when a 69-year old citizen, who was coming from Montreal to demonstrate on Parliament Hill, said that he had never before been involved in any demonstration and had, in fact, always been against the idea of public demonstrations. However, he had given thought to the famous poem "In Flanders Fields" and the words "if we break faith with them." He said:

> I feel that the government has broken faith, and although I personally am not seriously affected by the removal of full indexation, I feel it is my duty to protest because of that breach of faith.

Have senior citizens any reason to feel betrayed? Are they wrong to feel betrayed? Is it just a misunderstanding stirred up by the media and opposition politicians? Is it a form of mass paranoia stirred by peddlers of class warfare, as someone designated it?

• (1610)

Honourable senators, senior citizens have long memories. Conservative governments have a history of betraying elderly Canadians. In 1979, with interest rates and inflation climbing, Conservative Prime Minister Joe Clark told the House of Commons that senior citizens—and that included old age pensioners and those receiving the guaranteed income supplement— would simply have to, I think his word was "endure" the economic conditions creating higher costs and eroding the incomes of the elderly. In the same year, with the United States in deep recession, the Conservative government flatly refused to protect the incomes and well-being of elderly Canadians by refusing any increase in the old age pension or the GIS. The new Prime Minister has, as usual, outdone his predecessor, in this case in an act of what is perceived as callous betrayal, by first making promises to the elderly then welshing on those promises by cutting benefits to the elderly.

When did he do this? On July 26, 1984 during the election campaign, Canadians were assured that his party would increase pension benefits in Canada when the Prime Minister said, "We are committed to full pension fund reform to eliminate poverty among retired Canadians and to improve their standard of living." Honourable senators will remember that trial balloons were then sent up on the question of universality on the basis of words used by government spokesmen that universality would have to be reviewed, that maybe universality was something that had to be changed in order to attack the deficit and make other changes in economic policy.

So, after the promise made in the election, around Christmas, Canadians, including the elderly, began to worry about this government. Unrest was created. In January 1985 the Minister of National Health and Welfare, the Honourable Jake Epp, outlined in a consultation paper what were to be a number of firm commitments. Having made the promise in the election, and then giving an indication of welshing on that promise, the Conservative government then tried to reassure Canadians by uttering statements such as the following:

> The concept of universality is a keystone of our social safety net. Its integrity must not and will not be called into question.
>
> Any savings which may result from program changes will not be applied to a reduction of the deficit.
>
> It should be stated at the outset that the government regards the present system as a good one, which is working well.
>
> The concept of a universal base payment which is taxable, and thus varies its after-tax benefits progressively (i.e. the higher the income, the lower the net benefit) is a sound one and should not be disturbed.
>
> Changes in these programs which may result from this review should improve benefits for those in need.
>
> Any net savings which may then remain, whether resulting from reductions in expenditures or additional revenues, should be applied to other priority concerns in the social affairs envelope. No such savings should be transferred to deficit reduction.

Now to get back to our original question: Are the elderly in some form of paranoia about this? Have they no reason to be worried as they are and as evidenced by their march on Parliament Hill today? On the basis of the assurances given in the election, and, when there was uneasiness, reaffirmed in the statement by the Minister of Health, senior citizens felt that they could sleep sweetly with those soothing words under their pillows. Then came the nightmare.

Although any reasonable person would assume that the bold words of Mr. Epp uttered in January represented firm and honourable intentions that would be outlined in the budget, the budget speech delivered by the Minister of Finance in May devotes only four lines to this subject, but a pretty powerful four lines they are. Pensions were being de-indexed. Full indexation was to be removed. There was just the four lines with no explanation of their ramifications, no concrete examples of how incomes of senior citizens would be affected. The explanation of the results was left to the opposition, and the opposition caught it very quickly. The Leader of the Opposition in the House of Commons, who brought in indexation when he was the Minister of Finance, immediately caught the deception and justly called it a sneaky budget because it did not spell out the results of those four sharp lines.

Of course, it was left also—God bless them—to the elderly themselves. They have now organized. They saw the deception and they saw through it. They realized that they had been told that no savings or additional revenues in the area of social programs would be applied to reducing the deficit, and expected, in fact, that it would be applied to increasing their benefits based on what the government had said. That is the betrayal. It is May 24; it is the House of Commons, and the Minister of Finance is on his feet:

> Everyone has been asked to share a little of the burden in order to get the budget deficit and the accumulating debt problem under control.

Remember January?

> —the government regards the present system as a good one, which is working well—

and that it

> —is a sound one which should not be disturbed—

that

> —changes in these programs which may result from this review should improve benefits for those in need—

and that

> —savings should not be transferred to deficit reduction—

A sharp stick in the eye in four easy lines. So the budget, which is punishing for all Canadians, is especially cruel to the elderly and, as has been described, it does not spell out how it is being cruel, but it is being so and sneakily. The results of the budget and the cruel effect on the elderly had to be dug out by the opposition, the media and the elderly themselves.

What are those effects? The real income of an elderly couple will fall nearly $1,200 by 1990. There was nothing about that in the budget speech. By 1995, the real income of an elderly couple will be cut by almost $2,600. There was nothing about that in the budget speech. The real income of elderly singles, mostly women, will be cut by almost $1,300 and, in addition, elderly Canadians will have to pay tax increases for gasoline, health care products, certain foods and other goods. That will amount to hundreds of dollars a year in lost income.

But it is even worse than that. While this government is capping the de-indexing of old age pensions at 3 per cent, its budget, is admittedly pushing up inflation so that even a rate of 4 per cent means that the elderly will receive a cost of living increase of only 1 per cent. The same budget that hands out billions to the multinationals will actually increase poverty. The Canadian Council on Social Developments says that the federal government's plans to partly de-index old age security pensions would see as many as 200,000 more elderly Canadi-

ans living in poverty by 1990. I point out to honourable senators a Machiavellian ingenuity here. It will increase the number of persons below the poverty line. You will remember that the Minister of Finance complained that there are not enough rich people in Canada, so he has to tax the poor. With this cold-hearted logic, having decided that his tax base is the poor, he proceeds to increase his tax base by increasing poverty. As a result of this budget, more than three-quarters of a million Canadians will fall below the poverty line by 1990. More than 200,000 elderly Canadians living on fixed incomes will be forced into poverty because of the Mulroney government budget. It will cast more Canadians into poverty than did the global economic recession in 1981 and 1982. At the very least, his budget will round up more Canadians into the poverty-line corral for future taxation and punishment.

• (1620)

That is where the government and the Prime Minister stand in the very first important decisive action this government has even taken. This government has done nothing up to the time it presented its budget and suddenly we find the Prime Minister pitter-pattering, as Jeffrey Simpson says, scuttling around in the bottom of the box he has fallen into; a box with high, slippery sides; scurrying around, trying to find a way out. What can he do?

With the style that he and Ronald Reagan have made famous, he can act like none of this is his fault. He prefers, as does President Reagan, to take credit for anything that is good, but anything that is bad is somebody else's fault. Now that he is in trouble, we can expect him to indicate that it wasn't his fault. Maybe he will point over to Mr. Wilson and say, "There is the man with his hand in the cookie jar. I did not know what was going on; I did not understand that this was going to be in the budget. I would not do this to the old people. I left this budget to others. I was playing a gig in Quebec City with my new vaudeville partner, President Reagan." Honourable senators, it is rather reminiscent of the old vaudeville act of Mr. Gallagher and Mr. Shea. Perhaps some of you are not old enough to remember that team.

Senator Murray: I remember.

Senator Frith: Then you will grasp the metaphor, I am sure. Even Amos 'n Andy were around at that time, too. In any event, Mr. Mulroney was doing his song and dance there in Quebec City, and perhaps he will say, "I did not really know what was in the budget. The minute my back was turned, these people go around betraying the elderly. I will just have to blame Michael Wilson." After all, the Prime Minister seems to get away with dumping on his other colleagues. He dumps on the Minister of State for External Affairs—and the minister takes it; he appoints distinguished Canadians to the Senate, and then calls senators a bunch of hacks—and they take it. The question is: Will he do it with Mr. Wilson? He may get away with it when he dumps on these others, and this, I admit, is gratuitous, but I do not think he will get away with it with Michael Wilson. I play squash with Michael Wilson and he is a pretty tough cookie. I think if the Prime Minister tries to dump on Mike Wilson and leave him standing there, out front, with his hand in the cookie jar, Mike Wilson will tell the Prime Minister where to go.

In any event, no matter how hard he tries, he will still be down there, because the elderly know that he is still trapped in that box that he has fallen into and, although he might try to say that none of what he is in got on him, the elderly will see through that, as will all Canadians, because they will see that some of it did get on him; in fact, a lot got on him. So there he is, in the first serious box he has been in, behaving in this way, as we can expect.

Now, the ultimate irony. Who comes to his rescue but the Senate. The Senate of Canada, the very body he sneers at and reviles; we senators, with this motion, reach down to pull him out of his box. With "love thine enemy" Christian charity, the Senate says to the Prime Minister: "Stop being a mouse, scurrying around in the bottom of that box, trying to find a way out. Stand up like a man and, in view of the adverse effects on the standard of living of senior citizens resulting from elimination of full indexation of pension benefits, rescind this particular provision of the budget immediately."

Hon. Duff Roblin (Leader of the Government): Honourable senators, there is something about the opening picture sketched in the speech of my honourable friend that caught my attention. He spoke of that dear little old lady about my age, I think, if he said 67.

Senator Frith: Sixty-nine.

Senator Roblin: Sixty-nine?

Senator Frith: It was a man, though.

Senator Roblin: Well then, a dear little old man of 69.

Senator Frith: I did not say that he was dear, or little, actually; just old—and not that old—Canadian and poor, that's all.

Senator Roblin: I think probably when I finish with my speech, you will find that there is some relevance in my remarks, so I would be obliged if you would wait for the development of my argument before you start your usual tirade—

Senator Frith: No, you were quoting me. I just wanted you to quote me correctly.

Senator Roblin: —because I have a responsibility to that elderly citizen, male or female, who appeared on television and that is to say to them, honestly and frankly, that the policy we are debating today is a policy which the Progressive Conservative Government of Canada, in whose cabinet I sit, believes to be one which, on the whole, is a policy and a budget which is advantageous for the people of this country. While I intend to deal as best I can with the allegations that have been put forth as to unfair treatment of elderly citizens and seniors, I think it would be quite wrong for me to limit my remarks to the context of that particular problem, because it can only be considered when we look at our nation as a whole; it can only be considered in fairness and in wisdom if we relate it to the economic problems of the country.

Senator Hastings: Deal with the problem.

Senator Roblin: If my honourable friend will be patient and quiet, he will find that I will do my best not only to deal with the point that has just been discussed, but all of those other queries that have been raised today and on other days, which I have postponed to this statement. My honourable friend had better get his cushion, because if he sits through to hear all of what I have to say, it may take longer than he might wish and, certainly, longer than I would wish.

Senator Hastings: I will be here; I will be right here.

Senator Roblin: I am pleased to hear it, because you are one of the people who needs to be brought into the light in connection with this particular matter.

Senator Murray: That will be difficult.

Senator Roblin: I would say that when one deals with the issue of man's humanity to man, particularly as exemplified in the activities of government, each one of us brings to that consideration the accumulation of the experience of his own lifetime, and I am no different. I have been in the midst of this issue for thirty-odd years. What I felt and what I did during that time is indelibly marked upon me, and certainly influences what I have to say in this chamber. As a matter of fact, not in any way to paint the lily with respect to my own experience, I can say that I was associated with a pioneering effort in my own province to identify the obligation of those who are strong and prosperous to help those who, mostly through no fault of their own, need and deserve the help of their fellow citizens and of their country.

• (1630)

In those days, which have long since passed—shrouded in history, thank God, in many respects—we moved, in the government in which I was responsible, to help those who could not help themselves—single mothers with children, the handicapped, in the biblical phrase, "the halt, the lame and the blind," and, of course, the seniors. Our resources were limited. The need was great. We decided that we would not give to everyone, because if we did nobody would have very much, and those who were in need would not get enough. So we chose in those long ago times to select those who were in need, particularly the seniors in need, for doctors' care, health care, drugs, housing and the necessities of life. When I recite that list of services, honourable senators will understand how long ago it was.

Now, I have to admit 25 years later the needs principle stands in a different light. Different standards prevail. But I still ask myself: "If you give to everybody, will the needy still have enough?" However, I advance this proposition. The connection between the benefits that we give our people and the public revenues and the fiscal resources that are available are significant and important today, just as they were then. I put to honourable senators that this issue of pensions cannot be disassociated or dealt with in isolation when a government has to face the totality of its position. I much regret that in his interesting if somewhat one-sided recital a few minutes ago, Senator Frith has not sought to enlighten us on the interconnection of these matters, which clearly is apparent to the most indifferent observer. There is no tougher job in politics than to write a budget, and there is no federal budget that I know that is without warts. This one is certainly no exception. No matter how good these budgets look to the people who are the budget-makers, and no matter how fierce the pressure of fiscal difficulty, no matter how well-tailored a budget may be in the national interest, it does not take long for those who feel that their particular interests have been affected to zero in on the budget to see how it works for them personally. We are especially sensitive when we see something personally that we do not like, either for personal reasons or for political reasons, and we want to see the budget rearranged. So we are sometimes reluctant to look at the whole picture and consider the general good that the budget hopes to achieve.

So that is not the way the world works. That is not the way budget works. However, it does point to the fact that budget-makers, however good their intentions, are constrained. Today the great constraint of the budget of 1985, against which I suggest all policies, including the one under debate today, have to be related, is surely, as I hope to show, the question of the deficit, or, if I were to use a phrase, the constraint is the interest on the public debt. I want to discuss that and tell honourable senators why I think it is relevant to the discussion before us now.

If the Leader of the Opposition had been here today, as I had hoped, he and I would be on familiar ground, because in his first budget, October 28, 1980, he declared a deficit for 1980-81 of $14 billion, and he made a forecast of the deficit for 1983-84 of something under $12 billion. In fact the deficit turned out to be $32 billion. That same gentleman, on November 12, 1981, in his next budget, reported a deficit for that year of about $10 billion, but he made us cheer up, because the estimate for 1985-86 was $10 billion. But in fact, before the changes made in the November 6, 1984, Economic Statement and in this budget, the deficit would have been $38 billion. Think about that for a moment and ask yourselves how much help could have been given to old age pensioners if it were not for these sad facts.

But people say to me, particularly those of the great public who do not follow these matters as carefully as you and I do—and that is human nature—"So what? I have lived with a deficit. My goodness, you have been telling me about this deficit for the last ten years, you have pointed out to me that it is going up in a seemingly irresistible fashion, but what harm does the deficit ever do me that I should worry about it, or ask my Minister of Finance or my government to worry about it, or that it should be allowed in any way to affect the measures and the policies and the social benefits that the administration proposes to the Canadian people? What harm did it ever do me?" Well, there is a harm. Deficits have to be paid for, and everybody knows they are paid for by interest. I am not talking about repayment. Far be it from me to propose that. I am talking about the interest on the deficit.

The interest cost on the deficit is inevitable, and therefore that becomes a consequence of the deficit, and there's the rub.

There's the rub, because in 1974 the interest payments of the Government of Canada were a little less than $3 billion. In 1985, the interest was $25 billion or $26 billion, up nearly 871 per cent in 11 years. But that is not the worst feature. The mere sum of money is not the worst feature. The worst feature is something quite different. The worst feature is this. In 1974 interest costs, interest payments, interest charges, took up 11 per cent of the cash tax payment made by the people of this country to their government in Ottawa. Eleven per cent. Eleven years later, in 1985, paying the interest cost and charges in this country amounted to 34 per cent of the cash take given by the people of Canada to this government in office in Ottawa. Think about that for a minute, will you? From 11 per cent to 34 per cent in 11 years.

I suggest to you, honourable senators, that if Brian Mulroney were to remain the Prime Minister of this Canada of ours as long as Pierre Trudeau did—which some think may be possible—and as long as there was no change in the fiscal policy, the debt policy and the interest policy of the Government of Canada, if the debt were not checked and brought to a halt and interest costs were not checked and brought to a halt, then the cost of paying the interest on the debt of this country would not be 34 per cent, it would be a little higher.

If you follow my line of reasoning to its logical conclusion, the interest charges will amount to 100 per cent. I say to citizens of this country and to this chamber that if we allow this to go unchecked, and if the ratio of interest payments to our tax intake continues to go up the way it is going, what then becomes of old age pensions? What then becomes of medicare? What then becomes of our transfers to the provinces? What becomes of the social policy of Canada? Obviously, it is in ruins. Other measures which none of us would like to consider or to face may very well be those that we will be compelled to take.

• (1640)

We have a budget now that is a budget of sacrifice, to be sure. I minimize it in no way. There is a budget of increased taxes, and I minimize it in no way. There is a budget of decreased services in some respects because of harsh necessity, and if we do not get control of our fiscal position now, then all the good things that government does may be beyond our reach.

So much for interest rates; so much for the central theme of this budget that in order to get jobs, in order to preserve our social system and in order to get our people back to productive endeavour, we have a budget of this character. I am going to deal with the question of indexing, Senator Hastings, because that interests you, because that is one of the proximate causes of our problem. It is far from the only one, but it certainly is one of the problems that we face.

What we have done in this country, and at the time it seemed good, is we decided to index the government's payments to deal with the problem of inflation. The payments to the old age pensioners that are on the table in the debating arena right now, and a lot of others, we decided to index them to meet inflation. What is the consequence of that? The consequence is that the government's expenditures automatically rise because of the indexing for inflation. Some may say, "so do the problems of the people," and I do not overlook that fact.

On the other side, indexing of the tax system means that we index it down so that the take from the tax system automatically is less than it would be if we were not indulging in this policy of indexing. As it involves simple mathematics it is easy to see expenses going up because of indexing and income tax revenues going down because of indexing. The nature of the problem is obvious to anyone who wants to look at it for a minute or two.

No matter how difficult it is for us to consider, we have to consider that if we neglect the question of indexing, which is a proximate cause of our central question of deficits and interest rates, the danger to fiscal control is obvious. I put it to you that indexing in 1985 in some respects is counterproductive. No matter how cogent you may find this argument, no matter how desirable the goals may appear to be, yet, the policy must be tempered with prudence and understanding because the welfare of too many people depends on prudence and understanding in dealing with public affairs. In the case of pensioners, in my opinion, the case for special consideration was a very strong one, indeed.

I regret that there has been, in my opinion, a failure on the part of some who ought to give leadership or, at least, who ought to tell the facts as they really are to present that picture of the old age pensioners and the partial indexing question in what I think to be its correct and proper perspective. It is true to say that the old age pension is partially de-indexed to the extent of 3 per cent for all old age security pensioners. Pensioners in need, as identified by those who get the GIS, have a full GIS indexing that remains undisturbed. No pension to anyone will be less in 1985. Every pensioner whether under GIS or not will get more, and even after April 1986 no pensioner in need will be deprived of the escalation on the GIS. To talk, as this resolution does, about an adverse effect on the standard of living of all old age pensioners that should be dealt with immediately, seems to me, to put it mildly, a little premature.

I should like to give you some figures for 1985. For the first quarter of this year every old age pensioner in the nation will get—I will leave the cents off—$273. In the second quarter of this year of 1985, every old age pensioner will get more—$276. In the third quarter of this year it will go to $279, and in the fourth quarter of 1985 it will go to $282 for every old age pensioner in the land. That stays in the second quarter of 1986, under the present plan, because that is when the partial de-indexing of old age pensions comes into effect. I want to tell you what it is for the year 1986 for which this budget has been prepared. For the entire year of 1986, because of the impact of the partial de-indexing of pensions, pensioners will get an amount of $64 less than they otherwise would. That works out to 17 cents a day.

I want you to understand clearly that I am not saying that that $64 is not important. Anyone who has ever tried to live on those reduced standards knows that it is important. I am not

saying that 17 cents a day does not count, because if you are trying to eat every day 17 cents a day does count. I do not minimize that at all. What I am saying is that the real impact of this measure in 1986, which is the budgetary year in question, is the one that we should think about. These extensions—and we heard it today—for the next five years are interesting, but I would be rather surprised if those forecasts about indexing were any more accurate than the forecasts made by the Leader of the Opposition when he was telling us where the deficit is going to go. It is not accurate at all. Nobody can say what the legislative provisions will be after 1986 because those budgets have first to be brought into effect. The basic question is, should men and women who get the old age pension and the GIS suffer any shortfall from de-indexing? After all, these are the people on the GIS who are really in need. That is why the government has taken a certain precaution, which I shall come to before I am through.

I want to be clear: I support the budget. We know that we cannot let interest costs continue to eat up more of the tax money. I agree that indexing is part of the problem and certainly must be dealt with. I know that Canadians want, through this budget, to see new opportunities and more jobs, but they also want to keep the things that they think are good, and certainly this question of old age pensions has to come into that particular category. But the pensioners ought to know that their sacrifices are not going to be in vain because with these very same budgetary measures that we are criticizing so vehemently this afternoon we should take into account the fact that because of some of these changes the government has been able to extend its social services not necessarily to the same people but to the needy who comprise a large section of our population. We have been able to extend the eligibility for spouse's allowance to cover another 85,000 people, mostly single women and women with children. They will receive hundreds of millions of dollars in 1986 on that account. Some 180,000 handicapped men and women will receive a worthwhile consideration in their income tax statements: Over $2,500 is the figure. That will involve considerable cost to the public purse. We are changing the pension rules—and I will admit this is not within the government body—on private pensions to make sure that women, spouses, get fairer treatment in this respect. We are freezing the unemployment insurance contributions, which everybody knows are just a direct tax on the workers of this country. If we keep them down, we will be doing a good thing.

● (1650)

There are measures in this budget which extend the social services net to almost a quarter of a million people who did not have it before. I think there are a good many among the old age pensioners who would think that a good thing.

Some Hon. Senators: Hear, hear.

Senator Roblin: I see no reason to be ashamed of that. Then, of course, we have increased the incentive for people to provide their own pensions, which is a good thing.

But if anyone thinks we do not have a problem with seniors, they had better think again, because we have. Let us try to analyze that problem to see how we can come to grips with it. I was interested to see some figures produced concerning the economic status of seniors. While one has to take polls and research figures with a grain of salt, one can, I think, maintain that they show general directions.

With respect to those over 65 in the country, in this particular survey, 84 per cent said they were satisfied with their personal economic circumstances. For all I know, they may have said that before they heard from Mr. Wilson. Although this report was published on June 6, I do not know when the poll was taken. It indicates that a good many old age pensioners are making do. I am not saying they are going to Florida in the wintertime, but I am saying that like a good many Canadians they are making do.

Forty per cent of them were reported as having incomes of over $25,000. Not a large sum, but, nevertheless, a good many people manage on it well. I also report to you that 35 per cent made less than $15,000. Those are the people who attract my particular interest and concern. I also report to you that, according to the poverty line used here, about 57 per cent were below the poverty line. We must always remember that, in calculating poverty lines, something we do not always do is consider the value of medicare and social services which apply to everyone.

Honourable senators, that is not really what I want to draw attention to; I want to draw to your attention the fact that, although we are legislating for 1986, we cannot overlook the future. There is a time bomb in connection with senior citizens which only the future will reveal. In 1981, 10 per cent of our population was over 65, but, according to present trends, in a short time, by the year 2000, 25 per cent will be over the age of 65; and a little while after that, by the year 2031, about one person in three will be over the age of 65. This means that two people will be working, we hope, to support or to provide the economic activity to support one senior.

That has to be a serious consideration. Anyone who looks at the situation with respect to pensioners, based on today's situation only, is in for a rude awakening. I am not quite sure that I am young enough—Senator Croll is—to have to deal with this problem 10 years down the road, but someone will have to. We have to start thinking about it now.

Under the GIS, the singles, with old age security and the GIS together, receive a grand total of $7,200 a year. Not a large sum. They continue to receive the GIS until they reach $11,250 when they are cut out entirely.

As far as married people are concerned, they get the GIS and the old age security which adds up to $12,000. You still have to scrape pretty hard to make that go far enough. The GIS cuts out for married people at $17,000 a year.

Of the old age pensioners, one-quarter receive the full GIS and 50 per cent receive partial GIS payments. It would be heartless to deny the tragedy of poverty. It would be heartless to ignore the elders, particularly the single elders, who face the worst conditions. We need to try to find a better understanding of the problem to understand the future that appears to be

menacing us in a relatively few years from now and to know what our policy best can be.

I am satisfied that many seniors—although, when I read the papers, I realize you cannot get many politicians to agree to this; only those who support the government, and they do not say it very loudly—who are not at the poverty level and who are cut out of this 3 per cent limit are glad to think that they are helping to make things better for younger Canadians. I think that is true.

Deficit-reduction, which I have been talking about, is not an end in itself; it is not enough in itself. It is good only if it leads to something better. That something better is the prime mover—the recovery of our economy to provide the means to do the things we want to do.

If we want to see better social services, and we all do, that will only become possible if our economy is made productive. It will only become possible if our debt structure and our interest payments are lower.

We have tried the way of deficits. If deficits could cure unemployment, we, in this country, would all be working, but, instead of curing unemployment, all we do is increase the amount we owe, and employment gets a pretty short shrift.

I come back to the point that the theme of the budget is to get the economy moving again. Can it be done? Will it be done? I confess, so far as I am concerned, that it is an act of faith. I say that the old methods have not worked; that is clear, so we have to try something new.

I have here in my hand a list of figures which show some brightening on the economic scene. We were told last November by the doom-sayers that what the Minister of Finance did then would cost hundreds of thousands of jobs, and, of course, it did not. Some 271,000 jobs have appeared since then.

Some Hon. Senators: Hear, hear.

Senator Frith: Oh, oh.

Senator Roblin: We have seen 159,000 jobs appear in April and May, the best two consecutive months in 12 years. We have seen inflation down for this last little while. We have seen the estimates of corporate investment up—although I'm from Missouri and I will believe that when I see it. We have seen the OECD predict growth for Canada next year which is above average for that organization. We see an unemployment rate that is 10.5 per cent in May, down 1.1 per cent from September of last year.

Some Hon. Senators: Hear, hear.

Senator Roblin: We have seen youth unemployment down two points to 16.2 per cent. We have seen it down by 1.3 per cent in April and May alone. We have seen higher employment for adult men and women. We have seen interest rates falling—that is probably due to the federal whatever-its-name-is. We have seen personal disposable incomes rising.

• (1700)

I would not maintain that this cycle of encouraging economic factors represents an irreversible trend. I would not maintain—although some would like me to do so—that it is solely by virtue of the present administration that these things happened, because I take a wider view of the world than that. But I do say this, that, without a sound fiscal policy that the enterprise system recognizes as being positive to it, in terms of jobs and profit, I am sure that things will not happen the way they should. If this government can project an image to the people of this country that things can be better, that we are putting into place things that will make them better, then I think that we are doing the job we are here to do. We do not have to take all the credit for what happens—that is not what we are here for. We are here to set the lead. We are here to open the door. Other people have to walk through that door to provide the things that we know this country can provide to its citizens.

I want to come back specifically to the resolution we are being asked to support.

Senator Hastings: The promise.

Senator Roblin: I must congratulate my honourable friend; he has been very patient. He has been sitting here without a murmur. He has encouraged me; he has done everything he could for me, and I thank him. But I still say this, we have been looking at this budget for 1986. When we examine the problems in drafting it, when we see the effect of the partial de-indexation of the OAS on the needy at $64 for 1986, then we understand the magnitude of the problem we are discussing. When we see encouraging signs in the economy, we know there is a possibility that, when the next budget comes around, something can be done about it. That is the promise contained in the present budget—it was carefully spelled out. With respect to the partial de-indexing of old age pensions, it states: "... review the adequacy of payments in the light of future circumstances and will increase them as resources permit."

Senator Hastings: That was not the promise.

Senator Roblin: That may not be your promise, but I suggest that this debate, if it took place at a later date, might have some substance. It has none today. There is no adverse effect at the present time on pensioners in Canada. Every last one of them is going to get a higher pension from now until March of next year. Does that constitute the basis for a resolution of this kind which asks the government to withdraw from a policy, even when that very government has said that it will re-examine and consider the problem as circumstances develop?

Senator Frith: As they always used to say, "I'll get back to you on that."

Senator Roblin: Well, you'll be around, and if we don't get back to it, you will be heard from. I will be waiting to hear from you.

Senator Frith: That was not the promise.

Senator Roblin: I am almost through, honourable senators will be pleased to hear.

Some Hon. Senators: No! More, more!

Senator Roblin: Honourable senators, there is one man here who told us what to do. He sits right across the chamber from me. His name is David Croll. He spoke the other day on the prospects of a new government in the province of Ontario. He was outlining his view as to how it should approach the task it faces. In his usual succinct, down-to-earth, and, may I say, inspired fashion, he said these words:

> Show compassion. Attend to the needy before you get down to business. And then it should be a cake-walk.

That was the advice he gave to the Government of Ontario. I am going to take those words of his as advice to me and to the government which I support.

Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): I wonder whether the Leader of the Government would accept just one question?

Senator Roblin: I would be delighted to answer just one question, if I could believe that it was only one.

Senator MacEachen: I will confine myself to one question; that is a promise. Earlier in the day, our colleague, Senator Sinclair, asked whether there were fixed points in the review period at which the monitoring would become decision. I notice that the Leader of the Government used the expression "when the next budget rolls around." Are we to take it from that that there would not be any change in the current policy of the government before the next budget?

Senator Roblin: If I left that impression, I am glad to correct it. This business of watching the impact of the policy is one which, contrary to what I intimated in the house the other day, is not limited in time nor does it start at a particular period of time. Obviously, pensions are not changed for 12 months, so there is that leeway. Circumstances, however, will certainly change before then—and I am thinking particularly of the economy. While it is not possible to give any benchmark, because those things are not predictable, these are factors that will be considered in the government's monitoring of the impact of the policy.

Hon. Earl A. Hastings: Would the honourable senator permit another question?

Senator Roblin: Yes.

Senator Hastings: I have accepted his advice and his counsel, as he knows I normally do, and have listened very carefully to the words he had to say to us this afternoon. He said two or three times that he would deal with the promise. All I can really get from his speech is that it might just as well have been made in 1935 as 1985.

Senator Murray: That is because your mind is back there.

Senator Hastings: There was no real substance there for the 2.5 million Canadians who are concerned, today, about the future of their cheques. Senator Roblin mentioned that we cannot overlook the future. I have to ask this question: Does this government not understand that for the old age pensioner the future is now? Does the government not comprehend that old age pensioners cannot accept a promise of something in the sweet bye and bye? Honourable senators, we are going to get there soon enough. To the old age pensioner, the future is now—today. This idea that something may happen in the future is simply repugnant to the old age pensioner. All he can now expect is to be monitored. That puts the old age pensioners pretty fairly in the same category as the Canadian Petroleum Association which will be monitored, too, according to the Minister of Energy, Mines and Resources, except that the old age pensioners were not treated in quite the same way in the budget as the multinationals were treated.

My question is this: Is the government going to honour the promise made by the Prime Minister in Sherbrooke July 26 when he said that a Conservative government would fully index old age pensions? Yes or no?

Senator Roblin: There is not going to be any yes or no answer to that question.

Senator Frith: Oh, no!

Senator Roblin: The policy of the government was stated in the budget, and that is the point on which I am going to take my stand. My honourable friend can go on about the oil industry all he likes, but he knows perfectly well that that is part of the job-making process that is going on now. I know that he is an honest enough man to admit that he is going to find more jobs in his own province of Alberta now than he would have found before. Ultimately, that is going to act as a benefit to all.

When our budgetary situation enables us to give a positive answer to this question—as I have some hope that it might—it will be given. But I wonder just how often he has told the old age pensioners, whose petitions he has so faithfully presented in this house, that their pensions would be going up in the second quarter of this year, that their pensions would be going up in the third quarter of this year, that their pensions would be going up in the fourth quarter of this year, that their pensions would not be affected by this measure until the second quarter of 1986, and at that time, the cost for that year would be $64.

• (1710)

That is a lot of money, particularly for those people; but I think that had he told them the facts as to what they face, they would be a little more patient than he is in allowing the government to review the matter.

Some Hon. Senators: Hear, hear.

Senator Hastings: Honourable senators, I don't—

An Hon. Senator: You are only allowed one question.

Senator Hastings: I don't have to tell them the facts. They are well aware of the facts, and they are well aware of what awaits them in the future.

You mentioned that 85 per cent were satisfied with their present economic state. That was on June 6. That is when they had a little bit of faith in your government. That is when they

understood that you would keep your promises. But they now know—

An Hon. Senator: Ask your question.

Some Hon. Senators: Question!

Senator Hastings: They now know that you will not be keeping your promises. You have broken this promise to the old age pensioners.

Some Hon. Senators: Question!

Senator Hastings: You mentioned the fact that the multinationals came down here with jobs, jobs, jobs. But we know it was profits, profits, profits that they want—and that is what they got from you. My question is: Will you—yes or no—honour that promise your leader made to the old age pensioners in Sherbrooke on July 26, 1984?

An Hon. Senator: What have you got against profits?

Senator Roblin: I am just wondering whether my honourable friend thinks that there is any relationship between jobs and profits.

Senator Frith: There is the answer.

Senator Roblin: Apparently not. He doesn't really think there is.

Senator Frith: That is not the question he asked.

Senator Roblin: Well, I do not know whether that is the prevailing sentiment in his own province, but I rather doubt it. Not that profits should be the be-all and the end-all of any government's activity. Far from it. But if we want to encourage the private sector, the sector that is the real job creator in this country, we must recognize the role of profits.

As for his question, I have answered it to the best of my ability. I will advance not an inch beyond that.

An Hon. Senator: Still no answer.

Senator Hastings: Let me answer your question.

An Hon. Senator: You have asked your question.

Senator Hastings: You asked me whether there was any relationship between jobs and profits. If there is a relationship, why did the multinationals, which piled up record profits in 1984, need more profits to create jobs?

Senator Roblin: Well, I would like to see the report of the committee which my honourable friend chairs on the National Energy Program first. Once I see that, I think I will be prepared to debate this business of profits with him.

An Hon. Senator: Answer the question.

Senator Frith: That is not the question.

Senator Roblin: You can ask the question. It is my choice whether to answer it or not.

Senator Frith: So, you are admitting that you have not answered the question.

Senator Roblin: I answered as best I can.

Hon. John B. Stewart: I wonder whether the Leader of the Government would deal with a question.

Senator Roblin: I will do my best with it.

Senator Flynn: Why don't you participate in the debate?

Senator Frith: He can do both.

Senator Stewart: Well, Senator Flynn is trying to bedevil the house again today.

The Leader of the Government puts a good deal of emphasis upon the monitoring of the effect of this partial de-indexation. Would he tell us what specific data will be taken into consideration in this monitoring.

What are the factors that might change the decision of the government? Is it an increase in inflation, the interest rate? What are the various factors that would bear upon a decision to change the present policy of the government after a monitoring date or point had been passed?

Senator Roblin: I am not going to pretend to answer my friend's question with any great degree of precision. He understands as well as I do the difficulty in doing so in these circumstances. But I can say to him that the first thing that has to be considered is a careful review of what the effect of this is on old age pensioners.

It might be all very well, as I have said in my remarks today, to say that it is only 17 cents a day in 1986, but I do not overlook the fact that it might be an awful lot different the following year, and the year after that, and the year after that. And the effect of those changes must certainly be part of the monitoring process.

The other thing that has to be part of the monitoring process is the state of the economy and the capacity of the public treasury to do better in terms of the social welfare policies.

On motion of Senator Petten, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

POSTPONEMENT OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, a meeting of the Internal Economy, Budgets and Administration Committee was scheduled for today when the Senate adjourns. Senator Charbonneau is not able to be here, which would mean that I would be chairing that meeting. I have consulted with Senator Doody on the matter and have decided that, given the time, that meeting should be postponed until tomorrow morning at 10 o'clock. I do not yet have the room number. We will see that honourable senators are notified as to the location of that meeting later this evening or first thing tomorrow morning.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 20, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

OLD AGE SECURITY

DE-INDEXATION OF PENSIONS—PRESENTATION OF PETITIONS

Hon. H. A. Olson: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Medicine Hat, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the town of Raymond, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Hon. Joyce Fairbairn: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Red Deer and Torrington, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Sylvan Lake and Camrose, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

[*Translation*]

SUPPLEMENTARY FISCAL EQUALIZATION PAYMENTS

REPORT OF NATIONAL FINANCE COMMITTEE ON SUBJECT MATTER OF BILL C-39 TABLED

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, tabled the following report:

Thursday, June 20, 1985

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

EIGHTH REPORT

Your Committee, to which was referred the subject matter of Bill C-39, intituled: "An Act to provide for the making of supplementary fiscal equalization payments to certain provinces for the period April 1, 1982 to March 31, 1987", in advance of the said Bill coming before the Senate or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, June 12, 1985, examined the said subject matter of the Bill and reports so doing without suggesting any amendments.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

BORROWING AUTHORITY

REPORT OF NATIONAL FINANCE COMMITTEE ON SUBJECT MATTER OF BILL C-51 TABLED

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, tabled the following report:

Thursday, June 20, 1985

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

NINTH REPORT

Your Committee, to which was referred the subject matter of Bill C-51, intituled "An Act to provide borrowing authority", in advance of the said Bill coming before the Senate or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, June 12, 1985, examined the said subject matter of the Bill and reports so doing without suggesting any amendments.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

[*English*]

AERONAUTICS ACT

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER OF BILL C-36 TABLED

Hon. Léopold Langlois, Chairman of the Standing Senate Committee on Transport and Communications, tabled the following report:

Thursday, June 20, 1985

The Standing Senate Committee on Transport and Communications has the honour to present its

SECOND REPORT

Your Committee, to which was referred the subject-matter of the Bill C-36, intituled: "An Act to amend the Aeronautics Act", has, in obedience to the Order of Reference of Wednesday, June 12, 1985, examined and considered the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

LÉOPOLD LANGLOIS
Chairman

WESTERN GRAIN TRANSPORTATION ACT

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER OF BILL C-44 TABLED

Hon. Léopold Langlois, Chairman of the Standing Senate Committee on Transport and Communications, tabled the following report:

Thursday, June 20, 1985

The Standing Senate Committee on Transport and Communications has the honour to present its

THIRD REPORT

Your Committee, to which was referred the subject-matter of the Bill C-44, intituled: "An Act to amend the Western Grain Transportation Act", has, in obedience to the Order of Reference of Wednesday, June 19, 1985, examined and considered the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

LÉOPOLD LANGLOIS
Chairman

NORTHERN TRANSPORTATION COMPANY LIMITED

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-53

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Transport and Communications be authorized to examine and consider the subject-matter of the Bill C-53, intituled: "An Act to authorize the disposal of the Northern Transportation Company Limited and the forgiveness of its debt to Her Majesty and to amend other Acts in consequence thereof", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. H. A. Olson: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate respecting a matter I have raised two or three times, that being whether or not the government is going to announce a policy for the sugar-beet growers of Canada.

My reason, of course, is that there are now only two or three sitting days left before the summer adjournment in which the Leader of the Government can make such an announcement in this chamber. As well, the sugar-beet growers' representatives are back in Ottawa pleading for an answer to the question they have raised.

One part of the question dealt with whether or not the sugar factories are going to be in existence to deal with future crops. If the factories do not answer the question put to them by the Leader of the Government, I suppose we have to accept that. But the other part of the question related to whether or not the government is going to take any action, as it has been implored to do for the last six months or so, respecting a deficiency payment for the 1984 crop, in respect of which, in total, the returns fell way below the cost of production.

Hon. Duff Roblin (Leader of the Government): I shall have to take my honourable friend's question as notice.

Senator Olson: Honourable senators, I think the Leader of the Government had notice on May 28, and I gave him notice again on June 11. It is now June 20. Can he give us at least some indication of when we will get an answer?

• (1410)

Senator Roblin: I stand corrected. My honourable friend is right. He has raised the question on several occasions before. I am doing my best to get an answer for him, but I have not been successful in getting one so far. I think part of our problem is that it involves not only this level of government but also, to an extent, other levels of government, when it comes to formulating a policy for the sugar-beet industry in the near future. That does not alter the fact that I cannot give my honourable friend an answer right now. I have not forgotten it, and I am pursuing it as expeditiously as I can.

Senator Olson: I wonder if the Leader of the Government could give us some indication. What seems to be happening is that, while these representations are being made a number of other products are getting the same kind of treatment—they are all under the same management—whether it is pork, beef, sugar-beet, wheat, corn or whatever. The returns from these crops are going down all the time. What we see, of course, is a withdrawal of, I think it is $42 million from the budget of the Department of Agriculture in an announcement made by the Minister of Finance on November 8. When the budget came out on May 23 of this year he announced a further reduction in that minister's budget of something like $50 million. Is this the kind of reply that the agricultural community can continue to expect? In other words, is that the policy of this government, or are they going to be helpful when there are certain commodity groups who are having a rough period?

Senator Roblin: We are going to do our best to be as helpful as we can within the limits of the means at our disposal. I remind my honourable friend of what he already knows in connection with beef imports from the European Community. There were 50 million pounds last year; we have been able to negotiate that down to less than half the amount. Even though that might not appear to some to be a satisfactory solution, it is an improvement over what we had last year. We are going to take each one of these problems on its merits and do our best with it.

THE BUDGET

PREPARATION—USE OF CONSULTANT

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in the Senate. Could he inform this chamber whether the Honourable Jacques Parizeau was a consultant either to the Department of Finance or to the government prior to the last budget?

Hon. Duff Roblin (Leader of the Government): I have no information on that point, honourable senators.

Senator Sinclair: The reason I ask the question is because—

Senator Flynn: We all know why you asked the question.

Senator Sinclair: It is because of the story in *La Presse* of June 20. This is the second reference that has been made to the Honourable Jacques Parizeau. Honourable senators will recall this gentleman as the one who did irreparable harm to Quebec, Montreal and the people of Quebec, and it strikes me as somewhat amazing that he is described by the Prime Minister of this country as, if my translation is right, "the most distinguished of our finance ministers." I just wonder if that reaching out by our Prime Minister in support of the budget is a matter of government policy.

Senator Roblin: With respect to the gentleman in question, I am in no position to say from my own knowledge whether he is the most distinguished finance minister in Canada. That is a matter of opinion. I can say that when he appeared in this house to discuss Bill S-31, which is before the Senate, with respect to a certain organization with which my honourable friend is well acquainted, he made an indelible impression on the committee with his testimony, so I have to pay tribute to Mr. Parizeau as an able man. That does not mean I subscribe to all his opinions.

Senator Sinclair: Honourable senators, I am very happy that my friend has raised that point on Bill S-31. At some time I would love to debate that question with him. I think I know as much about it as he does. Maybe a little bit more.

Senator Flynn: You know enough about six-and-five, too.

Senator Sinclair: I remember what Senator Flynn had to say on that.

Senator Flynn: Would you share your knowledge about six-and-five?

Senator Sinclair: Let us stick with the knowledge of Jacques Parizeau respecting de-indexation. Is he the person the honourable Leader of the Opposition [*sic*] wants to use as the epitome of knowledge of de-indexation? Is that the man he would like to support? That is the question.

Senator Roblin: I think I am Leader of the Government in the Senate, up to the present time at any rate, so I will amend the description.

I do not think I ever claimed to know any more about Bill S-31 than my honourable friend. I merely quoted the impression which I think was widespread among honourable senators that, when Mr. Parizeau appeared here and made his comments on that particular bill, he struck one as being a knowledgeable man and so impressive, indeed, that the bill was abandoned.

Senator Sinclair: Honourable senators, I find it very difficult to see any connection between Bill S-31 and the question of fairness to elderly citizens. Perhaps the Leader of the Government in the Senate will assist us. Just because a man is eloquent about Manitoba does not necessarily make him eloquent about other areas.

Senator Roblin: I think, if my honourable friend will do me the kindness of reading my speech of yesterday, he will be familiar with my views on the matter.

Senator Flynn: That is much too subtle for him.

Senator Sinclair: Honourable senators, I still do not seem to be able to get an answer to the question as to how the Leader of the Government in the Senate views the attitudes of the Honourable Jacques Parizeau in regard to de-indexation.

Senator Roblin: I think Mr. Parizeau is entitled to his opinions on that subject, and they are his alone: They certainly do not have to be part of mine.

APPROPRIATIONS

URGENCY OF PASSAGE OF BILL C-54

Hon. John B. Stewart: Honourable senators, I want to ask the Leader of the Government, or his deputy, a question concerning the business of the Senate. On Tuesday last, Senator Doody told us that there was great urgency for the enactment of the appropriation bill. He said:

> If we do not get the appropriation bill through before the end of this week, then they—

—that is, the financial officials—

> —will have to go to extreme lengths to get funding for various matters of concern for the Government of Canada—

Yesterday he told us that he was not distorting or exaggerating in any way the sense of urgency that had been communicated to him.

Since the motion for third reading of Bill C-54 is the second Order of the Day, it would be helpful if we could be told whether he has any explanation for the sense of urgency that was communicated to him.

Senator Flynn: It will come in due course.

Hon. C. William Doody (Deputy Leader of the Government): Certainly, if the honourable gentleman preferred to hear the explanation I have at this point in Question Period, I would be most happy to oblige.

Senator Stewart: It relates to the timing of the business of the Senate.

The Hon. the Speaker *pro tempore:* Would it not be appropriate to wait until third reading of the bill?

Senator Doody: If the house so prefers. I am completely at the disposal of my colleagues. If they want the information now, I will provide it, or if they want to wait until third reading, I will leave it until then.

Hon. Royce Frith (Deputy Leader of the Opposition): If you have no objection, we would like to hear it now.

Senator Doody: Obviously, I am in a quandary.

Senator Stewart: Honourable senators, this matter was raised by the deputy leader with regard to the business of the Senate. He did not wait to deal with this matter when he dealt with the substance of the bill.

Senator Flynn: He dealt with it at the second reading stage.

Senator Stewart: I am raising it now under the same rubric. I think it would be useful to honourable senators if they knew the answer to the question which was raised initially under this rubric by the deputy leader.

Senator McElman: Will the real leader stand up? Senator Flynn is the one who would like to be.

Senator Flynn: Don't worry about that.

● (1420)

Senator Doody: Honourable senators, I do not want to offend the Chair in any way, but I would like to honour the request of Senator Stewart, if I may. If they want the reply now, I can give it.

Senator Frith: Agreed.

Senator Doody: This is not a matter of such crushing national importance that 20 or 30 minutes one way or the other is going to upset the world. If somebody asks me a question in this chamber and I am in a position to answer it, no matter how embarrassing the answer might be, I still feel that I should try to oblige. It is what is called the tone of new civility, or something like that to quote some master of—perhaps I should not have said that.

Senator Steuart: An old friend!

Senator Doody: I had a rather long but less than satisfying discussion with Treasury Board this morning who informed me that the main urgency, the matter with which they were most concerned at this time, is the cash problem in the Department of Energy, Mines and Resources. There are other votes for other departments which are also crying for money, which is not unusual at this time of the year, but the most pressing demand at this point related to the Department of Energy, Mines and Resources.

The supplementary estimates (A) contain a vote 20a called the Oil Substitution and Conservation Act. This program has been out of funds, the invoices have been piling up, and I suspect the department has been getting a lot of pressure from the waiting public who are looking for the money that they deserve from government for having completed the program. The original estimate in the main estimates was, I think, some $40 million and now this $55 million in supplementary estimates (A) will make a total of $95 million. This program is being phased out by Bill C-24, and I think this bill had pre-study already in Senator Hastings' committee. This phasing out has caused the final rush and the consequent pressure on the department.

The use of the word "warrant" was indeed unwarranted and I have warranted not to use it again without serious consideration. I should have caught it when the word was used in my conversation with the department earlier. I should have known better because I have had more experience than that, so all I can do is apologize. I should also like to say that I will not use

the word "extreme" again with or without histrionic inflections. I shall try to be as undramatic as I possibly can in describing the condition of the public purse.

Honourable Senator Stewart is quite right when he says the rush is for the supplementary estimates (A) and not for the main estimates. If two appropriation bills had been tabled, then the pressure would have been on for the supplementary estimates, but this is not the way it has been done. I am told that when early supplementaries have been tabled in May, they have been presented to Parliament as one appropriation bill. I was tempted to say that they have always been but I am learning as I go along, so I am not going to box myself into that corner any more. I can see Senator Stewart searching for a precedent and saying, "No, in 1927 there was a set of supplementaries brought in." I am sorry that I did not have this information yesterday because I would have been more than happy to oblige at that time. I hope that this clears up the matter to the satisfaction of Senator Stewart. I promise to be more precise in my language in the future.

Senator Stewart: Honourable senators, I think that that was a very helpful answer and I am sure it will expedite our business.

CANADA-UNITED STATES RELATIONS

NORTHERN WATERS—SOVEREIGNTY

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate and it is in regard to the very important question of Canada's sovereignty over its northern waters. I am sure my honourable friend is aware that there is a current proposal by the United States government to have a United States Coast Guard icebreaker proceed through the Northwest Passage this summer. In view of the fact that Canada has been claiming, and in my view very properly so, and, indeed, establishing for a number of years in a very clear fashion that those are Canadian waters, in light of that serious question of sovereignty plus the added question of the possible ecological damage, and considering that Canada has been in the forefront in assuring that whatever happened in the Arctic there was to be no ecological harm, could the leader indicate to us what action the government proposes to take in this regard? Will it be prepared to take this matter before the International Court or what exactly does the government propose to do?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I had better deal with the specific instance of the question and tell my honourable friend that we are aware that this icebreaker will be traversing the Northwest Passage during the summer and that we are in communication with the Government of the United States about it. We have told that government that we must be satisfied that the specifications and the route plans of the voyage meet our requirements for environmentally safe Arctic passage. We are negotiating with them to that effect. I am told that this particular passage is not to undermine our legal position respecting our claims that the Northwest Passage is, indeed, part of this country, as is the whole Arctic archipelago, in our view.

I can also say without breaching the rules of confidence that this whole subject is a matter of concern to the administration and steps are being considered as to how it should best be tackled. I do not think that we would like to take it to the World Court in the first instance, that there should be other methods by which we can approach the problem, and they are being given consideration at the present time.

JUNE 24 CELEBRATIONS

SAINT-JEAN-BAPTISTE DAY—ANNIVERSARY OF LANDING OF GIOVANNI CABOTO

Hon. Peter Bosa: Honourable senators, my question is directed to the Leader of the Government in the Senate and it is one that is non-controversial. I want to preface my question by saying that I hope I am not upstaging the leader when I ask him if it is his intention to express later on today the best wishes of the Senate to our confrères from Quebec who will celebrate Saint-Jean-Baptiste Day on June 24, a very important holiday to that province.

Also, I would like to ask him if he is aware of whether or not the Canadian government is preparing celebrations in connection with June 24, which is the day on which Giovanni Caboto landed—

Senator Doody: Who?

Hon. Senators: Oh, oh!

Senator Bosa: —either in Cape Breton or Cape Bonavista, Newfoundland in 1497. I am not saying that Giovanni Caboto was the first person to set foot in North America, but he is the first person who set out to make new discoveries. Of course, he returned to tell the people what he had found. As Senator Olson has said on previous occasions, the Vikings were here long before him. I have learned that committees have been formed in Italy and in the United States to prepare for the celebration in 1992 of the five-hundredth anniversary of the discovery of North America and to honour Cristofolo Colombo.

An Hon. Senator: Cristofolo who?

Senator Bosa: I am wondering whether the Canadian government is preparing similar celebrations to honour Giovanni Caboto on the occasion of the five-hundredth anniversary of the discovery of Canada.

Senator Guay: Was he your grandfather?

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for bringing to the notice of the Senate the fact that June 24 is the national day of the Province of Quebec with Saint Jean Baptiste as the patron saint, and I endorse his words of goodwill on that occasion.

The honourable senator interests me much with his references to, I must say John Cabot because, although I can claim an Italian ancestor, I cannot claim the accent my honourable friend has. I recall that King Henry VII was the monarch who

sent him out on his expedition and who, in one way or another, welcomed him when he came back and who gave him 10 pounds.

Senator Doody: Gave him 10 pounds! Some people in Newfoundland say he should have got 10 years!

Senator Bosa: It was not indexed.

Senator Roblin: I want to tell my honourable friend that I do not think he is upstaging me, but I can tell him that somebody right here is, because he knows more about John Cabot—

Senator Doody: Jack Cabot.

Senator Roblin: —than I am likely to know. I appreciate my honourable friend's intervention.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Gildas L. Molgat: Honourable senators, I have another question on another subject for the Leader of the Government. It is one that I had asked questions about earlier this session, and that is the problem of a sugar policy for Canada. I want to thank the government for acting on my request that was made at that time and for agreeing to a temporary agreement in conjunction with the provinces which has permitted the sugar-beet industry in the west and in Quebec to continue. However, there remain two problems. One is the longer term problem of a Canadian sugar policy, but I understand that the government is moving on it, so I am not asking for an immediate reply, although I would hope that by September we will have a statement from the government.

There is an immediate problem, and that is the stabilization payment for the year 1983. From what I understand, this payment is normally settled in the fall of the year with the payment to come in the following spring. Surely, by this time there should have been a decision as to the payment for 1983. At the moment there does not appear to be a decision by the government. Would the Leader of the Government indicate when this decision might be made, and can we expect a reply before the house rises next week?

• (1430)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I take it as being correct when my honourable friend says that no decision has been made for the year 1983, because I have no personal knowledge of that fact.

If that is so, it seems that someone may have been somewhat dilatory. I will do my best to find out what happened to the matter.

Senator Molgat: I thank the Leader of the Government. Could we hope to have an answer, one way or the other, next week, before we rise?

Senator Roblin: I always do my best for my honourable friends.

[*Translation*]

REQUEST FOR ANSWER TO ORDER PAPER QUESTION

Hon. Eymard Corbin: Honourable senators, since we are now dealing with delayed answers to questions, I would like to ask the Leader of the Government in the Senate whether I can expect an answer before the end of the present session to written Question No. 7, in my name, which I presented on February 12 of this year. The question concerns a visit to Cairo by the Honourable Marcel Masse, Minister of Communications, in connection with a conference of the Agency for Cultural and Technical Co-operation. Several aspects of this question are of interest to me and particularly to my fellow Francophones in New Brunswick, since the Government of New Brunswick is one of the agency's participating governments.

At the conference, there was a discussion, or there was supposed to be a discussion, on the important issue of communications and exchanges among participating countries.

My question has been on the Senate order paper since February 12, and I have yet to receive any indication whether I will get an answer and when. There is a lot of activity at the present time in the field of communications and in connection with the expansion of television services in Canada. Discussions are being held by Mr. Masse with the Quebec Minister of Communications and with other parties, and I would like to know, and I think I have a right to know, what is being done in this area.

Would the Leader of the Government in the Senate have the kindness to enquire and let me know whether I will get an answer and when I can expect to receive it?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must tell my honourable friend that the matter to which he refers was referred to the department concerned at the time he raised the point.

I shall do my best to see whether I can get an answer for him before we rise.

INVESTMENT CANADA BILL

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), for Senator Kelly, moved the third reading of Bill C-15, respecting investment in Canada.

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

Some Hon. Senators: Agreed.

Senator Frith: On division.

Motion agreed to and bill read third time and passed, on division.

APPROPRIATION BILL NO. 2, 1985-86

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), moved the third reading of Bill C-54, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

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

Hon. John B. Stewart: Honourable senators, may I say a few words with regard to Bill C-54? We were told that there was great urgency that this bill be enacted.

The bill, as we know, will give legal effect to the balance of the main estimates and to supplementary estimates (A).

We were told earlier this afternoon that the reason for the urgency arises from the fact that the provisions to provide the money requested in supplementary estimates (A) have been put in with the provisions based on the main estimates.

I am not questioning the urgency for the money in supplementary estimates (A). Senator Doody has given us a reasonable explanation of that. But the problem with which the honourable senator had to deal arose from the fact that two sets of estimates were bundled together in this bill.

Bill C-54 passed the House of Commons much earlier than the main appropriation bill normally does. Had that bill gone through the House of Commons right at the end of June, the difficulty to which Senator Doody refers would be even greater than it is now.

I suggest to the Leader of the Government and to the deputy leader that it is not advisable to try to short-circuit the process when, in fact, one appropriation may be required early and the other may be required only several weeks later. It is not appropriate to piggyback, in a sense, the money for the main estimates needed in July on a set of supplementaries for which there may be genuine urgency. I am sure that the Deputy Leader of the Government takes my point and will convey it to the appropriate officials.

As I said yesterday, the appropriate officials are often quite indifferent to the requirements of Parliament in these matters; and no doubt under one government, as under another, we have to keep insisting that Parliament is important in the constitution of this country. I believe that all honourable senators will support me in that position.

Some Hon. Senators: Hear, hear.

Senator Doody: Honourable senators, I will simply say that I do, indeed, take Senator Stewart's point. It is an ongoing battle; it is not exclusively the Public Service in Ottawa that likes the convenience of short-cuts from time to time. That applies also to the provinces.

This may be an appropriate topic to raise before the Standing Senate Committee on National Finance when either the minister or officials from the Treasury Board appear before the committee. We could bring this matter to their attention at that time.

I certainly appreciate the comments of Senator Stewart.

Motion agreed to and bill read third time and passed.

PRAIRIE FARM ASSISTANCE ACT

BILL TO REPEAL—THIRD READING

Hon. R. James Balfour moved the third reading of Bill C-41, to repeal the Prairie Farm Assistance Act and to amend the Crop Insurance Act in consequence thereof.

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

Hon. H. A. Olson: Honourable senators, I had no intention of speaking at length on Bill C-41. It is a very simple bill. Why I am rising at this stage, with the question being put on the motion for the third reading of this bill, is to inquire as to the status of some questions put to the sponsor of the bill during his speech in the debate on the motion for the second reading of the bill.

• (1440)

Senator Argue made a very good speech, a speech in which he reviewed the history of the Prairie Farm Assistance Act. During the course of that excellent speech, he asked a number of questions of Senator Balfour, none of which has been replied to by Senator Balfour. I am surprised. Surely there should be some response from the sponsor of the bill in the Senate to those questions.

The problem I face now is that once I sit down, I will have had my last kick at it, too. So, I have to put the whole of the matter before you before I resume my seat.

The question of vital importance to many of the producers is: In respect of those areas that were covered by the Prairie Farm Assistance Act, what is this government going to do with the Crop Insurance Act?

There are no important amendments set out in this bill. It is very much a housekeeping exercise, a cleaning-up exercise with respect to the amendments to the Crop Insurance Act identified in the bill. But there are all kinds of rumour or speculation, or something like that, that this government intends to load a far larger share of the cost of crop insurance on to the producers.

I do not know whether that speculation has any validity or not. But surely the sponsor of the bill in the Senate ought to be in a position to advise us as to whether or not that is the policy or intention of this government.

The year 1984 demonstrated what a valuable substitute all-risk crop insurance is for what PFAA used to do. It was far more adequate. It covered a larger portion of western Canada, and indeed other parts of Canada. When we had a widespread crop loss from drought and other things last year, it proved to be extremely important.

I do not remember the precise figures given by Senator Argue, but it seems to me that there was something over $300 million paid out of that fund, a fund that had been established and funded by three levels: the producer, the provincial gov-

ernment, and the federal government, with the federal government paying 50 per cent of the premium and the provinces, in most cases, paying the administration costs of the crop insurance scheme.

If this is to be upset, with a significantly larger share being transferred on to the producers, surely we ought to know about it, if that is what the government is intending. And if it is not intending to do that—which I sincerely hope is the case—then we should have that assurance now, and there seems to be no better opportunity than when this bill is going through this chamber.

I realize that in Bill C-41 there is not a large number of amendments. Its main purpose is to repeal the Prairie Farm Assistance Act. And while it is not stated in the bill, there will be an assignment of the moneys remaining in that account for research, or some such purpose. And I am not complaining about that, either.

I do think that we should have a reply to the questions that Senator Argue raised yesterday, and particularly a reply to his question dealing with the future of, and the prospects for, the all-risk crop insurance scheme that is in place now, a scheme that has been so highly accepted by the producers involved.

Hon. R. James Balfour: Honourable senators, I thought I made it clear in my remarks that it was generally accepted that the existing crop insurance scheme in force in this country was a highly satisfactory one and, if anything, more satisfactory than the former PFAA scheme, which we are now giving a decent burial to.

I thought Senator Olson's choice of words was quite appropriate. He said "rumour and speculation." Honourable senators, I feel no obligation to address a question based upon rumour and speculation, and certainly not at this time. When policy initiatives in the agricultural field are proposed in the future, we can then debate them.

If Senator Olson or Senator Argue, or anyone else, cares to have a special debate on agricultural policy as it now exists, we on this side would be happy to respond. But I do not feel motivated to respond to an inquiry based upon rumour and speculation.

Senator Olson: Honourable senators, may I ask a question?

Given that we are having a debate on precisely the matter that we wish to discuss—namely, the crop insurance scheme which is the substitute program for PFAA—it could not be a more appropriate time for the sponsor of the bill, the spokesman for the government, to provide answers to the questions that have been raised. I do not see why we should be required to set up a special inquiry to debate precisely what is in front of us now.

The rumours and speculations are getting to be more and more valid. The sponsor of the bill has said that he does not need to respond to rumours and speculations. But some of the facts are starting to show. There has been a $90 million cut in the Department of Agriculture since this government took office. That is probably something in excess of 10 per cent of that department's budget, or approximately that much. There are indications— and I could go into the detail of it—that it is going to be more. Is crop insurance going to be one of the victims, too?

This government talks about a user-pay philosophy. Does that mean that producers are going to be asked to pick up a larger and larger share of the cost of what is now in existence? At the moment we have an actuarially sound premium of which 50 per cent is paid by the producers and 50 per cent by the federal government.

On the basis of the user-pay philosophy of this government, is that going to be increased? Or is the federal government going to continue to honour the contractual arrangements that have already been set in place?

We worry about that a little bit. We know what happened to the promises made to the pensioners. Broken. With every week that goes by, promises are broken, and these things that I have referred to as rumour and speculation turn into facts.

That is the question. I do not think Senator Balfour can simply dismiss it. We are having too many instances where rumour and speculation are used to see if the kite will fly, with the actual announcement coming sooner or later. It has already happened with the Department of Agriculture in some respects.

My question is: Is the crop insurance scheme going to be one program to which the user-pay philosophy will be applied, with the producer's share going from 50 per cent to some higher level?

Senator Balfour: Honourable senators, if my response does not satisfy Senator Olson, I am afraid that that is his problem, not mine.

Senator Olson: Oh! We have—

Hon. Jacques Flynn: On a point of order. Is the honourable senator going to speak three times on the motion for the third reading of the bill?

Senator Olson: If Senator Flynn does not want to hear any more from me, then under the rules I am obliged to sit down, and I am—

Senator Flynn: Well, do it.

Senator Olson: —and I am ready to do that.

Senator Flynn: Then, do it!

Senator Olson: It is amazing that we have bills going through on second reading—

Senator Flynn: Do it!

Senator Olson: —and the sponsor doesn't even reply to one question. That is amazing.

• (1450)

Senator Flynn: Do it, then. When you say that is the rule, follow it.

Senator Steuart: Under the rules you would have to be ordered to sit down eight times.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed that the bill be read the third time now?

Senator Olson: On division.

Hon. Hazen Argue: Honourable senators, if "On division" was heard from somebody, that's fine. As far as I am concerned, the bill before us is a good bill and should receive unanimous support from the whole house. The whole question of what is in the future is something else. I think that that was very properly alluded to, but nevertheless I hope that this bill will pass without being passed on division.

Senator Olson: It has to be noted that they do not answer the questions.

The Hon. the Speaker *pro tempore:* Is it agreed that the bill be read the third time—not on division?

Senator Argue: Unanimously.

The Hon. the Speaker *pro tempore:* Unanimously. Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

20 June 1985

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 20th day of June, 1985, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

PRIVILEGE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I rise on a question of privilege.

[Senator Steuart.]

Yesterday, during a heated, but I must say, for my part, enjoyable exchange with Senator Flynn, towards the end of our fun we got ourselves tangled up in the words "coward" and "cowardly." At page 1066 I see—

Senator Doody: 1066 was a good year.

Senator Frith: It is "1066 And All That."

Senator Flynn said:

That is cowardly!

Then, after an interruption by Senator Roblin—I suppose, strictly speaking, we were interrupting him; it was the other way round—I said:

Whom are you calling a coward?

The report goes on:

SENATOR FLYNN: I said that what you said was cowardly.

SENATOR FRITH: Is it parliamentary to call a senator cowardly?

SENATOR FLYNN: I did not call you a coward; I said that what you said was cowardly.

SENATOR FRITH: That is a very cowardly answer.

SENATOR FLYNN: I don't mind.

SENATOR FRITH: You do not have the guts to stick to it.

I do not think it is all that serious, and neither does Senator Flynn. If anyone has any doubts, let me say that I have had my disagreements with Senator Flynn, but he is not cowardly and he has plenty of guts.

Senator Doody: History will be delighted with that.

Hon. Jacques Flynn: I share the same view of Senator Frith.

Senator Doody: At least there is some civility.

Senator MacEachen: Civility has been carried much too far!

Senator Perrault: It's almost a love-in.

SPORTS POOL AND LOTO CANADA WINDING-UP BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, for the second reading of the Bill C-2, intituled: "An Act respecting the winding-up of the Canadian Sports Pool Corporation and Loto Canada Inc.".—(*Honourable Senator Perrault, P.C.*).

Hon. Raymond J. Perrault: Honourable senators, I do not intend to spend much of the chamber's time discussing Bill C-2. The fact is that the Calgary Winter Olympics requires money. We have a commitment, which I am pleased to say I made when I was the minister responsible for fitness and amateur sport. It is gratifying, and I think worth pointing out, that the new government has fully accepted that commitment

given by the previous government, and they are to be congratulated upon doing so.

The games in 1988 will be very costly in terms of invested dollars, but the potential return which exists for the provinces of Canada is, frankly, huge. The Summer Olympics in Los Angeles demonstrated that Olympic Games, under proper management, involving the private sector along with government and with careful allocation of all moneys paid out, can, in fact, turn a profit. No one, I think, is at this point predicting that the Calgary Olympics will show a profit. If they do show a profit, well and good. The committee there is very competent. Those of us who saw the Calgary Olympic display in this building the other evening will, I think, be enormously encouraged about the progress that has been made thus far. The fact is that all of Canada's political parties support the Calgary Olympics. It is a worthy national endeavour and the people of Calgary deserve our complete support in this ambitious and world-class project.

As I have said, the commitment that was given two or three years ago to provide $200 million in non-tax dollars to the games was made on behalf of all the Canadian people. It is a matter of fact that, directly or indirectly, the federal taxpayer will contribute much more to the Calgary Olympics, but no one should be scandalized by that fact. For example, there are certain services that will be provided by the federal government. There will be a federal presence in several ways, including a role in communications and security. However, the investment by the federal government will be matched, in very substantial measure, by the government of the province of Alberta. Revenue will be received from ABC Television in the United States. The television rights for the Calgary Winter Olympics are being sold for over $400 million, which marks a new record high for television rights for a winter games.

The winter games will confer major benefits. In the ultimate, the games will mean tourism, jobs and incomes and substantial tax revenues for all levels of government. Left behind will be a heritage of winter sports facilities that will contribute extensively to the training of Canadian athletes, whether they live in the maritimes, in the west, in the central provinces or in the north.

It may well be said, then, "If all the parties support the Calgary Olympics and there is no disagreement with respect to the $200 million federal commitment, where is the area of disagreement, if any?" Honourable senators, I intend to support the measure before us. I do not think it requires referral to a committee for further study. It is straightforward.

The government should not proclaim this, however, as yet another example of the superb co-operation between the federal and provincial governments. Yet, they talk in terms of "breaking new ground" in developing "better relations" with the provinces. We are assured by the minister that this is a magnificent deal. Well, just how splendid is this arrangement? In 1974, a Liberal federal government established a lottery, with the substantial support of all the provinces, and the political parties, to help finance the Montreal Summer Olympics. Both the Olympics and the lottery were highly successful. Loto was a painless mechanism established to enable every Canadian to support voluntarily the great Montreal summer sports spectacle. After the federal Olympic commitment was met in 1976—and it was touched upon very briefly by Senator Phillips the other day in a recitation of certain facts—Loto Canada Inc. was established to provide funds for the development of Canadian athletes, for medical research and for cultural development. It was felt that through a national lottery there should be a national initiative and federal leadership to provide funds for three key areas of sports, medical research and culture.

• (1500)

Loto Canada was an extremely popular federal initiative which, among other achievements, through its promotional devices, helped to develop a sense of nationhood in this country and a feeling of federal co-operation with and a federal interest and concern in the regions. To be frank, honourable senators, it was too popular for the official opposition who saw it as something more than that. Again, I think this is almost a matter of fact: They saw it as a device—

Some Hon. Senators: Oh, oh.

Senator Doody: Almost unique.

Senator Perrault: The allegation was that the Liberal government of the day was using Loto to publicize itself.

Some Hon. Senators: No, no.

Senator Perrault: The unworthy allegation was that it was a device which enabled cabinet ministers, members of the House of Commons and senators to deliver cheques to promote good regional public relations. This is hardly unheard of in political life. Understandably, this government will be doing its share of that. Indeed, already much credit has been taken, by this government through publicity channels, for projects initiated by the former government. We accept this as one of the features of a change in government.

The fact is that in just three developing years Loto Canada netted over $200 million. Its potential for good was, at that point, enormous; but what happened? Politically, as I said, it was too popular for the official opposition. It was regarded by them as some sort of political apparatus. So, they attacked Loto Canada and pledged, short-sightedly, to end it when in power. They said that Loto should not be in the hands of the national government although other national governments throughout the world use similar fund-raising plans with great success for projects in the public interest. The Tories said they would end national Loto and give it to the provinces. In one of the great disastrous negotiations of all time, the Conservative government, in 1979—

Senator Frith: A gold medal.

Senator Perrault: —in fact, abandoned the field. It was hardly a gold medal performance; it was a fool's gold medal performance.

Senator Marshall: That is a good expression.

Senator Perrault: It was a narrow and short-sighted attitude which said that the provinces could distribute these funds more efficiently than could a federal government. They did not say to the provinces that they would withdraw in exchange for a pledge that the provinces would use Loto for medical research to fight multiple sclerosis or cancer and other diseases, or for sports and cultural development. They said, "Let's make a deal."

What kind of deal was it? The Conservative government handed over a plan which realized $200 million in a three-year period and in exchange made a deal with the provincial governments for $24 million indexed to exit from lotteries and let the provinces take over. The provinces virtually licked their chops and slavered at the financial prospects, and well they should have because the revenues which have poured into their coffers since that time have been, literally, enormous.

Coveting the success of Loto Canada, the provinces had initiated their own lotteries in 1976, and, with this deal with the Conservative government of 1979, they were well on their way to acquiring revenues of record proportions. Honourable senators, I will give you those figures in a moment.

Again, unbelievably, the Tory government yielded to provincial demands. They allowed Loto Canada to be taken over. In return, they received $24 million which was indexed, that is, less than 50 per cent of the net yield for the lottery. They said that they were doing this because they wanted to inspire federal-provincial co-operation! In return, they agreed to a pittance in comparison with lottery yields of today.

When a new Liberal government was established in 1980, the Tory agreement with the provinces was not breached, but efforts were made to re-establish the federal government in the area of sports pools as distinguished from lotteries.

We had this commitment to Calgary which had to be honoured. We felt that people should support the Calgary Games voluntarily and so the commitment was given that $200 million would be contributed to Calgary from non-tax sources.

The provinces were not very happy about the Sports Pool. Legislation was passed in Parliament—I am sure honourable senators will recall this—legitimizing and adopting the pool idea and allowing the alternative of a special plan, if necessary, to meet the $200 million commitment to the Calgary Winter Games.

The provinces were furious despite the fact that they were, by then, rolling in their lottery-derived wealth.

The magnitude of the lottery treasure hunt can be measured in part by recent 12-month statistics which indicate that $1.8 billion worth of lottery tickets were sold in Canada in the last 12 months; with $700 million net going to the provinces. This is the federal government that states that the previous Liberal government was imprudent and had not left any money behind. The fact of the matter is that the official opposition helped clean out the till if, indeed, the till is short of cash. It was an imprudent measure to abandon the national lottery field and to give them all to the provinces at a time when there were human needs all over this country.

[Senator Marshall.]

Do you think the federal government would be talking in terms of de-indexing senior citizens' pensions if they had an extra $700 million to spend today? Of course not. The government has opted to give almost all of the lottery funds to the provinces who, in some cases at least, have taken these funds along with certain block funding and misdirected them in certain ways. Honourable senators, it is known to you that some provinces are paying not 50-50 but zero per cent of the financing of higher education in this country because provisions for federal funding are so imprecise that it has permitted them to do so.

Yet, the government persists in its claim that, when they took power last fall, the federal treasury was bare. Apart from the absurdity of the claim, the fact is that they and the 1979 government entered into imprudent deals like the abandonment of Loto and so deprived the federal government of revenues to which it was entitled to apply to human needs in this country. An extra $700 million today could do an enormous amount to help those in need, yes, including the athletes, medical research, culture and the rest.

The government claims that Sports Pool was a failure. I was never the minister responsible for Sports Pool. The cabinet responsibility was assigned after I left. I think some mistakes were made in its implementation, but let me tell you that the concept was a sound one. It has been very successful in some countries. In my view, it should not have been implemented without the full co-operation and agreement of the sports affected, and I said so at the time.

Senator Nurgitz: It was opposed by all the sports.

Senator Perrault: Yes, and it should not have been implemented in the form it was without the support and co-operation of the sports affected. I reiterate that there were ways to overcome that problem.

Sports Pool was, primarily, a victim of provincial hostility. Sports Pool was barred from lottery terminals and lottery centres. Most of them were administered by Conservative governments working hand-in-glove with the Official Opposition here in Ottawa. The plan was to keep the federal product out of all the terminals in Canada, and in that way the Sports Pool could be deprived of revenue and forced to close down. That was the tactic. There was no question here of giving Canadian consumers any kind of choice.

The ultimatum was delivered to countless dealers across the country: "Either you get out of Sports Pool or we are going to close you down. You won't handle any of our products again." They got out of Sports Pool.

The decision was made mostly by these provincial governments of Tory persuasion to protect their lucrative minority rights. They said to the consumer that they did not care whether they wanted Sports Pool or not; they were not going to allow it to be handled in their provinces.

What do we have now? An agreement that is not as good as the one negotiated by the previous government one year ago.

One year ago, when there was a Liberal government in office, we had a deal to have the provinces provide $100

million net—not the $85 million net which is going to be acquired from the provinces through this plan, because $15 million of surplus in the federal Loto Canada fund is going to revert to the provinces.

Last year, we negotiated $100 million with no $15 million to revert to the provinces; no amendment to the Criminal Code to exclude forever federally-sponsored lotteries and/or sports pools for good causes—well, that is some deal.

We have retreated some way from the provincial offer made to me when I was Minister of State for Fitness and Amateur Sport. At that time the leading spokesman for provincial lotteries said, "We are making a lot of money from lotteries and if you do not get into pools, we will give you the whole $200 million for the Calgary Winter Olympics." This deal offered today by the new Minister of Sports is not the kind of deal that should send him to the victory podium in glory. If so, he should only wear a barrel.

• (1510)

Senator Sinclair: What is his name?

Senator Perrault: The proposal was that the provinces would provide the entire federal commitment if we would exclude the federal government from sports pools and lotteries.

As pleased as all of us must be to have the federal government involved in helping to fund the Calgary Olympics, I say there was a far better deal available.

Senator Murray: Could the honourable senator tell us who the provincial minister was?

Senator Perrault: An official representative of the provincial lottery organization in a personal conversation with me made that offer. He said very frankly that of course he would have to bring most of his colleagues along with him but he thought he could do so. I am just setting forth the facts.

Senator Murray: These are almost the facts.

Senator Perrault: I did not say they are almost the facts because they are the facts and verifiably so. All I can say is, the Lord help Canada if this agreement represents the shrewdest, canniest bargaining skills of members of this government.

Senator Sinclair: Who is the minister?

Senator Perrault: As I say, we are not going to impede the progress of this deal in the Senate but it represents the largest single transfer and, indeed, abandonment of revenue rights and revenue potential in the history of Canada. With not one single commitment from the provinces with respect to the vast revenue potential which we have delivered to them, no commitment to ensure that the smaller communities in this nation get the kind of support they need to develop sports skills and to host national and international sports events, no commitment to the medical research people, no deal with the proviso that there had to be some support for culture. All this profligate action in the name of federal-provincial co-operation!

We should have learned our lesson a long time ago about these so-called "good faith" transfers, including block funding that I referred to earlier. At a time when the federal government needs every cent available, when the federal per capita debt is higher than provincial debt, when human needs are all around us, this government chooses to abandon on a vast scale a popular voluntary form of taxation. Inevitably, those lost revenues must be replaced with involuntary taxation in many painful forms as the government is going to discover. It is not even a good political deal, and we are all in politics. There will be very few credits given to federal government politicians for this deal with the provinces.

I am certain that honourable senators will support—perhaps with regret and reluctance—this measure because it could have been so much better. Certain alternatives, I think, were much more attractive.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: I wish to inform honourable senators that if the Honourable Senator Doody, on behalf of the Honourable Senator Phillips, speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doody: Honourable senators, I should like to thank Senator Perrault for his ringing endorsement of this measure. I took great heart from the fact that he announced earlier that he was supporting this bill, and I listened with great relish to the words of congratulations and goodwill that he expressed toward it and to its sponsors.

I have participated over a number of years in negotiations with the federal government on behalf of my province in trying to capture a share of what we felt was a legitimate tax field, namely, the lottery returns. I agree completely that the money was, by Senator Perrault's standards, misdirected. We did not build sports facilities with most of the money that we got from our share of the lottery. Every time I drive around the city of Nepean where my house is now, I look in awe, wonder admiration and jealousy at the multi-use sports facilities that are in that city. There are more stadiums and related facilities in Nepean than we have in the whole province of Newfoundland. I feel bad about that, but the money had to be spent for a TransCanada Highway, for welfare, for health care purposes and for education purposes. We hear in this place time and time again that there is not enough money spent on education by the provinces and that they are not using the money properly. If the provinces had the money, they would use it to the best possible advantage. It would be directed toward their objectives. The fact that their objectives are not necessarily the same as the federal government's objectives does not mean that they are poor managers. I am delighted to see this deal. I think it is a big help for those provinces that desperately need the revenue. I hope the day comes when they can spend excess funds on sports facilities and other such things which right now, unfortunately, are a luxury in these provinces. I am pleased to see this bill supported, and I am delighted to sponsor it.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on the question of leave, as we have heard from His Honour that there will be Royal Assent this afternoon, there seems to be no point in holding this over, so it might as well receive Royal Assent this afternoon.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, June 25, 1985, at two o'clock in the afternoon.

He said: Honourable senators, I would like to inform you of the work schedule we have ahead of us next week. The pre-studies that the committees have done have managed to keep us up to our workload. We anticipate receiving from the House of Commons next week five or six bills in addition to the borrowing bill, and I think that adjourning until two o'clock on Tuesday next will allow us to deal with these very effectively. I want to thank honourable senators for their co-operation to date on this work schedule. I have been given to understand, and I know it is not necessary to repeat it, that should the workload increase it may be necessary to sit some evenings. As of now, that does not appear to be necessary but, if it is, I am sure that we will all agree that that course of action should be followed.

● (1520)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wonder whether Senator Doody can tell us which bills he expects to come from the House of Commons.

Senator Doody: I understand that today in the other place they are working on Bill C-44, an act to amend the Western Grain Transportation Act. It is to go to committee, and we will receive it some time next week. The next bill is Bill C-26, an act to amend the Old Age Security Act. We thought that we would receive it this afternoon, but I understand that an amendment has been introduced, so it will probably not come over until early next week.

We can expect to receive Bill C-27, an act to amend certain acts in regard to the Canadian Charter of Rights and Freedoms; Bill C-36, an act to amend the Aeronautics Act; Bill C-24, an act to amend the Oil Substitution and Conservation Act and the Canadian Home Insulation Program Act; Bill C-39, the Supplementary Fiscal Equalizations Act; Bill C-32, an act to amend the Fisheries Act; and Bill C-53, an act to authorize the disposal of the Northern Transportation Company Limited and the foregiveness of its debts to Her Majesty, and so on. This bill has been referred to the Transport and Communications Committee for pre-study. There are three other bills on this list that are already before our committees—Bill C-31, an act to amend the Indian Act; and Bills C-46 and C-47 dealing with the Divorce Act. That is about it.

Senator Hays: What about Bill C-51?

Senator Doody: Bill C-51 is the borrowing authority bill. I believe it will be brought back to the House to be debated on Tuesday, although I am not sure. That bill, like the others, is in the hands of the other place. As of this moment, that is all the information I have. Of course, it is subject to acts of God and the people in the other chamber.

Senator MacEachen: Honourable senators, I wonder if Senator Doody can tell us whether it is the intention or the determination of the government to have the borrowing authority bill before the end of June, or is it possible that it can be stood until the fall or until the session resumes, whenever that may be?

Senator Doody: It is my understanding that the government would prefer to have that borrowing authority bill as soon as possible. Our National Finance Committee has pre-studied the bill, and we were given the impression by the minister that the government would like to have that bill as soon as possible.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

> An Act to amend the Criminal Code, to amend an Act to amend the Criminal Code and to amend the Combines Investigation Act, the Customs Act, the Excise Act, the Food and Drugs Act, the Narcotic Control Act, the Parole Act and the Weights and Measures Act, to repeal certain other Acts and to make other consequential amendments (*Bill C-18, Chapter 19*)

An Act respecting investment in Canada (*Bill C-15, Chapter 20*)

An Act to repeal the Prairie Farm Assistance Act and to amend the Crop Insurance Act in consequence thereof (*Bill C-41, Chapter 21*)

An Act respecting the winding-up of the Canadian Sports Pool Corporation and Loto Canada Inc. (*Bill C-2, Chapter 22*)

An Act to implement conventions between Canada and the Republic of Zambia, Canada and the Kingdom of Thailand, Canada and the Republic of Cyprus and Canada and the Federative Republic of Brazil for the avoidance of double taxation with respect to income tax (*Bill S-3, Chapter 23*)

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986 (*Bill C-54, Chapter 24*)

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-26, to amend the Old Age Security Act.

Bill read first time.

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

On motion of Senator Marshall, bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Senate adjourned until Tuesday, June 25, 1985, at 2 p.m.

THE SENATE

Tuesday, June 25, 1985

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore,* in the Chair.

Prayers.

THE LATE RICHARD SANKEY MALONE

TRIBUTES

Hon. Joyce Fairbairn: Honourable senators, I should like to take this opportunity to speak briefly about one of the great men in my life in the person of the late Richard Sankey Malone. Dick Malone was a great westerner and a great soldier. In journalism, which was my chosen profession, he did remarkable things, both in western Canada with the Winnipeg *Free Press* and later in consolidating FP Publications, which was one of the major newspaper chains in this country. He would not want a sad note. He was an adventurer, a tough man, and a man of great humour. And he was a man who took extraordinary risks, one of which involved naming me to the FP bureau in the Parliamentary Press Gallery in the early 1960s, a time when women simply were not offered such appointments. However, Dick Malone took a chance in appointing me to that bureau and in doing so opened up a truly wonderful career to me. I doubt that I would be standing in this chamber today had I not had the opportunity he offered to me.

I revere his memory, and I offer my sympathy to his family.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to join in the expression of sympathy that has been offered by Senator Fairbairn. When I became the leader of the Progressive Conservative Party in Manitoba, Dick Malone was the publisher of the *Free Press*, a post which he occupied for a good deal of the time that I was engaged in provincial politics. While it is perfectly true to say that we did not see eye to eye on all the issues of public concern, I nevertheless found him to be a very forthright and honest exponent of the causes which he espoused.

As Senator Fairbairn has said, his career, both in the field of journalism and in the military during the Second World War, was remarkable by any standard and reflected the greatest credit on his determination and his capacity to achieve the goals that he sought.

I join with my honourable colleague in extending words of condolence and sympathy to his family.

Hon. Richard J. Doyle: Honourable senators, it was my good fortune to have worked with every publisher at the *Globe and Mail*—no, I do not go back to George Brown with the *Globe*. I do not suppose that there was any publisher whose appointment I viewed with more apprehension than that of Richard Sankey Malone. He had a reputation of being a tyrant about the things that he wanted to do and the things he felt he could do, and how he felt he could operate his institutions—and the *Globe and Mail* became one of his institutions.

I found him a kindly man, a man who said: "All right! The *Globe and Mail* has its own traditions. You work page 6; I will work page 7." So, we did some odd things. He was a great believer in a free press; he was a very great believer in a strong military; and, by God, he believed in the Canadian West. And I cannot think of any greater tribute to express to my late colleague.

STATUTE LAW (CANADIAN CHARTER OF RIGHTS AND FREEDOMS) AMENDMENT BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-27, to amend certain acts having regard to the Canadian Charter of Rights and Freedoms.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on Orders of the Day for second reading later this day.

AERONAUTICS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-36, to amend the Aeronautics Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

SUPPLEMENTARY FISCAL EQUALIZATION PAYMENTS 1982-87 BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-39, to provide for the making of supplementary

fiscal equalization payments to certain provinces for the period April 1, 1982 to March 31, 1987.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

OIL SUBSTITUTION AND CONSERVATION ACT CANADIAN HOME INSULATION PROGRAM ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-24, to amend the Oil Substitution and Conservation Act and the Canadian Home Insulation Program Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

● (1410)

OLD AGE SECURITY

DE-INDEXATION OF PENSIONS—PRESENTATION OF PETITIONS

Hon. Earl A. Hastings: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Grace Manor at 1506-9th St. SW, in the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Mount Royal Manor at 1720-9A Street SW, in the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the Odd Fellow Rebecca Senior Residence at 1220-2nd Street SW, in the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Central Park Lodge and Forest Grove Care Centre, in the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Mewburn Veterans Centre, 11440 University Avenue, in the city of Edmonton, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of 385 residents of the city of Calgary, of the federal constituency of Calgary West, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of 386 residents of the electoral district of Calgary Centre, in the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Some Hon. Senators: Hear, hear.

Hon. Lowell Murray: Honourable senators, I wonder whether Senator Hastings would vouch for the authenticity of all the names on these petitions.

I ask the question in view of the fact that a petition was presented in the other place a couple of days ago purporting to contain the signature of an aunt of Prime Minister Mulroney—an aunt who has been deceased these past 11 years.

Senator Hastings: Honourable senators, I cannot vouch for the authenticity of each and every one of the 2,500 signatures. They are the result of Operation Justice in the province of Alberta and are a spontaneous response to the cad of a government they have to put up with.

Some Hon. Senators: Hear, hear.

Senator Frith: Even that of an aunt of the Prime Minister who wants to come along, alive or dead.

Hon. Joyce Fairbairn: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of the undersigned residents of the city of Lethbridge, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I also have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of the undersigned residents of Edmonton and St. Albert, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present another petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of the undersigned residents of the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a further petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of the undersigned residents of Red Deer, Bentley and Delburne, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

[Senator Hastings.]

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Ponoka, Bonnyville, Olds, Red Deer and Sundre, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

• (1420)

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Hon. H. A. Olson: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Edmonton, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Lethbridge, Nanton and Claresholm, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

bled, on behalf of residents of Leduc and Calmar, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Calgary, Acme and Gleichen, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Edmonton, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Red Deer, Blackfalds, Lacombe and Innisfail, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Lethbridge, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

[*Translation*]

STATUTE LAW (CANADIAN CHARTER OF RIGHTS AND FREEDOMS) AMENDMENT BILL

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-27 TABLED

Hon. Joan B. Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, tabled the following report:

Tuesday, June 25, 1985

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

SECOND REPORT

Your Committee, to which was referred the subject-matter of the Bill C-27, intituled: "An Act to amend

certain Acts having regard to the Canadian Charter of Rights and Freedoms", in advance of the said Bill coming before the Senate or any matter relating thereto, has, in obedience to the Order of Reference of Tuesday June 11, 1985, examined the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

[*English*]

INDIAN ACT

BILL TO AMEND—REPORT OF COMMITTEE

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

Tuesday, June 25, 1985

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

THIRD REPORT

Your Committee, to which was referred Bill C-31, intituled: "An Act to amend the Indian Act", has, in obedience to the Order of Reference of Monday, June 17, 1985, examined the said Bill and now reports the same without amendment.

Some members of the Committee expressed reservations as to the constitutional validity of some amendments contained in the Bill, and about the fairness of its application to some native people.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

The Hon. the Speaker *pro tempore:* When shall this bill be read the third time?

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

INTER-PARLIAMENTARY UNION

SEVENTY-FOURTH ANNUAL CONFERENCE—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, with leave, I give notice that tomorrow, Wednesday, June 26, 1985, I will call the attention of the Senate to the history and aims of the Inter-Parliamentary Union, as Canada prepares to host the Seventy-Fourth IPU Conference in Ottawa from September 2 to 7, 1985.

[Senator Neiman,]

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

THE ECONOMY AND THE BUDGET

NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, June 27, 1985, I will call the attention of the Senate to the economy and the budget.

IMMIGRATION ACT, 1976

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-55

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and consider the subject matter of the Bill C-55, intituled "An Act to amend the Immigration Act, 1976", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

FINANCE

RESTRUCTURING OF FINANCIAL INSTITUTIONS—MOTION MODIFIED AND BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY DISCUSSION PAPER

Leave having been given to proceed to Order No. 7:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with your permission I should like to modify Order No. 7. It deals with a motion standing in my name which reads as follows:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study and report upon the document entitled: "The Regulation of Canadian Financial Institutions: Proposals for Discussion", tabled in the Senate on 23rd April, 1985; and

That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.

The first paragraph of that motion is fine. However, it has quite properly been brought to our attention that the Internal Economy Committee is trying to maintain a grip on the spending practices of committees and is asking for budgets to be provided in advance. That is a reasonable request. In view of that, I would ask that the second paragraph be deleted from the motion.

In addition to the first paragraph of the motion, we would like the committee to study two other items: first, the final

report of the Working Committee on the Canada Deposit Insurance Corporation, CDIC; and second, the subject matter of bills, in advance of their coming before the Senate, and other matters relating to those documents.

Therefore, with leave of the Senate and pursuant to rule 23, I move:

That the motion be modified to read as follows:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study and report upon the following:

(i) the document entitled "The Regulation of Canadian Financial Institutions: Proposals for Discussion", tabled in the Senate on 23rd April, 1985;

(ii) the document entitled: "Final Report of the Working Committee on the Canada Deposit Insurance Corporation (CDIC)", tabled in the Senate on 18th June, 1985; and

(iii) the subject-matter of bills, in advance of their coming before the Senate, and other matters relating to these documents.

● (1430)

The Hon. the Speaker *pro tempore:* Honourable senators, does Senator Doody have leave to present the motion, as modified?

Hon. Senators: Agreed.

Senator Olson: Just notice?

The Hon. the Speaker *pro tempore:* With leave of the Senate and pursuant to rule 23, it is moved:

That the motion be modified to read as follows:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study and report upon the following:

(i) the document entitled—

Some Hon. Senators: Dispense.

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion, as modified?

Hon. H. A. Olson: Honourable senators, on a point of clarification, the removal of the paragraph empowering the committee to engage the services of professional, clerical and technical personnel, will mean that the Banking, Trade and Commerce Committee will have to go through the same process as every other committee has to go through in this respect, that is to say that it will have to go to the Internal Economy Committee for permission to engage such services. Is that what it means?

Hon. Lowell Murray: Honourable senators, that has already been done, and I have made my peace with the subcommittee since the original motion was stood.

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion, as modified?

Hon. M. Lorne Bonnell: Honourable senators, the motion that has been put this afternoon does not say that that paragraph is to be deleted. Are you moving that that paragraph be deleted from Order No. 7?

Senator Doody: I thought I had made that clear, although I agree that it is not in the motion, as modified.

Senator Bonnell: If it is not in the motion, the motion will not delete it. What—

Senator Doody: If you will sit down, I will stand up.

Senator Bonnell: You cannot stand and move another motion. We have a motion on the floor now. How many motions are you going to put on the floor?

Senator Argue: By unanimous consent.

Senator Bonnell: Very well, by unanimous consent.

Senator Doody: Is that in order, Mr. Speaker?

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators, that Senator Doody be permitted to present the modified motion?

Hon. Senators: Agreed.

Hon. John M. Godfrey: Honourable senators, I should like to ask a question of Senator Doody. While I am in favour of giving committees more independence and allowing them to conduct inquiries on their own initiative, I have some concern with the wording of paragraph (iii), which speaks of "any bills." That is very sweeping. Surely it should mean bills that are within the purview of the Banking, Trade and Commerce Committee.

I am just a little confused by that.

Senator Murray: I do not have the wording in front of me. In reply to the question, I believe that the wording envisages only those bills that would relate either to the McDougall white paper on financial institutions or the report of the Working Committee on the Canada Deposit Insurance Corporation. I have checked and there is ample precedent for adding to such a motion a provision that the committee pre-study any legislation arising from those papers.

Senator Godfrey: It does not say that.

Senator Murray: That was the intent.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Bonnell: What is the motion to which we have now agreed?

The Hon. the Speaker *pro tempore:* Is it the wish of honourable senators that I put the motion again?

Senator Bonnell: We want the motion as modified.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion, as modified, agreed to.

QUESTION PERIOD

[*English*]

AVIATION DISASTERS

LOSS OF AIR-INDIA AIRCRAFT—TOKYO AIRPORT EXPLOSION—POSSIBLE ACTS OF TERRORISM

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, it would be, I think, quite inappropriate to begin Question Period without making a comment about the tragic airline disasters which have occurred since we last met. The world has been shaken by the loss of the Air-India jumbo jet and further shaken by the incident in the airport in Tokyo, which may indeed be related to the Air-India disaster. That is something we do not as yet know.

Apart from expressing our sadness and shock, I think it is the sentiment, certainly of those on this side of the house and, I am sure, of all honourable senators, to express our condolences to the bereaved and particularly to the Indian community in Canada, which has been so deeply affected by this tragedy.

Honourable senators, may I ask the Leader of the Government in the Senate, in that context, whether the government has been able to ascertain the cause of the loss of the Air-India jet; and if so, what the findings of any investigation have been to date on this matter?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I concur entirely with the sentiment expressed by my honourable friend, which draws to our notice the magnitude of the tragedy which has struck the country over the weekend. We share with him his expression of sympathy for those involved. While it has been a shattering experience for the world, it has been a particularly shattering experience for Canada as it now appears that we are in the front lines of terrorism, a place where we never thought ourselves likely to be. The fact that bombs have been placed—or, apparently, explosives of some kind or another—have been placed on one aircraft for sure and possibly on another is something that must cause us great concern. It is only by the grace of God that the Canadian Pacific plane did not wind up in the ocean in the same way as the Air-India plane. It causes us all the greatest concern.

I do not think that air travel will ever be quite the same in Canada again. As honourable senators know, the government is putting into place, as fast as it can, whatever measures can be devised to guard the travelling public against further dangers of this kind, in the full knowledge, of course, that perfect protection is beyond our grasp.

Respecting the question raised by my honourable friend about the cause of the Air-India disaster, I am sorry that I cannot give him any information on that at the present time. The Air-India representatives, and others, Canadian and British, are examining the situation in Ireland, and elsewhere, with a view to seeing what facts can be determined that will throw light on this situation.

Up to the present time, to the best of my knowledge, there has not been a determination made as to what the probable cause of this disaster was. Rumours are afloat. People have their own ideas. But until such time as something more concrete can be developed by those who are examining the nature of this tragedy, I am afraid I can add nothing to the information that is already in the public domain.

Senator MacEachen: Honourable senators, it was reported on the weekend that some time ago the Indian authorities drew to the attention of the Department of External Affairs their perception that Canada might be a source of international terrorism. I am wondering whether it is true that such a representation was made to the Department of External Affairs, and if so, what action was taken to meet the perceived threat as alleged by the Indian authorities.

Senator Roblin: I read the same newspaper report, and I have also seen newspaper statements by others that action was taken with respect to their warning of the possibility of trouble—action that they took and that others took. But I wish to be precise about this matter, so I will inquire of my colleagues in order to provide a more satisfactory answer.

Senator MacEachen: I thank the honourable leader for that, because I think it is important to know whether the Indian authorities did make such representations and what steps we took in response thereto.

TRANSPORT

SECURITY AT CANADIAN AIRPORTS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have one other question for the Leader of the Government in the Senate dealing with the decision of the authorities in Canada to reduce the presence of RCMP security at Canadian airports, and particularly at Canadian international airports.

Will the government now respond to the appeal by the Canadian Air Line Pilots Association to restore RCMP security—which I understand was removed from Canadian airports for budgetary reasons?

Hon. Duff Roblin (Leader of the Government): I am not altogether sure that my honourable friend has it right, though he may be right with respect to the number of RCMP personnel at Canadian airports. My information is that up to the present time searching of baggage has been considered to be the responsibility of the airlines. The Royal Canadian Mounted Police were standing by in case they were required for any reason, including the discovery of questionable baggage in the system. However, up to the present time it has been the responsibility of the airlines concerned to check the baggage of people going on board their aircraft and they, as opposed to the government itself, have been hiring the people to do that

job. It may be that the process will change, but I have no information on the matter at the present time.

● (1440)

Senator MacEachen: Honourable senators, the leader raises an interesting point. That is, who really is responsible for security at Canadian airports? Is it the airline companies or is it the Government of Canada through the Department of Transport? I asked this very question this morning and I did not get a clear answer. I have right in front of me the person who can give me a clear answer and that is the Leader of the Government. Is the Department of Transport the institution responsible for airport security and is it delegated by the department to the airlines? I have been told that in this particular case the delegation went from the Department of Transport to Air-India and to Air Canada. I do not know the facts. Perhaps the Leader of the Government would undertake to provide us with the clear line of authority and what delegation, if any, took place.

Senator Roblin: I shall try to do so. I know that at the present time the operation is divided. The Royal Canadian Mounted Police have authority for security of the airport as such, but the airlines have undertaken the responsibility of clearing the baggage of people who are boarding their aircraft. In order to be precise about it, I shall get a more definite statement for my friend.

Hon. H. A. Olson: Honourable senators, I have a specific supplementary question with respect to this matter. It may be that the Leader of the Government intended to seek an answer anyway, but there is some confusion as to who is responsible for the fact that all the baggage was not removed from the Air-India flight in question and re-examined when, I believe, three questionable pieces of baggage were found and detained. Perhaps he could give us some more precise information as to whose responsibility it was to determine whether all the baggage should be removed and whether the flight should have taken off without re-examining the baggage, which is the normal practice in such cases?

Senator Roblin: That is a question I shall have to address to my colleague who, in turn, will have to ask the authorities of Air-India about it.

Senator Olson: And the Minister of Transport.

INTERNATIONAL TERRORISM

TRAINING SITES

Hon. Ian Sinclair: Honourable senators my question, which is along the same lines, has to do with the tragedies that occurred this past weekend. Having in mind the wonderful record in commercial aviation that Canada holds and has held, I wonder whether the government leader in the Senate could inform us as to what action the government will take with regard to terrorists being trained in another country, crossing our borders and bringing into our midst their lack of concern for human life?

Hon. Duff Roblin (Leader of the Government): I understand the point my honourable friend is making, and he has some reason to be proud of his association with the safety record of our airline industry. However, one must remember that these days terrorists are trained everywhere. They are not just trained in Louisiana—if I understand the import of the question correctly—but they are trained in Libya, Lebanon, East Germany, Bulgaria and other places where people have an interest in promoting this kind of activity. I do not know exactly how the government can undertake to deal with such a situation. It is simply outside our jurisdiction in every sense of the word.

What we have to do is our very best to identify such people and to make sure that they do not come into this country. However, there is something far more basic to the whole issue than that; namely, that the nations of the world who do not espouse terrorism as an aspect of national policy should be called upon to consider what we as a group of nations interested in dealing with the problems of terrorism can do to help one another and to ensure that this kind of outrageous behaviour does not spread further than it has done at the present time. I think that that is the challenge to the civilized world. I am not entirely sure yet what the Government of Canada will do about the problem, but if I have anything to say about it, they will take a lead in trying to organize such an approach to the problem.

Senator Sinclair: I thank the Leader of the Government for his remarks. Certainly something drastic has to be done. But when we see on our televisions and read in our newspapers references to a commando school in our neighbouring country, the United States, training terrorists, surely the government can take some action to bring such schools to an end immediately. Surely, you cannot have people saying on our television that they have trained Sikhs and indicating that they are proud of the fact that they trained them and that they have done well in such training. At least, that is what the leader of this school said on television this morning. Honourable senators can imagine what people working in the airline industry and passengers think when they hear those kinds of remarks. Surely there is something our government can do to preclude those schools from continuing.

Senator Roblin: I most emphatically agree that there is something our government can try to do. Though it is not within the jurisdiction of the Government of Canada, it is possible for the Government of Canada to make its views known. I feel confident in saying to my honourable friend that that will be done.

Senator Sinclair: Honourable senators, I am sure that many of you who have gone through international airports have noted the computer printout that is available to, for example, immigration officers of the United States. My question is: Do we have a similar printout in our airports, and is there not some way in which information on known terrorists can be put into these computers? Apparently it was known that three people who were under surveillance by the FBI somehow

disappeared in the past few days. Is there not something that can be done to update these computer files?

Senator Roblin: We will be flooded with newspaper stories, some of which will be wrong and some of which will be right, in connection with this tragedy, and we will have to monitor the situation as we go along. With respect to the specific question asked by my honourable friend, I shall take it as notice.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question. Obviously the Leader of the Government shares Senator Sinclair's views about this training school. I wonder if, for instance, the co-operation suggested by the leader between those countries that are not promoting terrorism could include in this case our telling the United States Government that we resent the fact that the terrorists who may have been responsible for the Air-India disaster were trained in the United States. I agree that it is a little more difficult to tell the same thing to Bulgaria, although we could do so. It seems to me that the government should make it clear that we do not take with equanimity the statements made today about a school which apparently is taken as a normal school and the headmaster of which, if I heard correctly, said, "Oh, I thought that they were going to go back to India and use all these terrorist skills I taught them to fight for Sikh independence," as if that made it acceptable. I am urging the government not to let this matter go by without making some statement on behalf of Canadians to the effect that we do not take this sort of thing as normal and that we do not treat it as being at all acceptable.

Senator Roblin: I can tell my honourable friend that I got the message.

● (1450)

Hon. Joyce Fairbairn: Honourable senators, I have a supplementary question to the Leader of the Government in the Senate. I join with my colleagues in deploring the tragic circumstances of the Air-India flight on the weekend. I gather from news reports that an overall review of security is being conducted by our government. Does the Leader of the Government in the Senate know if this review extends beyond the security review for flights destined for foreign airports and includes flights within Canada? I ask this question because I think that some of us were surprised to learn that there was no surveillance of luggage on domestic flights. That took me back to testimony before the Standing Senate Committee on Transport and Communications which is studying the transportation of dangerous goods. Recently, Mr. G. E. Lindsay, who is the Vice President for Government Affairs of the Air Transport Association of Canada, gave some examples of difficulties encountered in shipping both by shippers and individuals on aircraft in Canada. One example he gave was that of a professor who was carrying some nitric acid in his luggage on an aircraft for use in a demonstration, and the stopper came off en route. No one knew that item was in there. His baggage disintegrated. Mr. Lindsay said it did not do the plane much good either.

[Senator Sinclair.]

Another example was oil samples containing PCBs being shipped on one of our airlines in Ontario. This was not discovered either until after the plane had landed.

To go back to my question, could he assure us that in this security review precautions for domestic flights will also be seriously considered in terms of upgrading our standards?

Senator Roblin: Honourable senators, in respect of domestic flights, as everybody knows, hand-held baggage carried on the aircraft does go through an electronic surveillance which is effective to a degree. Baggage that is checked in, in most cases, as far as I know, is not further examined on the theory, I suppose, that no one would check a piece of luggage that is going to blow himself or herself up, but the examples that my honourable friend has given indicate the problems that one does encounter. In smaller airports there is no baggage check at all because there is no machinery set up to do it.

You have a very difficult question here. Whether in the long run it will be thought advisable to do the most complete check, that is, a personal, visual examination by opening the person's luggage and finding out what it contains, is the right way to go or not, is a good question.

At the moment I am under the impression that the review that is being undertaken is starting with flights to destinations abroad. I am not sure that it is ending there, but I shall endeavour to find out.

Senator Frith: Honourable senators, I should like to touch on one more aspect of this question. Since the Leader of the Government and I seem to be on the same beam of civility on this question—

Senator Roblin: Comme toujours!

Senator Frith: —I would like to make a suggestion that when considering what we might do to make our feelings known, particularly to the United States about this school for terrorists, that he might consider obtaining a tape of that interview that appeared this morning on the CBC radio news at eight o'clock and sending it to the President of the United States because he may or may not know about that interview. I say that because I cannot believe that the President would not take some action if he heard that interview, given the things that he has been saying about terrorism and the situation in Beirut and, no doubt, his feelings also about the Air-India crash. Perhaps we can fortify our position by just letting him know exactly what took place because I believe that if he could do it, given what he has been saying, he would close that school.

Senator Roblin: Of course, I agree that one picture is worth a thousand words. I will take the suggestion under advisement.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. It relates to the announcement that was made early last week before those fatal air accidents occurred, that it was the intention of Transport Canada to relieve many of the airports of the RCMP services and replace them with unarmed security guards. I think that this serious matter ought to be

reconsidered and I, therefore, ask the Leader of the Government in the Senate to make representation on my behalf to try to keep the RCMP in Winnipeg, because the possibility has been mentioned that they might be taken out of Winnipeg which would create more unemployment. I also think that the whole policy should be reviewed. Could he enlighten us on this matter within the next couple of days?

Senator Roblin: I want to assure my honourable friend that the government will do nothing which it believes would lessen the security of those who are travelling by air. The other points he raised, I believe, are covered by previous questions, and I think I am on record as having undertaken to make those representations.

ADVERTISING

SOURCE OF FUNDS FOR MATERIAL IN MAGAZINE

Hon. Michael Kirby: Honourable senators, my question is for the Leader of the Government in the Senate. It relates to some advertising material—I say advertising material because the top of the page states "advertisement" with Canada's name on it—in the June 10 issue of *Fortune* magazine. I should like to read a couple of quotations from the advertisement before asking the Leader of the Government in the Senate some questions.

Among other things, this material says the following:

> ... there is a growing conviction that the new course Canadians sought when they gave a sweeping victory to Brian Mulroney's Progressive Conservative Party last September is being followed.

It goes on to state:

> Mulroney has been reaching out to all sectors of Canadian society.... a refreshing change for businessmen who felt their views had been largely ignored by the Liberal Party under former Prime Minister Pierre Trudeau.

It goes on to say that an important energy agreement was reached:

> ... with three Western provinces that is a major step toward the dismantling of Trudeau's much-criticized National Energy Program;—

My question is: Was that advertising material paid for by public funds and, if so, what department paid for it?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can give my honourable friend the assurance that an advertisement of that sort is not an advertisement placed by the Government of Canada.

Senator Olson: But it says it was.

Senator Flynn: Even if it does, it wasn't. You have to prove it.

Senator Kirby: I have a supplementary question. Could the minister do some inquiring into that matter because by reading the material and, indeed, the associated material that goes along with it, one is certainly left with the distinct impression that it was paid for by the Government of Canada. What I would like the minister to find out is whether or not that is true and, if it is not true, as he has just suggested in his response to my original question, then I would like to know whether or not any government official or minister had anything to do with the editorial content of that material.

Senator Roblin: I do not think the government writes editorial comments in *Fortune* magazine. If my honourable friend would be kind enough to send me the advertisement which, I must confess I did not see, I will take a look at it and see if there is any further information I can give him on it.

TRANSPORT

AIRPORT TAX—REPORTED RESTRUCTURING

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. I read an article in the *Globe and Mail* but like everyone else I am a little leery of quoting it. It says that a new airport tax will be put into effect September 1. Will such a new airport tax be put into effect shortly by the new government? The article states that it is a second tax increase in two months and I am wondering whether that is true.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is not customary for me to be called upon to verify, to confirm or to deny any newspaper reports and I do not do so on this occasion. If my honourable friend would rephrase his question, which he could easily do, to ask me what the tax situation will be, I will take his question as rephrased and try to find out for him.

• (1500)

Senator Olson: Sometimes they quietly announce things.

Senator Lucier: As a supplementary question, I would like to point out that, if this is fact—and quite frankly I think it is—I would like to know what kind of logic goes into removing a fixed airport tax and putting in place a percentage tax, which is what is being proposed, which will increase the fares from western, northern and Atlantic Canada by a large amount. This will increase the fares from Vancouver to Toronto by some $40 or $50.

I know Senator Roblin has a better understanding than almost anyone else of the alienation that already exists between western and central Canada. I would like to know what kind of logic it takes to introduce a new tax at airports so that people in western Canada, who want to come to their capital to do business, have to pay more to do it than people who live in central Canada.

Senator Roblin: Honourable senators, that sounds like something I could have said myself. I will take notice of my honourable friend's question.

REQUESTS FOR ANSWERS

Hon. Jean Le Moyne: Honourable senators, I have a question or, rather, a respectful reminder for the honourable Leader of the Government in the Senate.

Before an august body such as this one recesses for the summer, I imagine that no dust should be left in any corner. On March 19, 1985, the honourable Leader of the Government took as notice two questions of mine regarding the appropriateness of apologies from the government, first, to Her Excellency the Governor General, and, second, to Her Majesty the Queen for the slight offered to Madame Sauvé on the occasion of the Quebec summit. I trust my honourable friend will not leave these questions unanswered.

Hon. Duff Roblin (Leader of the Government): I will not surprise my honourable friend by agreeing with his premise that a slight was offered to Her Excellency the Governor General; that is not the position of the government.

Hon. Philippe Deane Gigantès: Honourable senators, my question is for the Leader of the Government in the Senate. On March 19, as shown at page 658 of the *Debates of the Senate,* I asked the Leader of the Government to let me know whether the leader of the NDP had been invited to the gala performance in Quebec City during the Canada-U.S. summit. As yet, I have not received an answer.

Senator Roblin: I am sure we will bend every nerve to answer that important question.

Senator Flynn: Extremely important.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, while the Leader of the Government has broom in hand, I should like him to go after dust in some other corners, too: On April 30, in regard to CN, I asked whether the government had requested the resignation of the board and, if so, why. I asked if the resignations had been forthcoming and whether anyone had been approached to be appointed if resignations were received.

My honourable friend could conceivably think that question is dépassée by reason of some changes that were made. However, I assure him I would still like an answer to that question.

On June 19, I asked if the Leader of the Government would ask the Solicitor General whether or not Corporal Wood, who has now been appointed to the Canadian Pension Commission, used to be an informer for Mr. MacKay. I also hope that question will not gather dust over the summer.

Senator Roblin: Although "proud" may not be the right word, I think I must declare myself satisfied that the government has, with due diligence, pursued questions which I myself was not able to answer on the occasions they were posed. We have provided a very large percentage of answers. I think our record will bear examination.

However, I am not at all unwilling to redouble my efforts, and if there is any way in which I can get answers to outstanding questions before the end of this week, I will do so.

[Senator Roblin.]

Senator Frith: On the question of his satisfaction in dealing with questions, perhaps the Leader of the Government will permit me to say—and, as I have mentioned before, this applies to all of us, I am sure—I recall the notes in the navy called "flimsies." The commanding officer would make a comment on these flimsies as to how he felt someone had behaved under his command. I saw one which said, "Conducted himself, at all times, to his own entire satisfaction."

Senator Roblin: I do not know whether it is fair to ask my honourable friend, but was that flimsy on his record?

Hon. Lorna Marsden: I should also like to ask a question of the Leader of the Government in the Senate.

On March 12, I asked when the Order in Council for the 1986 census would be tabled. This is not a trivial question. Research projects have been planned on the basis of the data which will emerge from that census. Although we are reassured on an informal basis by officials that the projects will be roughly similar to those planned by the previous government, I think many people are waiting for that Order in Council, and we would be grateful if this could be tabled before Parliament.

Senator Roblin: Since the whole matter is under consideration, I can give my honourable friend no assurance that it will be decided this week.

Hon. Charles McElman: Honourable senators, I should like to join with the Leader of the Government in the Senate in his congratulations regarding what the government has done in answering questions. Up to this point, they have done quite a good job.

In light of his co-operative stance today, I would ask the Leader of the Government, if, when he makes these inquiries, he will remember my question of June 13 in which I asked him, after quoting from the press some remarks about the Council of Maritime Premiers, if they had made representation directly to the government for changes in the budget or, as Senator Doody would say, the "boojit."

Senator Doody: Isn't that correct?

Senator McElman: I would also ask him whether the Council of Maritime Premiers has also made its views known to the government with respect to de-indexing, as it stated it was going to do.

My question of June 13 is found at page 1021 of the *Debates of the Senate.*

I asked another question on March 19, which is found at page 657 of the *Debates of the Senate,* inquiring as to the uses of the Great Seal and by whom it could or should be used.

Senator Roblin: I do not recall the Great Seal question. I am surprised I have not answered that.

Senator MacEachen: It is not the grey seal; it is the Great Seal.

Senator McElman: That is the Great Seal of Canada.

Senator Roblin: In that office in my department, where all the thinking is done—and it is not my own office—a list of all these questions is kept. A note is taken as to who asked them

and what department of the government is expected to reply. We do our best to prod those concerned to provide answers within a reasonable time, and we will keep right on doing so.

Senator McElman: It may have become confused with the maritimes' harp seal.

TRANSPORT

SECURITY AT CANADIAN AIRPORTS

Hon. Philippe Deane Gigantès: My question is addressed to the Leader of the Government. Earlier this month, the Special Senate Committee on Youth was travelling in the maritimes, and there was absolutely no check of our luggage, hand-held or otherwise, at various places. Does this indicate that the Department of Transport is less worried about maritimers being kidnapped than people from other parts of Canada?

Senator Marshall: They are less worried about senators.

Senator Roblin: It is not maritimers who were in the forefront of their consideration; it was undoubtedly my honourable friend.

I will have to make a special inquiry, I see, from now on to make sure that his baggage is given a double examination. I will undertake to investigate the possibilities of that happening because no one would like to see his sojourn in this vale of tears cut short because of any negligence on our part.

Senator Gigantès: I would like to express my gratitude to the honourable Leader of the Government for the promise to have me harassed by customs officials.

Senator Roblin: Not customs officials—security officials.

Senator Gigantès: I noticed, however, that people who are not members of this chamber—in particular, those who do not make up the majority in this chamber—were also not examined on those occasions in the maritimes. I would suggest to the honourable Leader of the Government that he should tell his colleague, the Minister of Transport, that there are many valuable maritime members whom we would not like to see kidnapped, even if they are not senators.

● (1510)

Senator Roblin: I can tell my honourable friend that I always take his suggestions seriously, indeed.

Hon. Hazen Argue: Honourable senators, I have a supplementary question on that point. Is it clear—I suppose it is clear—that baggage on domestic flights is not examined? I wonder if the Leader of the Government in the Senate would be so kind as to provide honourable senators with the directives that have come from the Ministry of Transport concerning the examination of baggage going on to domestic and international flights? I think that we should be supplied with the official instructions from the Minister of Transport concerning this important question.

Senator Roblin: I would like to make sure that my honourable friend understands that baggage taken physically on to planes by the passengers is checked in the way he is familiar with. He is probably asking about baggage that is checked.

Senator Argue: That is correct.

Senator Roblin: To the best of my knowledge, that is not subject to the same kind of examination. I am not, however, about to pretend to the Senate that this is a field in which my expertise is unlimited. My expertise is very limited, indeed. I think it would be advisable for me to make further inquiries before being completely positive in this regard.

Senator Argue: Could the government leader provide us with the precise directives that have been issued from the Minister of Transport? If those show that there is a blank there, fine, but let us have before us the official directive so that we know what the position has been. It is crystal clear to me that these deaths would not have taken place if the proper precautions had been taken.

Senator Roblin: I think that this information is in the public domain right now.

Senator Argue: I would think that the government leader could provide it. If it is in the public domain, fine; he has facilities available to him, and I think that the matter is of sufficient importance to warrant his producing that information.

Senator Roblin: We now come to one of the responsibilities of ministers answering questions; that is, they are not responsible for duplicating what is already in the public domain. If the information is not in the public domain, then my honourable friend's question is a reasonable one and I will refer it to my colleague.

Senator Argue: I do not think that that is a good enough answer.

Senator Roblin: Too bad.

Senator Argue: If it satisfies other honourable senators, fine, but from time to time we can ask questions in the Senate that are in the public domain. We want to know the answer from the government. We cannot spend all of our time doing this research. I think it is an important question—

Senator Flynn: The Senate cannot spend all its time listening to you!

Senator Argue: Oh, now, now, now; this is the most talkative and the most interruptive senator.

AVIATION DISASTER

LOSS OF AIR-INDIA AIRCRAFT—TREATMENT OF INSURANCE CLAIMS

Hon. Philippe Deane Gigantès: My question is addressed to the Leader of the Government in the Senate. Has the government consulted with the insurance industry to make sure that the exemption for cause such as war is not going to be applied on the insurance payments due to the heirs of the victims of this disaster?

Hon. Duff Roblin (Leader of the Government): Speaking entirely off the cuff, I would suggest to my honourable friend that the insurance policy one takes out regulates the way in which that policy has an impact on claims. I would be surprised, indeed, if the government decided to modify that which has been accepted all over the country.

Senator Gigantès: May I ask the Leader of the Government whether his answer means that, in the view of his government, a terrorist act that causes the destruction of a plane is an act of war and that, therefore, payment under these policies would be suspended, as the policies state? This is not a frivolous point. This is an important point for the continued livelihood of those people who have lost their nearest and dearest in these tragedies and who may be in need of this money.

Senator Roblin: Honourable senators, I am sure that there will be all kinds of special considerations that will have to be taken into account before this matter is over. I know that my friend does not expect me to offer a legal opinion on this point, particularly when he has not even shown me a copy of the contract about which we are speaking.

Senator Gigantès: I asked the Leader of the Government to find out about this important issue because I did make inquiries this morning and was told by some insurance companies that, yes, the war exemption applies.

THE HONOURABLE JOHN M. MACDONALD

FELICITATIONS ON TWENTY-FIFTH ANNIVERSARY OF APPOINTMENT TO SENATE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to make reference to the fact that 25 years ago yesterday the Honourable Senator John M. Macdonald was inducted into this chamber.

Although he is not here at the moment to receive our congratulations and our good wishes and, perhaps, our surprise that he has lasted 25 years in this chamber, I thought that my colleagues in the house would like me to take note of the occasion and to draw it to their attention.

Hon. Senators: Hear, hear.

FISHERIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-32, to amend the Fisheries Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[Senator Gigantès.]

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jack Marshall moved the second reading of Bill C-26, to amend the Old Age Security Act.

He said: Honourable senators, we will be discussing many bills over the next few days before this session is over, but I am sure that all honourable senators will be pleased with this bill. It will directly affect a great many needy senior citizens and it constitutes a satisfactory effort to attend to their needs.

I rise to introduce to honourable senators Bill C-26, to amend the Old Age Security Act. This bill proposes to extend the Spouse's Allowance Program to include all low-income widows and widowers 60 to 64 years of age. It will be effective September, 1985.

Currently, the income-tested Spouse's Allowance benefit is paid to the 60 to 64 year old spouse of a low-income Old Age Security pensioner and to a widow or widower who was eligible to receive the allowance when the pensioner spouse died. For these two groups of near-elderly persons, the allowance ensures that they have a minimum income which is adequate to meet their basic living costs.

Unfortunately, many other persons in the 60 to 64 year age category do not have the same income guarantee. Many low-income persons in this age group are forced to continue working at jobs which have become too much for them if, indeed, they have not become victims of the high unemployment situation in this country. For those not in the labour force, all too often their only assistance is received through means- and needs-tested provincial social assistance programs. I am sure that we all recognize and fully appreciate the importance of these provincial programs, but I think that more can and should be done for near-elderly Canadians who, through no fault of their own, are experiencing severe financial hardships.

Honourable senators, the bill before you today will ease the financial difficulties faced by one particular group of needy Canadians—widows and widowers 60 to 64 years of age. It is up to us to ensure that, come September, these deserving persons are receiving the Spouse's Allowance benefit.

An estimated 85,000 people, representing almost 60 per cent of the 60 to 64 years of age category, stand to benefit from the extension of the Spouse's Allowance Program. These are widows and widowers who, through no fault of their own, do not have sufficient personal resources to meet adequately their basic needs.

While both men and women will benefit from this bill, I am sure that honourable senators are already aware that the incidence of poverty is most prevalent among elderly women. In fact, 72,000 of the 85,000 widowed persons affected by Bill C-26 are widows. These are women who have given much to this country through their work in the home and the community, and it is time this country gave them something back.

• (1520)

To date the only contentious aspect of the bill relates not to those it helps but to those who will not benefit, namely, single,

divorced and married persons 60 to 64 years of age. Indeed, a similar concern was expressed in 1979 when we debated the bill which resulted in the continued payment of the spouse's allowance until age 65 in the event of the pensioner's death.

At that time honourable senators pointed out that the Spouse's Allowance Program did not include unattached men and women, including widowed persons 60 to 64 years of age who had not been eligible for the allowance at the time of their spouse's death. Despite this concern, we still recognized that the program was being improved, and we gave that 1979 bill our approval.

As a result, the husbands and wives who lost their pensioner spouse no longer had their allowance cut off six months after the pensioner's death. One small group of widowed persons—approximately 6,300 in 1984—have been the fortunate beneficiaries of that change.

We also saw the necessity for approving that change to the Spouse's Allowance Program because of its positive side. I am confident that the amendment before us today, which will extend the protection of the Spouse's Allowance Program to another 85,000 widowed persons in this country, will receive our approval for the same reason.

This extension of the Spouse's Allowance Program is not inexpensive. In 1985-86 the proposal is estimated to cost $190 million, and, in 1986-87, its first full year of implementation, the cost will be approximately $350 million. Given the numerous restraint measures that the government has had to introduce in order to take aim at the huge deficit, including restraints on social program spending, the fact that this measure has been brought forward is evidence of the government's commitment to help those persons most in need.

Unfortunately, there are those who say that the government should not be expanding the Spouse's Allowance Program at this time. They argue that since the money is not available to help all low-income 60 to 64 year olds, the government should do nothing at all. But I am pleased to note that this was not the position taken by the anti-poverty organizations or women's groups. Certainly those groups would like to see the spouse's allowance provided to all 60 to 64 year olds in need. We too would like to see that. However, they have realistically accepted the economic realities and they applaud this bill, which will indeed take care of a very vulnerable group of near-elderly persons.

As honourable senators may already be aware, both legal and common-law spouses are recognized under the Old Age Security Act. However, it is worth while to draw your attention to an amendment which has been made to Bill C-26 since it was first introduced in the other place. The definition of common-law spouse has, since its introduction under the Old Age Security Act in 1975, required that in addition to public representation as husband and wife, the couple must have lived together for three years if there was a bar to marriage. Where there is no bar to marriage, only one year's cohabitation is required. Under this program, through the amendment, there is no reason to distinguish between those couples who have a bar to marriage and those who do not. Thus, the bill now before us simply requires cohabitation for one year.

As noted earlier, low-income widows and widowers will, if we give prompt passage to this bill, become eligible for the spouse's allowance this September. Of course, annual application must be made, and the amount of allowance paid will depend on the amount of other income that the recipient has.

Given the large number of widowed persons who will, for the first time, become eligible for spouse's allowance benefits, there is a great deal of administrative work to be done in order to ensure that those eligible will begin to receive their benefits as soon as possible. The measure quite naturally will need to be publicized in order to ensure that eligible persons are aware of their right to the allowance. Also, application forms will have to be made available to potential beneficiaries who, in turn, must complete and return the applications to the Department of National Health and Welfare. Only then can eligibility be considered, the amount of the allowance be calculated, and the first cheques made ready for delivery in September—which is not very far away.

Honourable senators, in order to ensure that the necessary time is available to have the allowance available for payment in less than three months from now, I can only stress the need and appeal for your co-operation in giving prompt passage to the bill. Certainly we can then ensure that a very deserving group of Canadians, who have long had to do without, can begin to receive the assistance they so richly deserve as quickly as possible.

Hon. M. Lorne Bonnell: Honourable senators, I had not intended to speak to this bill. However, it is an important piece of legislation. As the minister said when the bill was being studied in committee, it represents another giant step for mankind—or, at least, womankind—in the progressive development of social services in this country.

I have a few questions that I should like to direct to the sponsor of the bill. Perhaps, when closing the debate on second reading, he will be able to provide the answers.

The bill has already been pre-studied. The committee was in favour of the legislation as being progressive, but expressed the view that it did not go far enough to include more people. However, there is no end to how far we can go, and if we proceed one step at a time, perhaps next year we can give consideration to some of those who have not been included in this legislation. I should have liked to see the legislation cover all people who are aged 60.

I should like to ask the sponsor of the bill how much income a person must have so as not to receive any assistance under this new legislation. I can see that it could involve a graded scale. As one's income increases, one would probably receive less assistance.

Approximately $50 million will be saved by the Department of Veterans Affairs because many widows are receiving the War Veterans Allowance or benefits under other legislation. Of that sum that is being saved by the Department of Veterans Affairs, how much is being saved in each of the provinces?

Many individuals between the age of 60 and 65 will be receiving benefits under the Canada Pension Plan, Canada Assistance Programs, or our social services, and, as such, approximately $35 million will be saved. That is a shared program with the provinces. How much money will each province save as a result of this legislation being passed and the program being taken over 100 per cent by the federal government?

Both British Columbia and Prince Edward Island have a large proportion of senior citizens, and it will be interesting to see how much money the provincial treasuries of those provinces can save as a result of the passage of this legislation.

Honourable senators, I do not wish to delay the bill, which I support. I wish the legislation could have gone further. Perhaps over the next few days the sponsor of the bill can provide the house with answers to my questions.

Of the 85,000 people who will receive benefits under this program, and the 72,000 women who will receive benefit under the program, can he tell us which provinces those people come from? In other words, can he provide us with a breakdown by province?

On motion of Senator Marsden, debate adjourned.

● (1530)

STATUTE LAW (CANADIAN CHARTER OF RIGHTS AND FREEDOMS) AMENDMENT BILL

SECOND READING

Hon. Nathan Nurgitz moved the second reading of Bill C-27, to amend certain Acts having regard to the Canadian Charter of Rights and Freedoms.

He said: Honourable senators, I should like to point out that this very important and substantial piece of legislation does not indeed involve any change in direction or policy. In other circumstances, one might even like to call the amendments contained in this bill housekeeping or consequential amendments—except, as I understand those two parliamentary terms, they usually refer to matters that are not of substance, and these amendments, I submit to honourable senators, are amendments of considerable substance.

Bill C-27 is one of a number of initiatives resulting from a very extensive review of federal statutes, regulations and administrative practices undertaken to ensure consistency with the Canadian Charter of Rights and Freedoms.

The review was necessary because laws which are not consistent with the Charter may be found to be of no force and effect. From time to time we read in the newspapers and in law reports, for those who follow them, that the courts are declaring various sections of various acts to be of no force and effect. The government believes that it is preferable to change laws than to force people to go to the courts to assert their constitutional rights.

This particular bill amends roughly 50 federal statutes. In addition to this bill, the government has a number of other initiatives under way to ensure that our laws conform to the Charter. The one particular legislative initiative to comply with the Charter, and the one that I suggest has been outstanding, the only one in which Canada's record in human rights has been called into question, is that dealing with the Indian Act, and that, we hope, will come to a satisfactory conclusion once Bill C-31 finds its way on to the order paper tomorrow. The amendments to the Indian Act to end discrimination, I suggest, are important and are dealt with outside of Bill C-27. I point that out as an additional government initiative.

The Minister of Consumer and Corporate Affairs has indicated in the other place that he will be bringing forward amendments to the Combines Investigation Act to deal with Charter concerns.

The search and seizure provisions of the Income Tax Act and related statutes, I am told, are also under review. The report of the Chief Electoral Officer outlining Charter considerations in the Canada Elections Act is being considered by the House of Commons Standing Committee on Privileges and Elections.

As part of the process to review and amend the Criminal Code, the Department of Justice is constantly examining Charter issues arising out of the large number of cases that are now before the courts.

The discussion paper on equality rights tabled by the Minister of Justice in the House of Commons in January of this year is another major Charter initiative. A subcommittee of the House of Commons Committee on Justice and Legal Affairs has travelled throughout the country to hear the views of Canadians on how the equality rights in the Charter should be achieved. The report of this committee will provide the government with important insights on complex policy issues before changes are proposed to ensure consistency with the new standards of equality enshrined in the Charter. I am sure most of us have seen the media accounts of the hearings held by that committee in our respective home cities.

As honourable senators will realize, the review of statutes has been an enormous task. There are hundreds of federal laws covering a wide variety of subjects. In addition, the Charter is new and in many areas there are no definitive judicial decisions. The Charter also involves an evaluation of fundamental issues on social policy.

The bill before you today sets out some of those areas where the government has been able to reach clear legal and policy decisions about changes which should provide consistency with rights guaranteed in the Charter.

I now turn to a discussion of the bill before us today, which will amend, as I have indicated, something in excess of 50 federal statutes to provide for consistency with the Charter. If one can find a focal point of the bill, it is in the amendments related to things like search and seizure, right of entry, warrants, and so forth.

Section 8 of the Charter guarantees Canadians protection against unreasonable search and seizure. A large number of federal statutes authorize what is termed in law warrantless

entry to premises for the purpose of carrying out inspections to ensure compliance with regulatory schemes, or to search for evidence of a contravention of a statute. Of concern here is the protection of legitimate privacy interests which may be at risk during a search or seizure.

The amendments proposed in this bill seek to balance these privacy interests with the need to ensure compliance with regulatory schemes. The aim has been to provide for the greatest degree of control on the discretion of government officials consistent with effective regulation. For this purpose, statutory powers of entry authorizing an inspection have been treated differently from powers of entry authorizing a search.

In brief, inspectors under various statutes—and ones that come to mind quickly are the migratory bird regulations and regulations dealing with certain aspects of the fishing industry—may still enter for the purposes of seeing that compliance is taking place; but the amendments to the statute will provide that where evidence is being sought to find a breach of the statute, where there is to be a charge, trial and conviction process, a judicial warrant would be necessary to enter the premises.

An inspection occurs when entry is for the purpose of ensuring compliance, as I have indicated, with a regulatory scheme. For example, under the Pest Control Products Act, amended by clause 21 of the bill, an inspector can enter any premises where he reasonably believes there is a control product to which the act applies for the purposes of carrying out such inspections as are necessary to carry into effect any of the provisions of the act. The amendment to this particular act, and most of the other acts covered in Part I, will require a warrant when such an inspection is carried out in a dwelling house.

The reason for drawing a distinction between commercial and other premises and a dwelling house is that there is a legitimate expectation of privacy in a dwelling house—something about a man's home being his castle.

A person engaged in a closely regulated industry expects to be inspected regularly in his or her commercial premises.

Hon. Royce Frith (Deputy Leader of the Opposition): *Sic transit gloria.* A man's home is his castle, or whatever.

Senator Nurgitz: That is a new one.

As I was trying to explain before some weighty principle got in the way—

Senator Frith: Before some Latin scholar interrupted you.

Senator Nurgitz: Before some broken Latin scholar got in the way, a person engaged in a closely regulated industry expects to be inspected regularly in his or her commercial premises. This same expectation ought not to be there for a dwelling house, where historically more rigorous safeguards have been recognized.

A search occurs when entry is for the purpose of seeking evidence of a contravention of a statute. The amendments in Part II of this bill are a direct result of the Supreme Court decision that many of you will be aware of in the case of *Hunter vs. Southam.*

A number of federal statutes, such as the National Parks Act and the Environmental Contaminants Act, which already contain search powers will be amended to require a warrant. The circumstances where a warrant is not required are specifically spelled out. When the delay necessary to obtain a warrant would result in danger to human life and safety or the loss or destruction of evidence, the search may take place without a warrant. The determination of whether or not these circumstances exist will be reviewable by the courts. There are also limitations on the use of force in executing a search warrant. When the person with the warrant is not a peace officer force can only be used if it is specifically authorized in the warrant and the person is accompanied by a peace officer.

• (1540)

In some of the provisions in Part II—the Fisheries Act, the Environmental Contaminants Act, etc.—separate inspection powers have been added. This is intended to ensure that the administrators of these acts will have an adequate range of powers clearly delineated according to whether a search or an inspection is required, to ensure effectual administration of the legislation consistent with the Charter.

I would like to deal briefly with the National Defence Act referred to in Part III. The major thrust of amendments to the National Defence Act is to bring the system of military justice closer to the ordinary criminal law. The Minister of Justice has pointed out that the government accepts the view expressed by some of the judges in the Supreme Court of Canada case of *McKay vs. The Queen*, that differences in the protections available under military law must relate to the specific needs of military life and organization. Briefly, the amendments in this bill will provide that an accused in a trial under the Code of Service discipline has the benefit of any defence available under the Criminial Code or any other federal statute; end double jeopardy where a person has been previously acquitted, convicted or punished by a service tribunal, a civil court in Canada or a court of competent criminal jurisdiction in another country; provide for specific authority for searches relating to military personnel; and provide for a right to bail or interim release for those awaiting trial or appealing a conviction.

The amendments to the Canadian Human Rights Act, which is dealt with in Part IV of the bill, take into account allegations that the procedure for appointing tribunals conflicts with the guarantee of procedural fairness in section 7 of the Charter. Under the new scheme provided for in this bill, the Commission will continue to screen complaints to determine if the appointment of a tribunal is warranted. However, the actual appointment of the members of the tribunal will be handled by an independent officer—that is, the president of the tribunal. In this way it is hoped to eliminate any possible perception that the Commission is making a finding of guilt before appointing a tribunal.

As I mentioned earlier, the more controversial equality issues of Part V are dealt with in the discussion paper on

equality rights. The equality amendments in this bill are in those areas where the charter implications are clear. A number of statutes will be amended to change provisions which refer to members of one sex and to provide that benefits will go to the dependents or survivors of both sexes. Such acts as the Canada Shipping Act, the Bankruptcy Act, the Merchant Seamen Compensation Act will have references to "wife" changed to "spouse" and references to "widow" changed to "surviving spouse." I would say that these are more consequential amendments as opposed to substantive amendments. In other acts such as the Canada Corporations Act and the Livestock Pedigree Act, the minimum age for eligibility to be a director or an applicant is changed from 18 to 21.

Senator Corbin: Oh, oh.

Senator Frith: Did somebody slip one in on you?

Senator Nurgitz: I am pausing to catch my breath. I shall clarify that point in a moment. I am safe because I see that Senator Godfrey is not here.

In the Pilotage Act, age is deleted as a factor in determining minimum qualifications for navigational certificates.

Part VI deals with the examination of bills and regulations. The amendments to the Department of Justice Act and the Statutory Instruments Act would require the Minister of Justice to examine government sponsored bills and regulations to ensure that they are consistent with the Charter. The minister already has an obligation to examine bills and regulations for consistency with the Bill of Rights. The amendments to the Statutory Instruments Act would also provide that a single examination of regulations is sufficient for the Bill of Rights, the Department of Justice Act and the Statutory Instruments Act. That provision is there so that we do not get the silly situation where we are reviewing regulations which are similar in each act.

The amendments in Part VII deal with a variety of charter problems. Under the proposed amendments to the Fisheries Act, the minister would not be able to suspend or cancel a lease or licence if other proceedings under the act had been instituted with respect to that lease or licence. The right of the minister to order forfeiture will be abolished. The Immigration Act will be changed to take into account the right of the media to be present at inquiries by adjudicators. However, important safeguards have been provided to ensure the safety of those claiming refugee status and their families. That amendment was introduced in the committee of the other place by the honourable member for Spadina, Mr. Dan Heap, who was deeply concerned that persons seeking refugee status and appearing before an immigration officer and disclosing their story or that of their family or friends could cause harm or violence to be directed to people connected with the individual or his or her family in the country from which he or she is seeking refugee status. Therefore, with the consent or permission of the person involved, there is provision for *in camera* hearings to provide protection.

The ban against actions for false imprisonment in the Canada Shipping Act will be removed. In order to ensure that

[Senator Nurgitz.]

limits on mobility rights are prescribed by law, the Transfer of Offenders Act will be amended to provide authority for regulations setting out the factors the minister must take into account in approving transfers. The right to seal a device for failure to pay an inspection fee in section 22 of the Weights and Measures Act will be repealed.

In conclusion, let me reiterate that this bill is one of a number of initiatives undertaken by the government to ensure that federal laws conform to the Charter. In the months and, indeed, years ahead, I expect we will be seeing more such legislation, not merely as a result of a review of statutes, but as a result of judicial findings as well. The process to ensure consistency with the Charter is a continuing one. Our understanding of the Charter will increase as we get further court interpretations. New problems and new solutions will become apparent. The primary objective of the government is to move as quickly as possible to ensure that our laws reflect the rights guaranteed in the Charter. This is a first step, and I am sure that honourable senators will do everything possible to assist in the implementation of the Charter and, accordingly, in the passage of this bill.

My colleague Senator Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs has reported the pre-study of that committee on this bill without suggesting any amendment. I am also pleased to report, having read the speeches made by representatives of the other two parties in the House of Commons, that consent was given to the passage of the bill. Our committee, under the able chairmanship of Senator Neiman, gave this bill a reasonably thorough examination. If I may be permitted a partisan shot, the examination given by the Senate committee was far more extensive and probing and, at least, got down to some of the main issues I was unable to find mention of in an examination of the proceedings of the House of Commons Standing Committee on Justice and Legal Affairs. I hope that after a representative of the other side of the chamber has had an opportunity to speak to this bill, it will receive second reading.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the sponsor of this bill has done his usual thorough and thoughtful study and presentation. It is fair to say that his presentation was eloquent, because this particular bill is not one that inspires eloquence and it takes some talent to make it as interesting as he has made it. This bill embodies only one principle, and that is whether it is a good idea for the government to anticipate problems with legislation that might be vulnerable to constitutional challenge. I think it is a good idea to do that. Obviously, one cannot anticipate every possible problem, but if there are obvious problems in existing legislation that make the legislation subject or vulnerable to constitutional attack, then it is a prudent thing to do something about that and avoid what could be costly litigation and lengthy delays in establishing whether a provision is constitutionally acceptable or not. That is the principle before us and we support it.

• (1550)

The committee has done a study, as Senator Nurgitz has pointed out. In committee today I asked whether we had had any separate professional advice in examining the bill. I asked that because this is the kind of bill in the study of which the Senate has had to look for technical aspects to ensure that it is as nearly perfect as the Senate can make it. In the past, in studying this kind of bill, we have often found errors because the bill had been put through the House of Commons perhaps too speedily. I was assured by Senator Nurgitz and by the chairman of the committee that, while we have not had any separate professional advice to go through and pick all the nits, it was given a thorough examination. There were two representatives from the Department of Justice before the committee, both of whom are known to me and for whom I have a great deal of professional respect. The committee was satisfied that the bill is in good order. Since the principle of the bill is a salutary one and we are assured that it has received a reasonably thorough technical examination, we should adopt the bill and we will support it accordingly.

Senator Nurgitz: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform honourable senators that if the Honourable Senator Nurgitz speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Nurgitz: Honourable senators, I should like to thank Senator Frith and point out to him that we had two experts, as he indicated, from the department, and the committee appeared to be satisfied by the explanations given by them. Another matter that I intended to mention in my initial comments, and did not, is that we usually get some assistance—and I am serious about that term—from representatives of the Canadian Medical Association and the Canadian Bar Association and others. In this case these groups did not appear. My understanding from questioning officials is that there is no one out there who has concerns about the bill. Some questions were raised as a result of changes to the Immigration Act, but I am informed and believe that the amendments made in committee in the other place removed those objections. Therefore, I am not now aware of anyone in the great Canadian public who has great concern about this bill other than to see its passage.

Motion agreed to and bill read second time.

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

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

AERONAUTICS ACT

BILL TO AMEND—SECOND READING

Hon. Finlay MacDonald moved the second reading of Bill C-36, to amend the Aeronautics Act.

He said: Honourable senators, it is ironic that this bill should be introduced today when honourable senators showed quite legitimate concern and were appalled about the events of the past weekend and the concern for aircraft safety in general, which I may return to in a moment.

In August of 1979 the Honourable Mr. Justice Charles Dubin was appointed by the Minister of Transport, Mr. Mazankowski, to investigate and report on incidents involving aircraft and the formulation of laws, regulations and rules necessary for the safe and proper navigation of aircraft.

The Dubin Commission reported in three volumes issued between May of 1981 and February of 1982, and made recommendations in the areas of airworthiness, accident and incident investigation, enforcement, navigational aids, uncontrolled airports and personnel.

Volume 1 of the Dubin recommendations on accident and incident investigations resulted in the passage of the Canadian Aviation Safety Board Act.

This bill implements the legislative recommendations of 190 recommendations in Volumes 2 and 3 of the Dubin Commission, and represents the first attempt at a comprehensive scheme of amendment for the Aeronautics Act since the act was first passed in 1919. The drafters of that act would have to be commended that it stood over those many years. Kitty Hawk saw the first powered flight in 1903 and 1908 was the year of the Wright brothers' first sustained flight. Shortly after that was the first flight in the British Commonwealth in Baddeck, Nova Scotia—the Graham Bell-J.A.D. McCurdy flight. These are the first amendments to that act.

The main purpose of the Aeronautics Act is to provide a framework for a safe national air transportation system that serves all parts of Canada, including areas of the far north that cannot be served practically by any other means of transportation.

The amendments proposed will strengthen the department's enforcement program with stronger enforcement powers and increased penalties. It is to be hoped that these will prevent a recurrence of the unfortunate situations described by Mr. Justice Dubin such as: Unlicensed air carriers that operate in an unsafe manner and undercut legitimate competitors and that are not deterred by the currently applicable penalties; operators who ignore attempts to force them to comply with safety standards and continue to operate unsafe aircraft; and individuals who ignore the rules of the air or the instructions of air traffic controllers while operating aircraft.

The amendments will also increase the administrative powers of enforcement. As well as suspending or cancelling a licence, the department will be able to assess a monetary penalty varying to a maximum of $1,000 for certain regulatory offences. This, apparently, is a relatively new concept in Canada but is used by the Federal Aviation Administration in the United States and has been advocated by the aviation community in Canada.

The proposals for more vigorous enforcement, however, will be balanced by a review of administrative enforcement decisions. The establishment of an independent civil aviation tribunal, as recommended by Mr. Justice Dubin, will provide a

vehicle for such a review. This body will hear and determine appeals from administrative penalties in an expeditious and fairly informal fashion. It will provide two opportunities for challenging the department's decision, first, by an application to a single member of the tribunal and then to a panel of three members.

The aim of the tribunal is to provide a system whereby these matters can be decided in an expeditious and informal manner by persons who have technical knowledge of the factors involved.

The amendments permit the consolidation of the aeronautics regulatory system by expanding existing regulatory powers and introducing new ones so that all requirements necessary for aviation safety can be made mandatory, because heretofore some of these matters could only be dealt with by administrative recommendations.

For instance, new areas of regulatory activity will include among others, location of aerodromes so that they will be sited in a manner that will lessen the risk of mid-air collision, and air navigation facilities so that the increasing number of private aids will operate to the same standards as those provided by the Department of Transport.

Provisions in the bill on zoning are aimed at clarifying the purposes of, and procedures used in, zoning and will also extend zoning powers to areas around air navigation facilities. Where zoning is aimed at incompatible land uses, the interest of the province concerned in planning development of areas around airports is recognized by a requirement for provincial participation in the zoning process.

● (1600)

The bill also addresses the issue of civil aviation security. In light of the recent tragic events surrounding Air-India and CP Air, this matter, as I have said earlier, has a particular interest today. The bill provides new regulatory authorities for air carrier security, specifically with respect to the security of aircraft and aviation facilities and the steps to be taken in response to security threats.

The bill adds new regulatory powers respecting security measures to be instituted and maintained by airport operators. These security measures will supplement and complement those measures carried out by the air carriers.

Extensive consultations within the aviation community were conducted on these amendments. I was particularly impressed while attending the sitting of the committee in the other place and hearing witnesses. I realized how much work had gone into this by the department. There have been consultations with the Canadian Owners and Pilots Association; the Canadian Medical Association; the Air Transport Association of Canada; the Canadian Air Line Pilots Association; the Association of Optometrists; and the Canadian Business Aircraft Association. The committee cast a wide net, and I believe they have eliminated most of the bugs in those matters which concern the bodies involved.

As a result of the comprehensive briefing books the department had provided explaining the technical justification for various clauses, the consideration and approval of the bill in the other place was accomplished with a minimum of delay. Only 11 amendments, essentially of a housekeeping nature, except for one, were made.

The non-housekeeping amendment, which I would draw to the attention of honourable senators, relates to clause 5.5 which deals with the medical reporting provision which was the subject of a great deal of discussion. This amendment puts the onus on a pilot or on an air traffic controller—to use the two clear examples—or anyone who holds a Canadian aviation document that imposes standards of medical fitness, to disclose to a physician that he or she holds such a document. If the physician or optometrist believes that such a person has a medical problem likely to constitute a hazard to air safety, the physician must so advise a designated official, a medical adviser, in the Department of Transport forthwith; and, for the purposes of the act, the pilot or the air traffic controller shall be deemed to have consented to the giving of such information. Therefore, no legal or other proceedings shall lie against the physician for anything done by him or by her in good faith in compliance with this provision.

Honourable senators, Bill C-36 was referred to the Standing Senate Committee on Transport and Communications for pre-study, and the committee has recommended that it receive your favourable consideration.

Hon. Senators: Hear, hear.

Hon. Peter A. Stollery: Honourable senators, I have read most of the material concerning Bill C-36 and I certainly concur with my honourable friend that it is approved by most of the people concerned in the area of aviation.

Until Senator MacDonald mentioned it, I had not realized that the Aeronautics Act had not been amended since 1919. This would account for the fact that Bill C-36 is quite a lengthy, complex document which covers a variety of subjects. Since this bill has been discussed at length both in the other place and here in the Senate I do not propose to make these proceedings any longer than necessary.

However, I would like to raise the question of how far one should go with regulatory powers. I understand that in the area of aviation, because of the nature of that activity, regulatory powers can be changed quickly and without reference to Parliament and that that is an important element.

My honourable friend mentioned the Air-India plane tragedy, and I would like to add my own brief comment on that tragic affair insofar as the question of Canadian airport security is concerned only because I have seen, as I am sure my honourable friend has, comments that would imply that Canadian airport security is possibly more lax than that in other countries. My own observations and impressions have indicated that, compared to somewhere like La Guardia Airport in New York City, the security at Toronto International is much stricter. I specifically mention La Guardia Airport, but I am sure that without much difficulty I could mention other airports in the United States and in other countries.

It is always difficult to stop people who want to blow up an airplane from checking their baggage and then not boarding the plane.

In view of the criticisms directed at airport security, although I am sure improvements can be made, I do not think it is quite fair to say that Transport Canada has been lax in its security procedures to date.

Honourable senators, as I have said, I have read the material and spoken to many of those concerned, and realize that this is not a controversial bill. As a representative of our side, I should like to state that we support the bill.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to make just two comments about this bill. One is to support what Senator Stollery has said about standards of Transport Canada as compared with those in the United States.

I was reading the Sunday *New York Times* yesterday, which did a survey of airport security around the world. They chose various cities, one of which was Ottawa. The comment simply was that the security at all Canadian airports is virtually identical to that of the highest standards in the United States.

The second comment is that when I began my studies at Osgoode Hall Law School in 1946, having graduated from the University of Toronto law school, I was articled to Charles L. Dubin. In those days, we did not have a bar admission course, but we were articled full-time in the sense that we went to law school in the morning and to our law offices in the afternoon. As a result, our principal, that is whoever we were articled to, made quite an impression on us and moulded our legal thinking and our legal careers profoundly.

Senator Doody: So he was the one.

Senator Nurgitz: We have him to blame.

Senator Frith: Yes, but I can assure you that he was otherwise very sound in his choice of students and in their training. C.L. Dubin expanded his well-deserved and respected reputation as a truly brilliant lawyer to include a reputation as an equally brilliant jurist. The report that is the foundation for the legislation before us is just one of his many chef d'oeuvres. Honourable senators can well understand why I am glad to have the opportunity to place this tribute to him on the legislative record.

Motion agreed to and bill read second time.

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

On motion of Senator MacDonald (*Halifax*), bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1610)

SUPPLEMENTARY FISCAL EQUALIZATION PAYMENTS 1982-1987 BILL

SECOND READING

Hon. William M. Kelly moved the second reading of Bill C-39, to provide for the making of supplementary fiscal equalization payments to certain provinces for the period April 1, 1982 to March 31, 1987.

He said: Honourable senators, Bill C-39 is a brief bill with the single, straightforward purpose of making available additional financial assistance to the six provinces which are eligible for equalization payments under the Fiscal Arrangements Act. Honourable senators will recall that under the act as amended in 1982, certain transitional arrangements were put in place extending over three years, ending in 1985, to cushion anticipated hardships in some of the provinces. Largely due to the recession that occurred in 1982-83 and a substantial drop in the inflation rate, payments were not as high, when transition ended, as some provinces had hoped.

The government recognized this situation and, in the interests of fairness and after much consultation with the provinces, decided that payments of the order described in Bill C-39 were appropriate.

Honourable senators, the government has no obligation to make these additional payments except, as I said before, in the interests of fairness. I believe this underscores the Mulroney government's adherence to the theme of co-operative federalism.

Honourable senators, legislation is required because there is no existing legal authority by which additional payments can be made. This bill does not relate to the broader and more fundamental aspects of the equalization program itself. Honourable senators are aware that the 1982 agreement is currently under review. I believe the historical pattern of five-year reviews calls for 1987 as the next update. The specific amount to each province has been arrived at on as fair and equitable a basis as possible. Specifically, the additional payments for three of the provinces which experienced a significant decline in payments—namely, Quebec, Manitoba and Nova Scotia—have been calculated in each case as if each province were eligible for a 95 per cent floor provision.

Honourable senators, let me try to explain briefly my reference to floor provisions. Under the terms of the 1982 Fiscal Arrangements Act, each of the six provinces was protected against a drop in equalization payments, year over year, below a certain specified limit. Quebec and Manitoba were protected beyond a year-over-year drop below 85 per cent; Nova Scotia was protected below 90 per cent, and each of New Brunswick, Newfoundland and Prince Edward Island were protected below 95 per cent. The additional payments to which I just referred treated Quebec, Manitoba and Nova Scotia as though each were eligible for protection below 95 per cent.

In the case of New Brunswick, Newfoundland and Prince Edward Island, the supplementary payments were calculated

on the basis of giving these provinces the same per capita amount represented by the average per capita payments made to Manitoba, Quebec and Nova Scotia.

This seemed, under the circumstances, to be the fairest way in which to deal with the situation. As I have said, this solution and Bill C-39 is the result of a long process of consultation which the Minister of Finance undertook over a period of several months with all ten provinces and, in particular, with those provinces which are recipients of equalization.

Honourable senators, these funds are badly needed by these provinces but the money cannot be paid until this bill is passed. I earnestly urge speedy passage in this chamber.

Hon. Michael Kirby: Honourable senators, I rise today to make a few remarks on second reading of Bill C-39. Let me say at the outset that I do so in order to encourage its swift passage by the Senate. I think that Senator Kelly has outlined fairly clearly the need for the bill, namely, to cushion the impact on a number of the have-not provinces, the number of provinces receiving equalization under the new equalization formula which was passed by Parliament in 1982. The current equalization formula expires on March 31, 1987. As Senator Kelly intimated in his remarks, there will be further discussion and debate at that time in this chamber about what needs to be done to the Equalization Act. I would like to limit my remarks to the current act, with one or two comments on a couple of aspects of it that are of concern to me.

As Senator Kelly pointed out, the equalization program is renewed every five years. When the 1982 act was passed, that resulted in a couple of things which all of the provinces and the federal government agreed were desirable, one of which was to expand the range of provincial sources of revenue which were included in equalization. Now, effectively, every source of provincial revenue is included and, therefore, the concept of a national average level of taxation was better than it was prior to 1982. The second thing the new act did was attempt to eliminate some of the anomalies in the old act, one of which had been that, because of the extraordinarily high level of oil and gas revenues received by the Province of Alberta, certain arbitrary and rather *ad hoc* measures had been taken in the period from 1978 to 1982. Specifically, a decision was made to count oil and gas revenues for only one-half of their value to a province.

Senator Kelly will appreciate the humour of this having been done only to avoid the embarrassing situation for what will be, as of tomorrow, the former Conservative government of Ontario being in the position where it is eligible for equalization payments. As a result, the Conservative government of Ontario appealed to the Liberal government in Ottawa and, indeed, an adjustment was made so as to avoid Ontario falling into that rather embarrassing situation.

Other changes were made at the time. One such change was specifically to adjust the notion of the average, so that only five provinces are now used in calculating the average. The extreme rich end of the scale—namely, Alberta—was eliminated in calculating the national average, as were the four Atlantic provinces. Essentially, the group of five provinces in the middle of the country are now used to calculate the average.

These changes, however, had an interesting impact. When the forecasts were made regarding what would happen in the period from 1982 to 1987—the period during which the current act is in existence—those forecasts showed that there would be substantial realignment of the amount of equalization paid to several of the provinces. Consequently, a transition provision was put in.

The transition provision was designed essentially to soften the impact of the changes from the 1977-82 act to the 1982-87 act. It was forecast in 1982 that this could be done fairly easily over a five-year period. Because of the recession, the forecasts turned out to be wrong. I might add, parenthetically, that, in the same way, many of the forecasts contained in the budget papers will turn out to be wrong.

The forecasts turned out to be wrong and, as a result, if nothing is done—whether it be along the lines of the proposed act or not—there will be a substantial reduction in equalization received by six provinces, because the transition provisions have expired.

Consequently, there is no floor below which equalization provisions can fall. Essentially, what the current act does is this: It maintains that an equalization-receiving province is guaranteed to get 95 per cent this year of what it got last year, and the same will hold next year. It is a two-year act, only because the third equalization act expires at the end of March, 1987, at which time a new act will be required.

From the point of view of the members of this side of the chamber, one of the advantages of the act—and the reason we would support it—is that it proceeds to give money to the equalization-receiving provinces, particularly the Atlantic provinces, Quebec and Manitoba. Having said that, it seems to me that there are two comments on the bill that are worth noting. The first is that the legislation has an element of unfairness to it, in that the equalization-receiving provinces are treated differently under this bill—because not only was a floor put in of 95 per cent, which is particularly helpful to Nova Scotia and Quebec, but in order not to help just some of the provinces, additional funds were effectively thrown into the pot, so that additional funds go to Newfoundland, Prince Edward Island and New Brunswick, which they would not have had either by applying the new floor or for any other reason. It appears that it was simply an ad hoc adjustment made on the basis of bargaining between the premiers and the Prime Minister.

● (1620)

As someone who has been involved with this formula for 15 years, I am bothered when I continue to see a series of ad hoc adjustments being made merely to keep people happy; because it seems to me that the principle of equalization, which, as all honourable senators know, was enshrined in the Constitution Act, 1982, should be maintained relatively intact and not be subject to ad hoc changes.

My second concern relates to the larger question of the government's financial and fiscal priorities. When I see, for example, that the elimination of the PGRT—the Petroleum and Gas Revenue Tax—costs the federal treasury from $2.4 billion to $2.5 billion, and when I see the budget contain provisions that give away an amount of the order of $1.5 billion to wealthy Canadians, I find it difficult to congratulate the government for giving a measly $220 million to six provinces. It seems to me that it is a sad reflection on the government's priorities, and, indeed, reflects a growing view in this country that this is a government that is prepared to give substantial amounts of money to the rich, be they corporations or individuals, and to be tough and hard both on poor individuals and the poorer regions of the country.

It is another indication of the philosophical position of the government in terms of dealing with the poorer regions and the poor or low-income people in this country. It is a subject that bothers me considerably. Fortunately we will have plenty of time during the life of this Parliament to come back to this issue. Budget measures have not yet reached this chamber. The Equalization Act will come back to us. As I pointed out, the act expires on March 31, 1987. So there will be plenty of opportunity to come back to that issue.

Therefore, in closing, I would urge swift passage of this bill, recognizing, as a Nova Scotian, that we have learned since Confederation to take whatever crumbs Ottawa has a tendency to toss our way, and however small that may be, we are, nevertheless, modestly grateful.

Senator Kelly: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform the Senate that if the honourable Senator Kelly speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Kelly: Honourable senators, I will be brief. I was interested to hear Senator Kirby's comments, even including his reference to the current somewhat dangerous and worrisome political situation in Ontario. However, I believe we shall survive that. We have survived worse things.

In more specific terms, concerning Senator Kirby's reference to the difference in the formula used for the provinces, three of whom had the 95 per cent floor with the others being based on another formula, I would have to comment that I do understand the honourable senator's concern over some "ad hockery." Given the fact that he has a doctorate in mathematics—and I respect him for that—he would naturally lean in the direction of blind commitment to a formula rather than necessarily taking into account whether there is need and whether there is a way of meeting that need, and the way that people get together and discuss those things. It is much easier, of course, if one can take it off a shelf and apply a formula; but very often that does not achieve what we all have to try to seek.

With regard to the amounts, the honourable senator commented in the traditional manner on this whole matter of equalization: it is never, ever enough. I might say that it is the only time that I have seen Senator Kirby be somewhat less than graceful. Usually one says "thank you" and will let it go at that, and not add "Well, a little is better than nothing." However, I would again urge speedy passage of this bill.

Motion agreed to and bill read second time.

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

On motion of Senator Kelly, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

OIL SUBSTITUTION AND CONSERVATION ACT CANADIAN HOME INSULATION PROGRAM ACT

BILL TO AMEND—SECOND READING

Hon. William M. Kelly moved the second reading of Bill C-24, to amend the Oil Substitution and Conservation Act and the Canadian Home Insulation Program Act.

He said: Honourable senators—

Senator Frith: The honourable senator is at bat very often in this legislative inning.

Senator Kelly: I was instructed by my leader that I needed practice, and I have been given this for training purposes.

Bill C-24 provides for the termination of the Canadian Home Insulation Program and the Canadian Oil Substitution Program. The Home Insulation Program was introduced in 1977, to be terminated in 1987. The bill amends that termination date to make it March 31, 1986.

The original introduction of the Oil Substitution Program was in 1980, for termination in 1990. This bill terminates the Oil Substitution Program on March 31, 1985.

These programs were introduced in a much different market environment from that which exists today. The 1973 oil shock started a rapid escalation in world prices of petroleum. In 1977 when the Home Insulation Program was introduced, relatively little reinsulation activity was taking place, and few consumers knew much about home energy conservation. Canada had had a long history, in relative terms, of very low energy prices and had become substantially greater users, climate for climate, than people, for example, in Western Europe, where costs for years had been much higher.

Existing homes, particularly older homes, tended to be poorly insulated, and there were no standards for the work. No specialized industry existed for insulation or air sealing.

In 1980, at the introduction of the Oil Substitution Program, there was a worldwide consensus that supplies of oil were tightening and that the price of oil would escalate rapidly in the 1980s. I believe one projection suggested that by early 1990 oil could reach $90 per barrel, that at a time when it had gone rapidly through $6, $12 and was in the mid-$20 per barrel.

The situation today is radically different. Consumers are far more knowledgeable about the benefits of conservation, in reduced heating costs and improved home comfort. Conserva-

tion products and services are in plentiful supply at competitive prices.

Standards have now been developed for conservation work. Oil, for the moment, in a global sense, seems in plentiful supply at flat or declining prices, and even at existing prices the economics of both conservation and oil substitution have been demonstrated—and, in my opinion, do not require government incentives to remain attractive.

There are some fundamental concerns about grant programs themselves. Grant programs can distort market development and consumer choices.

● (1630)

For example, it is suggested that consumers may be making some decisions as between gas and electricity that are unwise over the longer term. In rural areas, regions where natural gas cannot be supplied economically, the Oil Substitution Program may have inhibited the introduction of higher efficiency oil furnaces.

All in all, honourable senators, certainly in my opinion, the better course for government at this time in these situations is to let the market system work. Government can continue to play a role at far less cost than in past years by supporting continuing research into problem areas, continued improvement in standards, and information transfer to industry and consumers.

The Minister of Energy, Mines and Resources has announced that a program of this kind will be introduced in close co-operation with the provinces and with industry. The aggregate funding levels provided for conservation and alternative energy initiatives in the current and subsequent two fiscal years have been protected, notwithstanding the fiscal restraints reflected in the recent budget. This means that more than $300 million can be devoted to cost-effective conservation and renewable energy measures over that three-year period.

Intensive discussions are now taking place at the officials level to identify areas where the governments can work together to pursue opportunities to promote conservation and alternative energy options. This program will build on the work done and the lessons learned over the eight years of CHIP and the four and one-half years of the Oil Substitution Program. It will recognize that consumers need information, not necessarily handouts, as a basis for their decisions on energy use. It will put together the resources and expertise of the federal and provincial governments and will respond to the significant differences in energy priorities from province to province, and it will be delivered in co-operation with industry through industry channels.

Honourable senators, the Standing Senate Committee on Energy and Natural Resources conducted a pre-study of Bill C-24 and reported the subject matter of the bill without amendment, and asked for favourable consideration by this chamber. I make the same request at this time.

Hon. H. A. Olson: Honourable senators, Bill C-24 is a very simple bill, as Senator Kelly has pointed out. Its purpose is to discontinue two very good programs. That sounds almost contradictory. In the first place they admit that they are probably the two most effective—and, I might say, cost effective—programs that they know of; and yet, at the same time, they are phasing them out.

It is not quite that simple either, because they are cost effective in terms of what the alternatives might be.

For example, at the committee pre-study stage to which Senator Kelly referred it was at least acknowledged—I was going to say admitted, but certainly it was acknowledged—that the cost-effectiveness of these two programs, the Canadian Home Insulation Program and the Oil Substitution Program, probably saved Canadians the expense of buying oil at a cost of about $20 a barrel, which is still somewhere down around 60 to 70 per cent of what oil costs on the market. And if that is so, then why in the name of common sense do we phase them out?

It is also admitted that there were probably two million installations in Canada where these kinds of savings were possible. As well, it is agreed that only about half are completed. The other 50 per cent or one million homes that could be effectively improved in terms of both conservation and oil substitution could be done at the same level of cost effectiveness; yet, the programs are being phased out.

One has to ask oneself why this is being done. Why phase out these programs? Is it because they are programs that the Liberals brought in?

This government is going to learn, and learn at its own peril, that it had better stop discontinuing programs simply for that reason. If there is some practical common sense within the programs and in the application of the programs, they should not be phased out. Simply because a Liberal government brought them in some time in the past is not good and sufficient reason to phase them out.

I suggest to the government that something of the same result will come from this as came from the old age security de-indexation proposal. Again, we have the situation of a person who really does not understand politics giving advice—and I am using "politics" in the best sense of the word—

Senator Flynn: Yes, you had better add that.

Senator Olson: These are programs that the people of this country like and to which they were attracted in large numbers. The government has admitted that the cost effectiveness of these programs was excellent, and yet they are to be phased out.

Those of us who have been watching the political scene for a long while believed after September 4, 1984, that this government was probably going to be in office for a long time. And I remember, too, people rationalizing in the same way following the Diefenbaker sweep of the country in 1958, capturing in all 208 seats, the largest majority in history up to that date. But they forgot one thing while they were in office, and that is that common sense and a practical application of certain programs that are of benefit to the greatest number of people need to be respected. And of course in those days they did the same thing. Senator Flynn was part of that government for a while. He

will know that it was the largest number of seats that any government ever lost. In the 1962 election, the Diefenbaker government lost 90 seats. They weren't quite swept out of office, but just about. A few months later the Canadian people finished what they started in the 1962 election, sweeping them the rest of the way out of office. And why? Because they had done some very stupid things, things that were equal in stupidity to the phasing out of these two programs—

Senator Flynn: Your memory is not very clear.

Senator Olson: Oh, wasn't that the reason? I was watching the scene very carefully at the time, because I was right in the House of Commons along with Senator Flynn. We could see one program after the other—

Senator Flynn: They elected Creditistes at the time. Where are they now?

Senator Olson: They did their job and they did it rather well. They swept all of the Conservatives out of Quebec.

Senator Frith: That is in their favour.

Senator Flynn: That is right. It was a big mistake—

Senator Frith: You have to say that that is in their favour.

Senator Flynn: It was a big mistake. They themselves were, in turn, swept away.

Senator Olson: The biggest mistake was that they elected 50 Conservatives from Quebec in the 1958 election. The people realized very quickly, because of the way the government acted, that they made a mistake. That was why the Creditistes got in. I think 26 or so got elected. And the reason was that the people knew they had made a terrible mistake in electing all of those Conservatives.

And here is another one of those programs. Every time you go to a committee, every time you have a discussion, even with Conservatives, you get agreement that these are good programs; that they are among the most cost effective programs. Yet, they are being set aside.

Before I was interrupted by Senator Flynn I was about to say that, at this rate, I do not believe this government is going to last more than four years. The last Gallup poll—

Senator Flynn: That is not relevant to the bill—but go ahead.

Senator Olson: It is relevant to the bill. We have the right to expect to see some reasonable, good common sense in the practical application of and the approach to these questions and we are not getting it when these kinds of programs are being swept away.

● (1640)

Senator Steuart: Will you quit interfering with the speech of Senator Flynn?

Senator Olson: Senator Flynn seems to think that he has an obligation to make a speech every time I get to my feet. He usually does it sitting down.

Senator Flynn: You invited me to participate.

Senator Olson: Your Honour, if you look at the blues afterwards, you will find that he usually makes as great a contribution to my speeches as I do.

The Hon. the Speaker *pro tempore:* Let us get back to the bill.

Senator Olson: This is a very sad day for the reasons I have just explained. Why do we throw out programs which everybody admits are good programs? Senator Kelly has not answered this question. He has said that the government will bring in other measures because we are on the road to conservation and substitution now, that some great and wonderful lessons have been learned from these programs, but we do not know what they are. Surely he should say what they are.

As I said, I do not want to make a long speech, and I guess it would satisfy Senator Flynn if I did not remind him of all these points. However, there is one thing I think we should remember, and it is with regard to the politics of this kind of activity in which the government has been involved for several months now. As a result of the last Gallup poll it looks as if they may be going into a free fall. It is because of these kinds of things. This government has completely lost credibility already. People do not believe them any more.

Senator Walker: Now, now.

Senator Olson: That is true. The senior citizens of this country will never believe anybody in this government any more.

Senator Bonnell: Nor will the women if they are called "babies."

Senator Olson: That is right. The credibility of any government at any given time is important. One thing my honourable friends opposite should realize, including Senator Walker, is that this government was not elected on the basis of its credibility. It had to earn that credibility after it took office. This government was elected because the people of this country wanted change. They are getting a change all right. They are getting incompetence as a substitute for the competent government that was there. They are realizing that day by day.

Senator Walker: You are still a sorehead. You have been a sorehead ever since the election.

Senator Frith: It takes one to know one.

Senator Olson: No, never. Senator Doody is right—Senator Olson has never been a sorehead. I just hate to see programs discontinued when everybody admits that they were good, simply because they happen to have a label on them that does not suit the people opposite. I think that to continue these phasing out activities will lead to what the Canadian people really need, and that is the demise of this government as early as possible.

Senator Frith: If not sooner.

Senator Kelly: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, if the Honourable Senator Kelly speaks now his speech will have

the effect of closing the debate on the motion for second reading of this bill.

Senator Walker: Don't put up with that nonsense.

Senator Kelly: Honourable senators, I feel obliged to make one or two comments. After that impassioned address by Senator Olson I was quite shocked because I have seldom seen him so worked up.

Senator Olson: Senator Flynn caused all that.

Senator Kelly: I would like to put a slightly different light on what exactly is happening here. I said earlier that this government generally agrees that the Oil Substitution Program and the Home Insulation Program were good ones, given the conditions at the time.

Senator Olson: I agree.

Senator Kelly: However, I would point out that it is a little like contracting a disease, taking a medicine and getting better. You are never sure whether you got better because of the medicine or because you would have gotten better anyway.

Senator Olson: But you do not stop taking the medication in the middle of the treatment program

Senator Doody: You do if you cannot afford it.

Senator Kelly: As honourable senators may know, I was associated with a natural gas utility company. We were one of the largest in Canada. At the time the Oil Substitution Program came in, officials of that company advised me that if I had any way of persuading the government not to go ahead with it at that time, they would appreciate it, because they could not handle the demand for conversions they were faced with. Remember, people of the country were faced with a spectre of shortages caused by happenings in the Middle East. There were line-ups at the pumps and people were really concerned. I question whether the apparent result of the Oil Substitution Program was because of the program itself or the conditions that surrounded the advent of the program.

On the question of home insulation, perhaps I did not state my case clearly enough. People in North America in general have been great wasters of energy for years and years, because we have been beneficiaries of very low prices in global terms right up to 1973. And then in 1979 we were reminded that we had better take a good look, and the government decided to remind the public through the Home Insulation Program. It was a good idea, but to suggest that it should be carried on to me demonstrates a startling lack of confidence in the intelligence of the people of the country. I think people will make very intelligent buying decisions without being bribed into doing so, not to mention that they were bribed with their own money. It is not necessary. There is no thought in the mind of this government that I know of that the program is to be removed because the Liberal administration introduced it. I do not know how to put it, other than to say to Senator Olson that, frankly, it is a silly statement.

Senator Olson: You have not given a better reason.

Senator Kelly: I have tried to.

Senator Roblin: It is a silly statement all right.

Senator Kelly: I think we will see a continuation of well-designed insulating programs, designs that were not really in place in 1977. I think people will continue to make good buying decisions about converting from one field to another, with a little less pressure because the oil scene is not quite as uncertain in the minds of people in the 1980s. I think you will see a government committed to monitoring what it does, not merely putting programs in place and leaving them there forever because they worked for the first year and, therefore, they should be left in place for the next 100 years. That is not the kind of government you are dealing with. I do not think that Senator Olson's fears are well founded at all.

Motion agreed to and bill read second time, on division.

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

On motion of Senator Kelly, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

THE HONOURABLE JOHN M. MACDONALD

FELICITATIONS ON TWENTY-FIFTH ANNIVERSARY OF APPOINTMENT TO SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before we go any further with the Orders of the Day, I see that the individual whose achievement we celebrated earlier today is now in the chamber. I think we should thump our desks in his honour again.

Hon. John M. Macdonald: I thank you for your kind remarks about me. However, I am not one who looks back over the years. I want to look forward.

Senator Frith: Another 25.

Senator Macdonald: I do not know how many honourable senators are aware, but on the third floor of this building there are two oil paintings of two senators. I made a point of inquiring as to why they were there. It turns out that both celebrated their one-hundreth birthday. It has been a pleasing custom and a tradition in the Senate that when a senator reaches the age of 100 his portrait is painted in oil and hung in the gallery.

• (1650)

Senator Doody: Get out the oil paints!

Senator Macdonald: Honourable senators, I firmly expect that before I leave this Senate I will see my portrait, painted in oil, on the wall of the Senate and in a prominent place. Thank you.

Hon. Senators: Hear, hear.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 26, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

OFFICIAL REPORT

CORRECTION OF TRANSLATION

Hon. Léopold Langlois: Honourable senators, I rise on a point of order regarding the official report of the *Debates of the Senate* of Thursday, June 20.

At that sitting, I tabled two reports. The first dealt with Bill C-36 and the second with Bill C-44. The French version of my first report began as follows:

> Votre comité, auquel a été déférée la teneur du projet de loi C-36—. The verb "déferée" was changed to "renvoyée".

And C-44, in the second report, where I found that in the official report the term «renvoyée» was also changed to «renvoyée».

I regard those changes as minor, but I respectfully submit that official reports that are tabled in this House must appear in the *Debates of the Senate*, exactly as they stand, without any changes whatsoever, not even a comma.

I hope instructions will be given to that effect to the *Debates* staff.

The Hon. the Speaker: Honourable senators, we shall see to it that the corrections the honourable senator has requested are made.

Senator Langlois: Thank you.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Jean-Maurice Simard has been summoned to the Senate.

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated.

Hon. Jean-Maurice Simard of Edmunston, New Brunswick, introduced between Hon. Duff Roblin, P.C., and Hon. Brenda Mary Robertson.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

[*English*]

Hon. Charles McElman: Honourable senators, by reason of a precedent recently established in this chamber, I should like to express words of welcome to our new colleague, the Honourable Senator Jean-Maurice Simard, who fills out the complement of the senators for New Brunswick.

I should say to Senator Simard that I am delighted to see him with a red rose and a red tie. I appreciate that I should not read great significance into the colour.

I should also like to say to honourable senators that although the honourable senator Simard is not a native-born New Brunswicker, he came to us and became a part of our province in, perhaps, a unique way. He has served the people of New Brunswick, and most particularly la République de Madawaska, with great honour. He has also, throughout the whole of the province of New Brunswick, fostered and pursued ambitions for the people of New Brunswick, as he saw them, with a great element of success that he has achieved throughout the whole of the province. Jean-Maurice has been, at times, a controversial figure in our province but he has earned at the same time great respect as a person who has ideals and beliefs and is prepared to stand for them. I welcome him here and I am sure that he will be a fine senator representing our province and representing Canada.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I am pleased with this opportunity to join the previous speaker, Senator McElman, in extending a cordial welcome, in his mother tongue, to our new senator, Jean-Maurice Simard, a fellow citizen of the legendary Republic of Madawaska.

I was privileged to precede the senator as a member of this august institution. I know he was hoping to join our ranks some day, and I imagine that today, his hopes have materialized to his satisfaction.

Honourable senators, perhaps I could take advantage of this opportunity to publicly refute rumours and gossip that our new senator, Jean-Maurice Simard, and myself are in perpetual conflict. That is absolutely false, and I extend to him the hand of friendship as a fellow citizen. And as Senator McElman said so eloquently, Senator Simard holds certain ideas very dear and has always defended them with great vigour and energy. That is not to say that one must always agree with his

choice of political orientation. As they say, in politics only the results count.

In any event, I am very proud to be able to count on the support of Senator Jean-Maurice Simard, if I may take this liberty, in defending our rights and demands. In return, the senator can rely on my full co-operation in any initiative aimed at improving the lot of our fellow citizens in New Brunswick.

Welcome, senator.

Hon. Martial Asselin: Honourable senators, I hope you will let an old friend of Senator Simard tell him, on behalf of the group we represent here in the house, how happy we are to welcome him within the party sitting on the government side in this chamber.

I have known Senator Simard for quite some time, and we met quite often when we were working together on activities connected with the international francophone community. The senator has always shown a great sense of responsibility in discharging his duties.

We also remember his courageous struggle for the recognition of bilingualism in New Brunswick. Senator Simard, I am sure Acadians are delighted that you succeeded in defending their cause in the exemplary way you did in New Brunswick, as a member of the legislature and also as a minister of the Crown.

We extend to you a cordial welcome and are counting on your talents and experience as a parliamentarian to help the Senate meet its age-old commitment to protect regional and minority rights.

Congratulations, Senator Simard.

Hon. L. Norbert Thériault: Honourable senators, I would not want to miss this opportunity to say to Senator Jean-Maurice Simard how delighted I am to see him among us today. As somebody said earlier, he has always had the greatest respect for the Senate and has been wanting to sit in this institution for a long time. As a senator I can assure him that he will find this place more peaceful than it was when he joined the New Brunswick Legislative Assembly in 1970.

I would point out to my colleagues that the timely arrival of Jean-Maurice Simard in the Senate increases to six the number of New Brunswick residents who sit in this institution and who were once members or ministers of the New Brunswick Legislative Assembly.

Each one of us has been able to put to practical use the experience acquired as member of another legislature.

I particularly want to tell Senator Jean-Maurice Simard that I recall the spirit he showed at the Legislative Assembly when he arrived for the 1971 spring session as new member and new Minister of Finance.

I remember hearing at the time—we hear that these days in the other place—about the sorry mess in which the Minister of Finance had found the New Brunswick government. I will say no more about it. I remember as well the energy and idealism of Jean-Maurice Simard.

I sat during eight or nine years across from him on the opposition benches in the New Brunswick legislature. Although I did not always agree with some of the policies advocated by his government, I always saw in him a worthy defender of the rights of French-speaking New Brunswickers.

He was able to build upon the foundations left by the previous government. Jean-Maurice, I am glad for you and your family. You will find life somewhat more peaceful here. You will have interesting work to do. As my colleagues from New Brunswick and others said, you know as I do that we have always had the same ideal in politics, to promote the well-being of our fellow citizens with every means at our command. I promise to continue to do so with you. Jean-Maurice, it never occurred to me that one day you and I would be sitting on the same side of the house.

[*English*]

Hon. Cyril B. Sherwood: Honourable senators, I wish to add my words of welcome and congratulations to those which have been expressed to a former colleague from New Brunswick. Jean-Maurice may find that the pace is a little different here from the rough and tumble of the New Brunswick scene, but, knowing Jean-Maurice, I am sure that we will all see that he can shift gears adroitly. He will soon find himself perfectly at home with all honourable senators.

• (1410)

I join with the remarks that were led off by Senator McElman, and with all of the other nice things that have been said. I note that the honourable senator's family is in the gallery, along with other good friends and supporters from New Brunswick. It is very nice to see them here, Your Honour.

Honourable senators, again I offer a warm welcome and congratulations to my former colleague.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Office of the Commissioner of Official Languages required by the Privacy Act for the period ended March 31, 1985.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-57, to amend the Fisheries Improvement Loans Act.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on Orders of the Day for second reading later this day.

[*Translation*]

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-56, to amend the Farm Improvement Loans Act.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on Orders of the Day for second reading later this day.

OLD AGE SECURITY

DE-INDEXATION OF PENSIONS—PRESENTATION OF PETITIONS

Hon. Eymard G. Corbin: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, here assembled, on behalf of 201 residents of the federal riding of Madawaska-Victoria, in New Brunswick, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, and who humbly ask that the Prime Minister of Canada, the Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Senator Haidasz: Well put.

Hon. Earl A. Hastings: Honourable senators, before presenting my petition, I trust that you will allow me to join with my colleagues in welcoming the honourable Senator Simard from New Brunswick. The fact that I am speaking in your mother tongue probably shows that I am very happy that you are here with us. I may speak in Alberta French, but I am very happy that you are here and I hope that, as a member of the Senate of Canada, you will be free to serve your province and your country.

Some Hon. Senators: Very good.

[*English*]

Senator Hastings: Honourable senators, I have a series of nine petitions from 2,000 citizens of the province of Alberta. If it is agreed, I will read the first petition, with the rest appearing in *Hansard* as though they had been read.

Senator Frith: No, rub it in; read them all.

● (1420)

Senator Hastings: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Calgary, Airdrie, Water Valley, Delacour and Balzac, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

[The Hon. the Speaker.]

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Red Deer in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Edmonton, Winterburn, Camrose, Duffield, Wabamun, Evansburg, Athabasca, Two Hills, Valleyview, Spruce Grove, Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Edmonton, Sherwood Park, Stony Plain, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Edmonton, Fort Saskatchewan, Beaumont, St. Albert, Ardrossan, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Red Deer, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Sunset Lodge and others of the city of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the city of Red Deer in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, praying that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions.

Hon. Efstathios William Barootes: Will the honourable senator permit a question?

Senator Hastings: Certainly.

Senator Barootes: Would the honourable senator confirm and comment on reports that at two meetings of old age pensioners, held in the city of Calgary—to which he has just referred—on Saturday last, there was considerable uproar when one or two old age pensioners rose to protest the partial de-indexing of pensions and were asked by the large majority—the huge majority—present to sit down and to please be quiet?

Senator Hastings: Honourable senators, I cannot confirm what happens at Tory meetings, because I do not usually attend them.

Senator Flynn: But you can comment on Liberal meetings.

Senator Hastings: But I can comment on the meetings held at Calgary Centre and Calgary West, when 50 per cent of the people took on their members of Parliament and criticized them bitterly for supporting the de-indexation of old age pensions—50 per cent of the people who attended those meetings.

It is true that some of them urged their member of Parliament to hang tough on the proposal. I can tell the honourable senator that I hope they will hang tough, because they will all hang together!

Some Hon. Senators: Hear, hear.

Senator Barootes: Would the honourable senator—

Senator Flynn: You just want to gain political advantage.

Senator Hastings: I just want honesty. Keep your promise!

Senator Flynn: You're a hypocrite. I'll get even with you in due course.

Senator Frith: Senator Walker wants you not to be a sorehead, Senator Flynn.

Senator Walker: I support whatever Senator Flynn does.

CANADA'S RELATIONS WITH COUNTRIES OF MIDDLE EAST AND NORTH AFRICA

REPORT OF FOREIGN AFFAIRS COMMITTEE TABLED

Hon. George C. van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, tabled the following report:

Wednesday, June 26, 1985

The Standing Senate Committee on Foreign Affairs has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Tuesday, December 18, 1984, to continue its examination and report on Canadian relations with Countries of the Middle East and North Africa, has, in obedience to its Order of Reference, proceeded with the study and now tables the report.

Respectfully submitted,

GEORGE C. VAN ROGGEN
Chairman

CONSIDERATION OF REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE ADJOURNED

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

Senator van Roggen: Honourable senators, with leave of the Senate, I move that this report be taken into consideration now.

If the motion is agreed to, I will make some brief remarks now and will save more specific comments for a later date.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I rise on a point of order. If my honourable friend speaks now on consideration of the report, he will use up his

opportunity to speak. Therefore, I am not entirely clear that he will have an opportunity to continue his statement unless he adjourns the debate. Other honourable senators on this side may wish to speak in the meantime. We may therefore have a procedural problem.

Senator van Roggen: Honourable senators, if that should become a problem next fall, I would certainly defer to other members of the committee, who could speak quite as eloquently on this matter as I, following my remarks today.

● (1430)

Honourable senators, in June 1982 my committee received a reference from the Senate to study and report upon Canada's relations with countries of the Middle East and North Africa. We commenced taking evidence in the fall of that year. In the spring of 1983 a subcommittee of the committee was formed consisting of Senators Buckwold, Hicks, Lapointe, Macquarrie, Roblin and myself to visit the Middle East in connection with our study. I regret to report that on the very day we were to leave I took ill. I was taken to the hospital and was unable to join the group, in spite of the exciting arrangements that had been made for the trip. Senator Hicks acted as chairman of that subcommittee in my absence. The subcommittee visited Egypt, Saudi Arabia, Syria, Jordan and Israel. In every one of those countries it was received at the very highest level by a large number of government and other representatives. The report of the subcommittee, approved by the full committee, was attached to the committee's proceedings in March, 1984 and thus became a public report. I shall digress here to say that the Canada-Israel Committee made a comment in its publication to the effect that for the most part the subcommittee report was sensitive and perceptive.

More evidence was taken during the spring of 1984 and drafting of the report was under way when Parliament was dissolved in June of that year. As you know, we did not come back until October of 1984, a time when once again I was ill. However, the committee was re-formed with several new members who had not been present to hear the evidence that had been given up to that time. Senator Macquarrie, my deputy chairman, obtained a new reference from the Senate in September 1984. We continued working into the spring of this year and then commenced drafting the report, which was concluded after the Easter break. I might say that because of the time taken for translation and printing, the report became available only yesterday afternoon. Therefore, I am tabling it at the first possible opportunity. The report begins with a summary of conclusions and recommendations which runs to about eight pages.

I move, honourable senators, that the summary be included as an appendix to today's *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*. If that is agreeable, I have the summary in both French and English.

Hon. Royce Frith (Deputy Leader of the Opposition): Your Honour, I rise on a point of order. Should we express our agreement on whether the summary should form a part of the *Debates*?

[Senator Roblin.]

Senator Roblin: I am at a loss as to why the motion should be moved at this time. The motion before us is that the report of the committee be taken into consideration at this time. How do we fit this second idea into that motion? Perhaps it should be done at the conclusion of the discussion on the consideration of the report.

Senator Frith: It is normal practice for a senator in the course of a speech, even though it may be on a motion, to ask that a certain part of whatever he or she is dealing with be made a part of the *Debates*. Of course, if there is any objection then Senator Roblin is quite right. When an honourable senator makes such a request during the course of a speech, the Speaker usually says, "Is it agreed, honourable senators?" If we say, "Agreed," then it is done. If there is some objection, it is another matter.

Senator Roblin: What caught my attention were the honourable senator's words, "I move." Perhaps if he would simply ask for the unanimous consent of the Senate that the summary be appended to the record, I for one would have no objection.

Senator Frith: Yes, that is right, "ask" is the better word.

Hon. Gildas L. Molgat: Honourable senators, on a point of order, may I ask Senator van Roggen how many pages are involved?

Senator van Roggen: Approximately seven pages.

Senator Flynn: Less than seven.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*For text of summary see Appendix A, p. 1159.*)

Senator van Roggen: Honourable senators, by requesting that the summary be appended to the *Debates of the Senate*, I was not suggesting in any way that it was being adopted by the Senate. It is just that the report itself is now in the public domain as a result of my tabling it today, and it seemed to me that the *Debates* might as well include the summary.

After careful consideration of widely divergent views presented by witnesses, the committee report in every instance concurs with the position taken by different Canadian governments and which have evolved over recent years. The first thing that we endorse, of course, is the continued existence of Israel as a free and democratic country within secure boundaries. This matter was never in question. I might say as an aside that many senators, and, I am sure, many Canadians will be most interested to read in the report about the role Canada played at the United Nations in 1947 when the State of Israel was created. I certainly did not know until we carried out the study that Mr. Justice Ivan C. Rand of Canada was credited with being the principal author of the majority report of the United Nations Committee that was the basis for Resolution No. 181. Our former Prime Minister, the Right Honourable Lester Pearson, was at the time referred to by some as the Balfour of Canada. I was not aware of this background until the study and I found it most interesting.

The report also concurs in Canadian positions, as we understand them, taken by the past government and, it would seem from statements made by the Secretary of State for External Affairs, taken by the present government to be carried forward. The report agrees with those positions taken by Canada on questions such as the sovereignty of East Jerusalem, the West Bank, the Gaza, the Golan Heights, and the settlement policy, the PLO and the re-establishment of full relations with Iran. The Iranian Government is insisting that we apologize for our part in the American hostage incident, and we, quite correctly, refuse to do so.

One specific recommendation made to the government in the report is that it establish a Canadian embassy in Damascus, Syria. There were rumours a month or so ago that the report had been leaked. I guess the Department of External Affairs got hold of it because they announced two days ago that they were establishing an embassy in Damascus. I think it was Mr. Kissinger who said some years ago—

Senator Leblanc: It was a leak.

Senator van Roggen: —"no war without Egypt, no peace without Syria." We felt it was appropriate for Canada to have a full embassy in Damascus and we applaud the present government for taking that action. I think it is only fair to say that the lack of an embassy there was not a glaring hole that had existed for a long time. Canada had few embassies in many of these countries up until 10 or 15 years ago and since then, there has been an ongoing program to establish embassies in these countries. This is certainly a further step, which we applaud, in that direction.

The report goes on to deal with peacekeeping—in which Canada is heavily involved in various areas in the Middle East—diplomatic representation, trade, development assistance, immigration, and so forth. The body of the report—and I think this is very important—frequently records opposing perceptions of witnesses and should be read in its entirety, when, I believe, most people will agree that it is a fair and balanced report.

● (1440)

Hon. Nathan Nurgitz: Honourable senators, I rise today out of a deep sense of regret and concern. At the outset, I wish to state for the record that I and one other honourable senator did not vote in support of the report of the Standing Senate Committee on Foreign Affairs, which has just been tabled by Senator van Roggen.

I will not try the patience of honourable senators by speaking at any length on this matter at this particular time. In fact, I propose to move the adjournment of the debate in a moment.

I do feel obliged, however, to say now that I sincerely regret the manner in which this reference, mandated to the Foreign Affairs Committee, has been, I believe, horribly abused. Honourable senators may recall that in the debate on the reference that took place in this chamber on June 15, 1982, Senator van Roggen said:

> We are not launching upon this particular study on the basis of trying to arrive at a solution to the serious problem that exists between Israel and the Arab states . . . we wish to address ourselves to the overall relationship between Canada and the Middle East from the points of view of trade, diplomatic representation, immigration and other matters involving the countries in that part of the world.

In the event this particular study evolved as an abortive Camp David North and contributes very little, in proportionate terms, to the overall relationship between Canada and the Middle East, and even less, if anything, in terms of North Africa. I am appalled.

Reference has been made by Senator van Roggen to two matters with which I will deal in substance later. One is the question of the treatment by the Canada-Israel Committee of the subcommittee's report; and secondly, at a later date I wish to deal at some length with the question of the subcommittee itself, which I was excluded from and therefore was unable to travel with, for reasons I will explain.

The report's treatment of matters pertaining to the Arab-Israeli conflict is, in my view, offensive, in that it is characterized by the use of much ill-deserved rhetoric directed against a country, Israel, with which Canada has enjoyed an important, long-standing and mutually beneficial relationship. I know that this relationship will endure despite what I consider to be this unfortunate offence.

Finally, we must consider that there is in this country a community, of which I am, to the deepest reaches of my soul, proud to be a part, which will also feel offended by this report. I am profoundly sorry for this. I am equally sorry that Senator Grafstein, who is also a member of the same community, and I were isolated in our opposition to the report. I hope, and indeed I believe, that our isolation in the committee is not reflected in this chamber, or, for that matter, outside of its precincts. To believe otherwise would be to negate everything that I have strived to achieve, everything that I have ever stood for during my public life and in my private life.

I refuse to accept the notion, notwithstanding this report, that I have misread or been deceived by so many people whom I have known and respected as friends and colleagues alike.

Honourable senators, I move the adjournment of the debate.

The Hon. the Speaker: It is moved by the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, that further debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: Honourable senators, speaking to the motion for adjournment, which I assure Senator Nurgitz we have no intention of refusing or denying—

Senator Flynn: It is not debatable.

Senator Frith: All right, I am not debating it.

On a point of order, honourable senators, if Senator Nurgitz's motion carries now rather than later, it means, of course, that no other honourable senator who might want to speak on it can do so today. If that should happen, we only have on the

record today with regard to this report the speech of Senator van Roggen and the speech of Senator Nurgitz, and their positions are quite clear. However, it occurred to me that some other senators might want to indicate their support or non-support of this report, from either side, because, if I understand the situation correctly, the report was adopted by the committee on a bi-partisan vote, that is, the committee did not divide on party lines. We do not want, I hope, to leave the impression that if there is any dissension it is in party lines. In fact, the abstentions were bi-partisan as well, if we understand Senator Nurgitz correctly.

So I raise that question to see if someone else would like to speak to it today. Then, of course, we will grant Senator Nurgitz his adjournment of the debate, unless anyone wants to deny that what I said about the bi-partisan nature of the report is correct.

Senator Flynn: Question!

On motion of Senator Nurgitz, debate adjourned.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

SECOND REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Dalia Wood: Honourable senators, I have the honour to present the Second Report of the Standing Joint Committee on Official Languages Policy and Programs.

I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix B, p. 1163.*)

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

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

AGRICULTURAL STABILIZATION ACT

REPORT OF AGRICULTURE, FISHERIES AND FORESTRY COMMITTEE ON SUBJECT MATTER OF BILL C-25 TABLED

Hon. Jack Marshall, Chairman of the Standing Senate Committee on Agriculture, Fisheries and Forestry, tabled the following report:

> Your Committee, to which was referred the subject-matter of the Bill C-25, intituled: "An Act to amend the Agricultural Stabilization Act", in advance of the said Bill coming before the Senate or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, June 12, 1985, examined the said subject-matter and reports as follows:
>
> That your Committee agrees in principle with the intent of the legislation, to rationalize the price stabilization of agricultural commodities, but believes that the proposals can have an adverse effect on producers of certain commodities in certain regions. Furthermore, your Committee is concerned by the fact that while the intent of this legislation is aimed at rationalization within the industry, decisions impinging on the agricultural industry made by other departments, can have the effect of weakening the intent of the legislation under consideration.
>
> Your Committee would appreciate the opportunity of studying the legislation further when the Bill comes before the Senate.
>
> Respectfully submitted,
>
> JACK MARSHALL
> *Chairman*

QUESTION PERIOD

[*English*]

THE BUDGET

IMPACT OF CUTS ON AGRICULTURE

Hon. H. A. Olson: Honourable senators, I should like to direct a question to the Leader of the Government respecting some matters that we have been asking questions on for a number of days, but to which we had not had answers. I hope he can provide the answer today. If not, I certainly hope he will be able to give the answer before we adjourn for the summer.

We were notified when the budget came down that there would be a further $50 million cut to the Department of Agriculture. The problem is that that is as far as it has gone. As far as I know, they have not identified what is going to be cut, so we do not know whether it is the dairy program that is going to be reduced by $50 million, or some portion thereof, or the Crop Insurance Program. I tried to get some answers from the Leader of the Government and from Senator Balfour when that matter was brought in here, but there is no answer as to whether or not they are going to load part of the cost of these programs on to the producers, the research program, the inspection service of the Department of Agriculture, or whatever. What happens is that all these groups are apprehensive about where the cuts are going to be made, because while the announcement of the cut has been made, where it will take effect has not been specifically identified.

I should like to ask the Leader of the Government if he could tell us today, or if not, if he could give an undertaking to give a reply before the recess begins, specifically where these cuts will be made.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have to make the observation that I do not think that is the kind of question that can be dealt with adequately

during Question Period. I certainly do not have information on that scale available, because it might cover a broad front, as my honourable friend has indicated. I will have to consider the question as an order for return.

• (1450)

Senator Olson: Will the Leader of the Government give some undertaking that we are going to get the answer before we recess? It is not a matter of giving notice today. I have asked this question many times, and I have asked for specific parts of it or for the whole answer. What he is going to do is to leave all of the agriculture producers wondering whether they are facing a $50 million cut or not. Could he give us an undertaking that he will give us the answer before the recess begins?

Senator Roblin: I am afraid I cannot give such an undertaking because of the nature of the question involved. However, I will make an urgent appeal to my colleague, the Minister of Agriculture, expressing my honourable friend's concern to see what we can do to expedite the matter. A firm undertaking is another matter.

LABOUR

FAIR WAGES AND HOURS OF LABOUR ACT—GOVERNMENT ATTITUDE TOWARDS PROVISIONS

Hon. Earl A. Hastings: Honourable senators, I have a question I should like to direct to the Leader of the Government in the Senate pertaining to the Fair Wages and Hours of Labour Act of 1970. Does the government fully subscribe to and support the intent and spirit of that act?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think the government is duty bound to carry out any legislation that is on the books of the country.

Senator Hastings: I have a supplementary question which I put to the Leader of the Government. I appreciate that he will have to take it as notice. Could he explain why the act is not being invoked in respect of the construction of the Olympic speed skating oval which is part of the Olympic installations at the University of Calgary to which the government has contributed $35 million? Why is that Fair Wages and Hours of Labour Act not being applied to that project?

Senator Roblin: As my honourable friend has assumed, it is not a matter with which I am familiar. I will have to take the question as notice.

Senator Hastings: I thank him for the answer, but could I urge the government leader to provide a reply as quickly as possible because it is a matter of urgent concern to the city of Calgary? I would appreciate having that information so that I can communicate it to those people most closely concerned.

Senator Roblin: My friend makes a difficult request because answers to questions and orders for return really have to be given first in the Senate. I am not sure that it is constitutional for me to promise to do something else. However, I know of his interest and if I can find some appropriate way of letting him know, I will see what I can do about it.

Senator Olson: Try a letter. It works.

TRANSPORT

AIRPORT SECURITY

Hon. Dalia Wood: Honourable senators, I have a question for the Leader of the Government in the Senate. I read in an article this morning that the Minister of Transport, the Honourable Don Mazankowski, had postponed plans to replace the RCMP until a full-scale review of airport security was completed and that this inquiry will be conducted by the very people who are responsible for the present system.

While watching *Canada A.M.* this morning I listened in horror as the captain of a CP flight out of Toronto yesterday told how a passenger with a hunting knife hanging from his belt passed the security scanner and boarded the plane. Fortunately, the stewardess noticed the knife. It seems that he had already passed two security checkpoints with this knife.

In view of this incident, I ask the Leader of the Government in the Senate to urge the government that an inquiry be conducted as quickly as possible but by an independent agency.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not think my honourable friend is correct in saying that the RCMP are going to be the judges of their own action insofar as the checking of baggage is concerned because up to the present time that has not been part of their responsibility. They will be looking at the question *de novo* and looking at it from an impartial point of view. They will also be assisted in their studies by an organization which, for lack of recalling the proper name, I will refer to as the secret service. They are also part of this investigation and it may well be that the Committee for Aviation Safety that operates under the Department of Transport will be looking into the matter as well. I think it will receive a thorough consideration.

The incident that my honourable friend speaks of where people get by the security guard is one of the most worrying problems of the whole system. I hope that we can find better ways of minimizing that kind of thing, although I am afraid I have to admit that there is no system that I know of that is going to be completely foolproof.

Hon. Ian Sinclair: Honourable senators, I have a question I should like to direct to the Leader of the Government and it is supplementary to that of Senator Wood. Both ICAO and IATA have called special meetings for later this week to look into the matter of security. Could the leader inform honourable senators as to what position the government is taking in regard to their representations at ICAO, and are they giving the Canadian members of IATA any directions as to the position they should take in regard to security?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can only answer in general terms. Since the announcement has been made only in the past few hours, my

honourable friend will understand that I have no terms of reference immediately to hand. I can tell him that the Minister of Transport in the other place has been a moving spirit—I almost said the moving spirit—in ensuring that the international aviation bodies are convened or being challenged to deal with this matter of terrorism directed against the airlines. Therefore, he is taking a leading part. I feel quite confident in saying that one of the major points that he will be discussing and giving a lead to will be the necessity of improving the standards that have already been set by these international bodies. These bodies are the ones which set the standards for aviation security of all kinds and Canada's record of conformity to those standards is very good. It is quite clear, I think, to most people that there is a serious question as to whether the standards are high enough. I would hazard an opinion that they are not. The Government of Canada will be trying to take the lead in trying to improve these standards on an international basis.

Senator Sinclair: I have a supplementary question. In view of the connecting flights that go through our international hubs, would the Leader of the Government give us some insight as to what action has been taken in that regard? What I have in mind, of course, is baggage being inter-lined through international airports such as Mirabel, Toronto and even Winnipeg, which is also an international airport.

Senator Roblin: That matter is being addressed along with the others.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Frith asked me a few moments ago whether we would be sitting on Friday and I think this might be the appropriate time to have a look at what we might expect from the other place. The two loan improvement acts are before us now and we hope to commence dealing with them today.

Yet to come, today or tomorrow, we have Bill C-53, dealing with Northern Transportation, Bill C-58, dealing with Crop Payments Advances, Bill C-44, dealing with Western Grain Transportation, and Bill C-25, dealing with the Agricultural Stabilization Act which Senator Marshall reported a pre-study on earlier.

There is also a House of Commons Act, which I believe is C-59, and I suspect that we will be receiving it as well. Of course, we will be receiving Bill C-51, the borrowing authority bill. If the pace at which these bills have been reaching us continues, it may very well be that we will be sitting on Friday. We may clear them up tomorrow, but I think it might be wise for all of us to look forward to a Friday sitting. If we can anticipate when we are going to receive them, we can think in terms of whether we will be sitting Thursday evening, Friday morning or whenever, Obviously, we will deal with them as soon as they arrive. I think it is only fair to tell my honourable colleagues what the agenda and the schedule might be.

[Senator Roblin.]

INDIAN ACT

BILL TO AMEND—THIRD READING

Hon. Nathan Nurgitz moved the third reading of Bill C-31, to amend the Indian act.

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

Hon. Charlie Watt: Honourable senators, we have before us a bill similar to one that we considered last year. Through the investigation of Bill C-31, in terms of questioning the minister with respect to the content of this bill, many of us in the Indian community feel that we have examined it to the fullest extent possible, but a lot of us do not understand clearly what it is all about. I do not think that the women who will be affected by this bill fully understand what is really contained in it. Many of us—and I am referring to Indians in the communities that will be at the receiving end of this bill—have different feelings about it.

• (1500)

For that reason, honourable senators, I have serious reservations with regard to Bill C-31. My reservations may not be directly related to the legality of the bill, although, in some ways, they are. However, I will not go into that. I will try to restrict my comments to the general aspects of this legislation and what it means, in my view, to the people who will be at the receiving end of it.

When a whole influx of new people is taken into a small reserve or community, a clear understanding of the conditions under which that is done is necessary in order to maintain respect and peace in the community over the long term to come. I question that aspect of the matter. Are we handling this bill in the best way it could be handled? Why are we rushing this bill through?

I think that we of the Indian community have stated in the past that we do not disagree with the removal of the discrimination provision under section 12(1)(b). We do not deny that that has to be removed. Over and over again, Indians themselves have made that clear—that we do not disagree with the removal of the discrimination provision. The question is: How do we go about it? How do we begin?

I know that a lot of Indian people who will be affected by this bill do not even know how many new people are going to be brought into their communities. Even the minister himself stated that he does not know. That is why he cannot state in explicit terms how much money is to be used and the purposes to which it will be put. He cannot say that because he does not know. Who knows? Only time can tell. If we were to allow the Indian communities a little more time to do their homework, they could identify the number of people involved. But we are rushing this bill.

Honourable senators, I was able to get only one thing out of the minister, and that was a political commitment that was given to me by him in writing. If this bill is going to be voted on favourably in this chamber, I would like to read to honourable senators the letter I received from the minister to make sure that it will be on the legislative record. I would prefer,

however, that some time be given before this bill receives third reading.

Honourable senators, the Indian communities are not asking that we kill this bill now. All they are asking for is a little more time so that they can have a full understanding of what really is contained in the bill. Give us at least the summer. We are not asking for amendments; we agree with the removal of the discriminatory provisions. The Indian communities all agree with that aspect of this legislation, but they need time to understand—they need time to go to their people; they need time to find out who those people are who will be coming into their communities. Are we going to give them that time? If not, what effect will that have on those Indian women who are so keen to go back to the community? Are they going to live there in a peaceful fashion? Are we approving something that will destroy not only the community that exists today but also the people that will go into it tomorrow?

Honourable senators, that is my philosophical concern. That is the argument that I feel I must put forward today. I feel that I have to say that, if this bill goes to a vote, I will not vote in favour of it.

I, too, understand what it means to live in a small community. I understand what might happen when that community has a whole influx of new people. It may be that more than 50 per cent of the people who were enfranchised before will be returning to those communities. What will that do to the society that is already there? It may mean a lot of disturbance; it may mean a total imbalance. Honourable senators, are we going to destroy the communities or are we trying to improve the living conditions in them?

I know that some women are going to say that I am a male chauvinist, but that is not the case, and I will repeat it—that is not the case. I simply want to make sure that peaceful attitudes develop between the people as a result of this bill. I simply want to make sure that the people at the receiving end of this legislation will benefit.

At this point, honourable senators, I will read the letter written to me by Mr. Crombie, the Minister of Indian Affairs.

> Dear Senator Watt:
>
> I am writing to confirm the results of our discussion today. As you know, Clause 22 of Bill C-31 requires the Minister to make a detailed report to Parliament on the implementation of the Bill two years after Royal Assent. Clause 22 also provides for a review of the report by a Parliamentary Committee, including a review of "any provision of the *Indian Act*" enacted by Bill C-31.
>
> For greater certainty, I would like to confirm that I will be prepared to recommend further amendments to the *Indian Act* at that time, if practical experience with the implementation of the Bill indicates this is warranted.
>
> Sincerely,
>
> David Crombie

Honourable senators, a letter such as this may help, in a political sense, but, as far as I am concerned, it cannot be legally enforced. The minister does not have to exercise this if he does not want to. Further, what happens when the Minister of Indian Affairs is no longer the person who has written this letter? What if he is replaced by another minister in a cabinet shuffle? What happens if an election takes place? There are many uncertainties. What guarantees those political commitments that the minister has made with regard to the financial assistance that will be provided to the Indian communities? Honourable senators, there are no guarantees because the minister does not know the numbers that are involved.

Honourable senators, I regret that what I have to say may not be regarded by some as a favourable speech, but our job is to make sure that justice is done. I do not feel that justice will be done by shoving Bill C-31 down the throats of the Indian people when they are not quite prepared to deal with the influx of people who will be coming into their communites. I ask that we give them a chance to become prepared.

• (1510)

Hon. Joyce Fairbairn: Honourable senators, before speaking on third reading of Bill C-31, I should like to commend Senator Watt for his remarks to which I listened carefully. I respect very much the personal struggle that this debate has generated for some of our colleagues: Senator Watt, Senator Adams and Senator Marchand. I want to thank them for their tolerance and their great patience in educating me and other senators as to the real implications of the provisions of this bill for the native Indian people in Canada.

Last week I outlined a variety of thoughts and concerns about the conflicting purposes of this bill, some of which remain today. Honourable senators have now completed the process of committee study which is often viewed as the most productive activity of this chamber. There were some 10 sessions of the Standing Senate Committee on Legal and Constitutional Affairs where we heard witnesses from the Indian community from all across Canada; from women's groups, from the legal community, and from the government during the pre-study stage of the legislation. Every aspect and conflicting view was listened to.

Lengthy briefs were submitted and read. As the process of amendment proceeded through the House of Commons committee, additional briefs, opinions and legal points of view were received, read and discussed again among members of our committee and, indeed, among a number of senators who were not members of the committee. This continued through our final hearings last week; through conversations, letters and telegrams from Indians across the country. Indeed, some messages were still coming in to some of us today as this bill reaches the third reading stage.

The minister, Mr. Crombie, appeared and gave the committee as much time as it wished to question him. As he had already made clear to us, the substance of the bill was firmly cast and would not be changed. However, he studied our concerns and responded to some of them.

Last week, I suggested that the government should use its power, under section 55 of the Supreme Court of Canada Act,

to refer Bill C-31 to the Supreme Court for an opinion on whether the proposed legislation complies with the provisions of the Charter of Rights and Freedoms. Many people think the bill fails to do that. The minister and his legal advisers remain convinced of its constitutionality.

In turning down the suggestion, the minister noted that it was not a normal practice for the federal government to make such references to the Supreme Court of Canada. He noted the Constitution Act of 1982 as an exception. I agree with him: It is not the normal practice. Indeed, that was the reason that I suggested it. In my view, the issues involved here are of such fundamental importance to the lives of Indian people that they warrant extraordinary care, such as a reference to the Supreme Court of Canada before the government implements the provisions of Bill C-31.

However, while making this suggestion very seriously, I had a feeling that I might not receive a positive response from the government. The next practical concern was to seek a guarantee that some kind of assistance would be available for the Indian people to defray the cost of court challenges which will, inevitably, follow passage of this bill.

The minister was extremely forthcoming on this question. There is, as honourable senators know, a litigation support fund in existence in the Department of Indian Affairs and Northern Development, which has been used primarily in the past for test cases of Indian land claims. This will now be supplemented, as required, with funds for test cases relating to Bill C-31.

At our committee meeting, the minister said:

> I am prepared to set aside funds for the next couple of years for a litigation support program and, indeed, increase the moneys available to the program already in place.

He talked later in terms of perhaps an initial additional outlay of $2 million to $3 million.

There are specific criteria for cases to qualify for this assistance, and we are assured that they are broad enough to encompass the key questions that Indian groups may wish to test before the courts. Also, this special litigation fund is normally used for assistance when a case reaches the appeal stage of the legal process. Mr. Crombie again assured us that, in terms of Bill C-31, the fund is flexible enough to apply at the initial stage, that is, the court of first instance. This can be of significant encouragement to those who wish to launch a court action but lack the means to begin.

I want to thank the minister for opening this door. I know he is confident that this bill is in harmony with the Charter of Rights and Freedoms, but he acknowledges the opposition to that point of view and, given the nature of this issue, is prepared to provide assistance to permit an appropriate court challenge to take place.

The minister also clarified another important question concerning assistance to bands in implementing Bill C-31. No resources currently provided to Indian bands for federal programs will, in any way, be used to finance the consequences of the restoration of Indians to status and band membership under this bill.

The resources for Bill C-31 will be a separate expenditure. As it becomes clear—and I share the concern of Senator Watt at the imprecision of that statement—who and how many wish to take advantage of restoration, particularly to the extent of wishing to return to the reserves, this expenditure will have to proceed through supplementary estimates in Parliament and, automatically, through public scrutiny.

In the case of possible strains on the current infrastructure on reserves caused by dependent children returning with their mothers who have regained their status and band membership—for example, strains on the educational facilities—it will be the government and not the band which will be responsible for meeting these extra requirements.

On the question of possible federal spending cutbacks on Indian programs, as suggested last spring in the leaked document from Deputy Prime Minister Erik Nielsen's task force on cost-cutting, we heard with our own ears from the minister that the government will fulfill its commitment in substance and in spirit to the Indian people. Mr. Crombie felt compelled to put Prime Minister Mulroney's assurance in this regard on the record of the committee, and I can do no less here in this chamber.

● (1520)

I quote the minister:

> He (the Prime Minister) indicated that the government's commitment to Indian programs was, first, related to strengthening the relationship between the federal government and Indian communities; and secondly, that any change in any policy affecting Indian people would only be done on an open public and community level basis; and thirdly—

And I underline the third one.

> —that there would be no cut in Indian programs.

Mr. Crombie then went on to say—and again I quote:

> That, I believe, is quite clear. So the funds about which I am talking, that are related to any impact of Bill C-31, are in addition to existing programs.

● (1520)

I listened to Senator Watt as he noted that these are not legal and binding commitments but paper commitments. Nonetheless, they are solemn commitments to a committee of this chamber and now are on the record of this chamber. The minister said it; we heard it. And we will remember. I personally accept the pledge from this particular minister.

Finally, Mr. Crombie outlined part of his communication and implementation program for this bill. I will not repeat all of the points, because he went on at some length. However, efforts will begin immediately to explain, in layperson's language, the changes contained in the bill: What they mean to each band; how they will apply; and the process to be followed by those who wish to seek restoration of their status and band membership.

The minister has written this week to all Indian chiefs across the country. A toll-free telephone number will be maintained so that anyone seeking explanations can call in. Public service material will be provided to all areas of the media. Departmental officials will travel to the bands offering whatever personal assistance is asked for. Of great importance, the government will actively seek the help of Indian groups which have steeped themselves in this issue for many years. These groups will be asked to play a key role in the process. And finally, the minister himself intends to take to the road to give his personal explanation some time in the fall.

If the bill passes, during the two years following Royal Assent, as Senator Watt has said, bands will establish their membership codes to give practical application to the provisions of the new law. The minister is obliged at that time to report back to Parliament for a review of the process by committees of both houses. There will be an opportunity given in writing to Senator Watt to propose amendments to correct flaws at that time.

As of today, many of the fears, anxieties and hostilities surrounding this bill have not been diminished. They are not diminished in the minds of the families who protest the fact that, even though women discriminated against under paragraph 12(1)(b) of the current Indian Act for marrying non-Indian men will regain their status and band membership, their children will not be admitted automatically back into the bands.

This is one issue that has caused tremendous personal and emotional sadness and grief to some of my colleagues.

And the anxieties are not diminished, either, in the minds of those bands which equally resent the fact that, while recognizing Indian control over band membership for the future, the government is imposing the membership of a potential of thousands of "12(1)(b)" women on the bands right now.

However, this bill has now come through our parliamentary system, and this is its last stop. It is time for us to decide. Basically, we are being asked to decide four things:

(1) Will we cast aside forever the intolerable sexual discrimination provisions of the Indian Act?

(2) Will we restore the rights of status and band membership to those women who have suffered under that discrimination?

(3) Will we restore status to those other Indians who have lost it for a number of untenable reasons in the past, such as voting, entering military service, graduating from university, or simply being absent when the band lists were drawn up?

(4) Will we take a first major step on the road to Indian self-government by recognizing the rights of bands to determine their own membership?

Honourable senators, I suggest that these four points are worthy of support.

The compromises required to enact historic change inevitably distress as many people as they please. In reflecting on this bill, I recalled an occasion a few years ago when my friend, the Right Honourable Pierre Elliott Trudeau, was besieged by journalists after the Constitution Act, 1982, passed through Parliament.

How did he feel on that historic day, they asked—perhaps expecting to hear an expression of elation, of relief, or of great personal achievement. Instead, he was quiet and subdued. He took no great personal joy from what many regarded as a great historic moment in Canada. And why? Because he remembered where he had started from. He remembered what the initial hopes had been for all Canadians in a perfect world, and how step by step some were eroded and even lost in the process of compromise, and would remain for other Canadians to fight for in future constitutional battles.

However, the basic principles were not lost and we gained not only a patriated Constitution but our Charter of Rights and Freedoms. Indeed, without it there might not have been the same impetus for the bill that we have before us today. As with the Constitution, this bill, too, is a product of compromises.

Honourable senators, I should like to conclude with this thought: When dealing with difficult issues, the bargaining process, of necessity, often focuses on the worst possible result in order to negotiate the best possible deal.

With Bill C-31, on occasion the debate has focused on such extreme premises as:

> —The government will not live up to its end of the deal; or
>
> —All the women and their descendants will want to come back to band membership and many will want to live on the reserves, thus disrupting the material, social and cultural stability of Indian communities; or
>
> —The band councils will use their power to reject many new applicants for membership, rather than welcoming them back, and thus cause grievous divisions among families.

Honourable senators, let us hope that there will be little extreme rhetoric and no extreme action.

Should this bill pass and become law, I believe all of us in this chamber would plead that all of those involved should suspend their pre-judgment and let the process of adjustment and reconciliation begin in good faith, with open minds and generous hearts.

• (1530)

Hon. Len Marchand: Honourable senators, as a parliamentarian, both in the other place and now here, there has not been an issue that has been closer to me, nor one about which I felt more strongly.

First, I should like to thank honourable senators who have expressed understanding of the issue, particularly following my remarks on second reading. I should like to pay particular tribute to Senator Nurgitz, and also to Senator Fairbairn who has just spoken on the issue with great sensitivity.

This is not an easy matter to deal with. As Senator Watt said in the course of his remarks, there are many aspects to it.

I have not approached this matter on a personal basis. I could have placed a lot of personal comment on the record, had I wanted to do so. I have lived a number of these things. I am proud to have been a member of the Okanagan Indian Band for over 50 years. Perhaps that is enough for me to say on the personal side. If I wished to get carried away, I could go quite far.

The basic fundamental which I wish to emphasize concerns the treatment of women—that is the basic fundamental of justice and equality of treatment for women. In my opinion, that is the paramount issue.

The only reason why Indian women lost their band membership and status under section 12(1)(b) of the Indian Act—which has now been repealed—is because they were women. The only reason why their descendants did not have band membership and status was because they were the descendants of women.

That is the central issue involved here. This bill brings back the women into band membership and status. But it gives status to first generation children only.

A number of chiefs and several of my friends with whom I have spoken are in agreement with the position I have put forward. We really would have liked all of those people brought back into membership and status—the descendants and the women together—and not split the families in the way that this bill does.

During the course of my remarks on second reading—I will not take up too much of the time of honourable senators, because a number of my thoughts have already been expressed and are already on the record—I said that I would probably vote against the bill if certain things were not done.

After giving the matter a good deal of consideration and sober second thought—and also some commitments—I now tell honourable senators that I will be prepared to let the bill go through on division. I cannot vote for it.

I am prepared to let the bill pass on division because many of the native women who are affected by the provisions of this bill, and a number of Indian organizations, have said to me "We want you to pass this bill. We do not want senators to block it. Please let it go. We will take half a loaf. Half a loaf is better than nothing. It is at least a starting point. We have been waiting for so long to get at least some kind of redress in legislation for the very dehumanizing situation that we have faced for so long." But they also said, "We will fight on."

The other reason I will let the bill go through on division is because of the commitment we received from the minister that court cases will be funded. From talking with Indian women and Indian organizations, there will be cases going forward, challenging the bill on the basis of its constitutionality, relating particularly to section 15 of the Charter.

The main concern of Indian women is the way that families have been split, and also the fact that discrimination against women will continue as a result of this bill. By "women," I refer to those women who are involved today.

[Senator Marchand.]

I want to make that distinction, because in terms of the future the bill is pretty good. It does some good things. It removes the discriminatory sections where people lost their membership and status because they were educated and obtained university degrees; or because they joined the Armed Forces; or because they wanted the same rights that other citizens had, such as voting in provincial and federal elections—those kinds of things.

Those discriminatory sections have gone from the old act, and that is good. But we could have done better. We could have done better had we started from the base that I would have liked to see us start from, which is fundamental justice and equality of treatment for women.

I will not rejoice in the passage of this bill. But I hope that with diligence—and certainly there is a lot more understanding in this chamber on the issue—all of us, as parliamentarians, will watch and see how things go; that we will follow the court cases and will watch to see how individual communities welcome the people back. I hope that the reservations and the bands will welcome back their sisters, their aunts and their cousins with open arms.

I hope they will not listen to people such as Fred Cardinal of Saddle Lake, who, on CBC television, talked in terms of "Well, we might have to have Judge Colt make a decision." I don't know how many honourable senators saw that program, but I am sure that he does not represent very many people in the Indian community when he speaks in those terms.

I will conclude by repeating that I am prepared to let the bill go through on division.

Hon. Willie Adams: Honourable senators, in rising to speak in connection with Bill C-31, may I point out that when the bill was being studied in committee we heard from some very interesting witnesses. I can see that this bill will have a major effect on some of the small Indian communities. This bill does not help people return to these communities, particularly people who have been living off the reservations for a number of years. I think that many of these people will decide not to go back to the reservations, in spite of or simply because of this bill. They are out of touch with these communities, and they are not going to settle back into these communities simply because this bill has been passed.

● (1540)

As a result of this bill, there will be two controls—the Department of Indian Affairs in Ottawa and the band councils on the reserves. The review process will take a long time. There is also the possibility that some people may not be accepted into the band simply because he or she is not liked by some members of the band council. In many of these communities housing conditions are poor. How can we expect people to go back to the communities if there is no place to live? Government assistance will be necessary to build houses for those people who wish to return. Also, even though people are registered on the band lists, they may not be recognized by the band and they may have to take court action as a result. This takes money.

Some children will be affected by this bill. For example, what about those children who were taken away from their mother by their white father? Even though the mother may wish to come back to the reservation, the father may not accept it. According to some witnesses, even Indians adopted by white people are entitled to return to the reservations. I do not know how many people will return to the reservations.

What about blood Indians who have never been registered on a list? There are many such people who have spent all their lives in the city. Senator Marchand referred to Indians who have been discharged from the army and who have never returned to the reserve. Senator Fairbairn has said that the bill is a good thing. Senator Marchand thought that at least the bill was a good start. We have to start somewhere. Canadian Indians have been governed by the Indian Act for a long time. This bill introduces change and a new start. There was not much debate in the House of Commons on Bill C-31. Some elected members who are well informed on Indian Affairs could have at least said something about the Indian Act.

I would like to see the bill pass. However, if it comes to a vote, I am afraid that I will have to vote against it. I do not like the effect this bill will have on families. It will take some time to determine whether this bill has been good for the people.

The bill comes up for review in two years' time. Perhaps at that time some clauses will have to be changed. There have been many changes to the bill since it was introduced in the House of Commons on April 17. Politicians always say, "It is good for the people." However, that is no indication of what effect the bill will have on our people in the future. Many Indian organizations would like to have seen amendments made in committee. We can do nothing about it now, because we do not want to have the bill go back to the other place and then come back to the Senate.

● (1550)

Some very good recommendations were made by certain organizations appearing before the committee, but when the chairman, Senator Neiman, asked the ministry representatives whether certain amendments could be made to the bill we were told it could not be done.

In any event, in a couple of years I think we will still be here, and perhaps we can change the bill next time it comes before the Senate. At least we might then be able to make some amendments. However, on this occasion we do not have too much time left, and I can only say that for now I hope Bill C-31 passes in the Senate.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I sat on the committee which considered that piece of legislation. Thank God, it is an improvement over the legislation they wanted to push through during a previous Parliament. This is a consolation, and I endorse everything that has been said by the honourable senators who spoke before me on the positive aspects of the bill. I endorse specifically the quest for justice towards Indian women. It was about time we remedied the injustice that had been imposed by white governments for all practical purposes on aboriginal communities.

However, there is something I do not like in the effort made by the minister and the government in the legislative process, and that is the disgusting amount of paternalism that is still to be seen there.

Indians are told:

[*English*]

"We know what is good for you and you are going to lump it, whether you like it or not. Oh sure, we will deal with self-government some time in the future," but this is a mild step.

[*Translation*]

It has also been acknowledged that the legislation could have a negative impact, that it will be hard to swallow for many bands, that it will generate unnecessary stress among many individuals, that it may also result in the development of a new caste of Canadians. Time will tell.

Indians have asked for more time, and Indian women have urged us to pass this stage. Well, I had said at the beginning of this exercise that I would rise with my colleagues Len Marchand, Willie Adams and Charlie Watt, and I said I would do this willingly if they gave me the O.K. because I know what it means to live as a minority and to get reforms a drop at a time. We are doing this to Canada's first nations in this age of "Star Wars." We are still in the process of making mini-reforms, drop by drop. Too often we use a paternalistic approach, as in this case.

Surely I will commend the minister and his government for taking that step, because it had to be taken. But as I said, the way they went about it will create unnecessary stress in that community. I am referring in particular to the family reunification aspect, which Senator Len Marchand has dealt with. This is the most disgusting aspect of it all.

As a nation which signed an international convention on the reunification of families, I feel we could have done better. It is my feeling that, had we been willing to give ourselves some more time and consult further with Indian communities, we could have done better. We chose to do otherwise. We said: "It is time to decide." Unfortunately, the taking of such a decision does hurt.

I am not a prophet of evil, I never was and I would not like to be one today, but I foresee very serious complications in the implementation of this act. The Minister and the officials admit it. Once again, we have taken a shady road as regards the constitutional legitimacy of what we are doing now.

The Senate role is a special one: it has to safeguard the interests of aboriginal peoples and of all minorities. So, I am not rising to ask for a vote on this, but I would like to say for the record that I oppose the legislation. I am letting it pass, but with a sorrowful heart. I can foresee what the course of events will be over the next few months.

We will have to bring in changes, and I hope we will have the courage to do so within the shortest time frame possible.

[*English*]

Hon. Hazen Argue: Honourable senators, I have listened to all of the speakers in this debate. I might say that I was greatly impressed with the position taken by Senator Watt. I realize that this bill provides some justice for Indian women, and that there are many elements that spell out progress. I thought Senator Fairbairn made an excellent speech; I thought it was well balanced, and showed an extensive and intimate knowledge of the subject and the problems.

I thought that Senator Fairbairn and the committee did well to elicit from the responsible minister a commitment that the minister would help provide for a constitutional reference and that there would be special funds, additional funds, to help defray some of the costs to the bands and the reserves that will follow the passage of this legislation.

Some of us, yes, many honourable senators, have taken an interest in our native Canadians, in our aboriginal people, in their ambitions, their problems and the principles they have advanced.

I thought that Senator Watt's propositions were very reasonable. I think that we should give support and a boost to the natives of this country who are on the road to self-government. I agree with Senator Watt and I want to support him in saying that this legislation should not be passed at this time and that further consideration should be given to it. He said that with additional time there might be reconciliation of the views of the bands and their leaders and of others in this country. While I recognize the importance of this legislation, I support Senator Watt in the propositions that he has put before the Senate today.

● (1600)

Hon. Joan Neiman: Honourable senators, I will not detain you long, but I should like to pay tribute to the hundreds of persons, particularly the Indian women, who fought so long to end that discrimination that has been a blatant part of the Indian Act for almost a century.

A couple of weeks after I was appointed to the Senate, which is almost 13 years ago, I became involved in the struggle with regard to problems arising out of the provisions of section 12(1)(b) of the act.

Mary Two Axe Early was my mentor in those early days, but I also drew inspiration from other people such as Jenny Margetts, Nellie Carlsen of Alberta and Sandra Lovelace of New Brunswick. These women and many others—and men as well—have worked for many years on this question. It has been a long, arduous, and often a very disappointing struggle. I regard Bill C-31 as a victory, not a total one but a partial one, and a very significant one, indeed.

I received a letter today from Jenny Margetts which had been written approximately a week ago. She represents the Indian rights for Indian women in Alberta. She says that they are able to give their undivided support to the legislation in Bill C-31 but she goes on to record the grave importance they attach to the sections which, in effect, deprive their children and grandchildren from being treated in the same manner as the children and grandchildren of Indian men who have married white women. She also says in her letter that the cost of litigation could be astronomical and quite out of the question for many women if they wanted to challenge these sections. Personally, I have reservations about those particular sections. I believe that they can be challenged and done so successfully on a constitutional basis, because I do not think that the children and grandchildren of the women who will have their status restored are being treated equally with other children of other status Indians.

However, the minister has, as Senator Fairbairn said, given an undertaking that, I believe, has reassured many of us. I hope it will also reassure the persons most directly concerned. He has said that funds will be available to help in certain court challenges which will be of general application and importance to all native bands. Therefore, I welcome that assurance. At first I thought that I would abstain when this bill came to a vote simply to record my unhappiness with those particular sections, but on further reflection I feel very strongly that this is an important milestone and I cannot agree that the bill should not be passed. I think we would be doing a great disservice to thousands of Indian women—and, we must not forget that there are some Indian men who are getting their status restored under other clauses of the bill as well—if we did not pass this bill today.

I should like to say a few words to those non-status natives whose rights and claims have not been addressed in Bill C-31, and there appear to be thousands of people in that category who feel that they have very just claims. There are still parts of the Indian Act which are seriously flawed and, certainly, over the years the interpretations that have been put on the act itself by Indian agents and other persons have caused grave injustices to many people.

I was given a copy of a motion which one group would like me to have incorporated somehow into our debate and then into Bill C-31, but I said that it was not possible or appropriate. However, it was to the effect that the Senate should establish a special committee to examine the claims of other persons with respect to recommending for registration as status Indians certain classes of people whose claims and rights have not been addressed here. I would like to put that suggestion forward, and perhaps we can deal with it when we reconvene in the fall.

In the meantime, I am very happy to see the debate on this bill concluded today. I want to congratulate all those people who have worked so hard, and certainly the minister who, I think, has tried very hard to accommodate a number of conflicting claims. Obviously, he has not been able to satisfy everyone, but that is the nature of life. Now we can proceed with the implementation of this bill. As Senator Fairbairn said, it is going to take infinite patience, time and goodwill, but I think it can be accomplished, and then we can go on to rectify some of the other wrongs that have been perpetrated on our native people.

Hon. Nathan Nurgitz: Honourable senators, as the sponsor of the bill, I should like to make a couple of comments. First,

not taking anything away from the concerns of Senator Watt, and those later expressed by Senator Argue, there were two matters that he raised. He said that we do not know the total number of people to be brought back on to the list. In fact, we do know and the evidence has been that it is approximately 18,000. With respect to the concern for how it is regulated, the bill provides for band by-laws to regulate residency. With respect to the concern raised by him that we are rushing this bill through, this has been a matter of debate for a decade, and has been a matter of active parliamentary debate for almost three years.

I am pleased to report that the debate on this bill had no partisan element and honourable senators brought to it their special talents and special concerns.

Senator Watt: Honourable senators, is Senator Nurgitz closing the debate on this matter?

Senator Nurgitz: No. I was about to indicate that I was most touched and moved by Senator Marchand, whose special sensitivity and intelligence was most helpful in considering this matter. I am sure that most of us viewed him not just as a probing parliamentarian, but, in many ways, as a virtual witness.

• (1610)

Honourable senators, I think that this bill is a classic Canadian compromise. Both sides regret that it does not go further, but they value increasingly what it does provide. The key women's groups, in particular, while still wishing that the bill could have gone further, nevertheless urge us to act quickly on its passage.

Honourable senators, whatever its imperfections, Bill C-31 marks a turning point in federal Indian policy. It eliminates a sexist and assimilationist orientation which has permeated the Indian Act since its inception. Starting as soon as the bill receives Royal Assent, thousands of those who have struggled for years to regain their rights will finally have achieved their goal. Finally, in terms of the future, the bill takes a first and important step towards restoring Indian self-government by recognizing band control of membership.

Honourable senators, these are solid achievements. I venture to predict that when we review the implementation of this bill in two years' time, the essential fairness of its provisions will have been confirmed by experience. If not, we have all had the assurance of the minister that we will be back to the drawing-board. I am sure that, on that basis, we ought to proceed. The minister gave many practical undertakings with respect to implementation, and I will not go into them. I thought that Senator Fairbairn outlined ably what they were.

I urge all honourable senators to give their support at third reading so that the urgent work of healing old wounds can start immediately.

Senator Watt: Honourable senators, I realize that I have already spoken and that I can only speak once on third reading of this bill. That is according to the procedures of the Senate. Will the honourable senator, however, accept a question with respect to the bill?

Senator Nurgitz: I would be delighted to hear the question.

Senator Watt: There are two questions I would like to ask. Is the honourable senator aware that there were 19 different organizations which appeared as witnesses before the Standing Committee of the House of Commons on Indian Affairs and Northern Development and that they have wholeheartedly indicated that they would like to have further control in terms of membership?

Senator Nurgitz: Yes, I am aware of that.

Senator Watt: Honourable senators, I have another question in relation to this bill. May I ask it?

Senator Nurgitz: Of course.

Senator Watt: Would honourable senators accept further debate on this bill tomorrow?

Hon. Duff Roblin (Leader of the Government): No, we cannot.

Senator Nurgitz: Honourable senators, my understanding is that this bill is to proceed to third reading today. However, I do not want to get into an argument with my friend. If he has asked whether I would be prepared to continue debate on this subject following the passage of the bill, my answer is yes.

Senator Watt: In that case, I move that the debate be adjourned—

Senator Nurgitz: No, that is not what I said. I said that I would be prepared to continue debate following passage of this bill. Honourable senators, I think there is no great dispute here on the matter of accomplishing what Senator Watt would like to accomplish. I regret that we cannot do so.

Motion agreed to and bill read third time and passed, on division.

STATUTE LAW (CANADIAN CHARTER OF RIGHTS AND FREEDOMS) AMENDMENT BILL

THIRD READING

Hon. Nathan Nurgitz moved the third reading of Bill C-27, to amend certain Acts having regard to the Canadian Charter of Rights and Freedoms.

Motion agreed to and bill read third time and passed.

AERONAUTICS ACT

BILL TO AMEND—THIRD READING

Hon. Finlay MacDonald moved the third reading of Bill C-36, to amend the Aeronautics Act.

Motion agreed to and bill read third time and passed.

SUPPLEMENTARY FISCAL EQUALIZATION PAYMENTS 1982-87 BILL

THIRD READING

Hon. William M. Kelly moved the third reading of Bill C-39, to provide for the making of supplementary fiscal equal-

ization payments to certain provinces for the period April 1, 1982 to March 31, 1987.

Motion agreed to and bill read third time and passed.

OIL SUBSTITUTION AND CONSERVATION ACT CANADIAN HOME INSULATION PROGRAM ACT

BILL TO AMEND—THIRD READING

Hon. William M. Kelly moved the third reading of Bill C-24, to amend the Oil Substitution and Conservation Act and the Canadian Home Insulation Program Act.

Motion agreed to and bill read third time and passed, on division.

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Nurgitz, for the second reading of the Bill C-26, intituled: "An Act to amend the Old Age Security Act".—(*Honourable Senator Marsden*).

Hon. Lorna Marsden: Honourable senators, Senator Marshall outlined yesterday afterncon the virtues of Bill C-26, to amend the Old Age Security Act. We believe that those virtues are clear, and I will not repeat them. As my colleague has already indicated, we intend to support this bill.

Senator Bonnell raised certain questions yesterday afternoon regarding the costs and other aspects of this bill, and I will not repeat his points either. I would like, however, to speak to the spirit of this bill—the very limited provisions containing the spirit of the bill—which were referred to, indeed, by its proposer.

● (1620)

In the other place, Mr. Jean-Claude Malépart has waged an inspired campaign to attempt to persuade the government to extend the provisions covering the spouse's allowance. When the bill was introduced, he pointed out the central inequity of this bill. His example was three women from his riding, all aged 62, all receiving $427 in social assistance and all paying $250 per month in rent. These are real women from his riding. However, only one will benefit from the provisions of this bill, the widow.

On what basis does this discrimination occur? It is not on the basis of need, because all these people are in need. It is not on the traditional, though, perhaps, now under the Charter, discriminatory basis of age; all these people are the same age. It is not on any publicly recognized basis except marital status. This is, indeed, a widow's mite. Eighty thousand never-married, divorced or separated Canadians, mostly women, are excluded from the provisions of this bill.

This issue of unfairness has been raised, as I said, from the very beginning, but the government, unfortunately, put the

House of Commons in a fearsome fiscal lock. "Alas," the members of the government sighed—who only very recently were berating the previous government for not extending the allowances—"we cannot afford to help anyone who did not get married in the first place or who even though separated remained married." On the Sparks Street mall, right behind the Langevin building, someone has scrawled on a letterbox, "Down with the Blue meanies." I believe that the graffiti artist had the spirit of this bill in mind.

Who are these 80,000 Canadians excluded from access to the extended benefit? Most of them are women, as we all know, and women whose lives are already difficult. They find themselves in economic need as they approach age 65. This has never been a universal provision, but why are these women alone and poor?

Honourable senators will recall what was entailed in divorce in Canada 30 to 40 years ago—the scandal and the extremes of misery to which most couples had to be pushed in order to face the divorce courts. That is why a very good proportion of these excluded people are separated, self-supporting but not divorced.

What about those never-married women who also will not be served by this bill? Some women, it is true, did not ever want to marry. For many women, there was a choice to be made in those years between having a career and being married. One excluded the other. In addition, we all have among our families and friends women who were pledged to marry young men who went off to war and who did not return. Many of those women wanted and expected husbands and families. They knew all the heartbreak but none of the social recognition which widows, for example, received. Now we have excluded them from economic support in their older years. Honourable colleagues, this will be judged as a mean-spirited act.

We support this bill with only half our hearts and urge our colleagues in government to undertake two campaigns, first, to extend this allowance beyond spouses to all 60-year-olds, men and women, as soon as possible; and, second, to propose strong measures, as Liberal governments have done, to prevent the next generation of women and men from being so unprotected and so poor in their older years; pension reform; affirmative action; employment opportunities; and positive measures so that "down with the Blue meanies" can no longer be applied to bills emerging from this chamber.

Hon. Senators: Hear, hear.

Hon. Jack Marshall: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I have to inform the Senate that if the Honourable Senator Marshall speaks now, his speech will have the effect of closing the debate on the motion for the second reading of Bill C-26.

Senator Marshall: Honourable senators, I commend Senator Marsden on her remarks. As a member of the Social Affairs Committee, she is a welcome addition. The knowledge she has brought with her as a result of her involvement in the Ontario

Committee on the Status of Women, contributes a great deal to the work of our committee.

Coming from Newfoundland and having been a member of Parliament for ten years, I can understand her concern for those three women, all aged 62, who fall into different categories. I am sure that, if she were to visit Newfoundland, she would encounter many women in that unfortunate position. However, these women could not be included because of the problem of financing. This problem has existed over the years not only for the present government but for other governments.

I have appealed on many occasions to governments to include those 80,000 people who are not now included and who should be.

Senator Flynn: Is it only women or both men and women?

Senator Marshall: Single men and women.

Senator Flynn: They want to lower the age to 60?

Senator Marshall: It is hoped that, with a better economy, more people can be included, including those Senator Marsden and I wish were included.

Senator Bonnell, who, unfortunately, is not here today, asked several questions to which I now have answers. He asked, out of an estimated $50 million in War Veterans Allowance and Civilian War Allowance benefits, how much would be saved as a result of this amendment. In regard to this figure of $50 million, he asked how it would be distributed by province. The response is that an estimated savings to the Department of Veterans Affairs would be of the order of $54 million in 1985-86 and $64 million in 1986-87. The estimated distribution of possible savings by province is not available.

However, I would like to make an observation on that question, which has to do with the fact that the war veteran who is entitled to War Veterans Allowance at the age of 60 is much better off on War Veterans Allowance because of the other benefits he gets that the OAS citizen does not. As an example, he is allowed to earn an extra $4,200 per year and is entitled to all of his drug benefits. This question would not apply because I do not think it would be beneficial for any widower, who qualifies after age 60, to go on the OAS or GIS when he is better off with WVA.

Another question asked by Senator Bonnell referred to how many of the new 85,000 spouse's allowance beneficiaries will be in receipt of Canada Pension Plan benefits. The answer is that it is estimated that approximately two-thirds of the 85,000 new spouse's allowance beneficiaries are in receipt of a surviving spouse's benefit under the Canada Pension Plan or the Quebec Pension Plan.

He also asked how much the provinces would save as a result of this amendment. Under the CAP, the federal government shares with the provinces the cost of financial assistance and social services provided to persons in need. Federal and provincial costs, under the Canada Assistance Plan, may decrease as much as $30 million.

His last question was: How will the 85,000 spouse's allowance beneficiaries be distributed by province? Based on the current distribution of spouse's allowance beneficiaries, the response is as follows: Newfoundland, 3,200; Prince Edward Island, 800; Nova Scotia, 4,500; New Brunswick, 3,900; Quebec, 26,000; Ontario, 24,000; Manitoba, 4,200; Saskatchewan, 3,900; Alberta, 5,400; British Columbia, 8,800; Yukon, 100; and Northwest Territories, 200.

Honourable senators, I thank both Senator Marsden and Senator Bonnell for their interest and for their input regarding this bill.

I believe we should now be prepared to complete the debate and pass this bill because of the need to pass on its benefits to those who will qualify.

Motion agreed to and bill read the second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1630)

FISHERIES ACT

BILL TO AMEND—SECOND READING

Hon. Jack Marshall moved the second reading of Bill C-32, to amend the Fisheries Act.

He said: Honourable senators, I am pleased to move the second reading of Bill C-32, which proposes a number of very necessary changes to the Fisheries Act, one of Canada's oldest acts, extending back to the early days of Confederation.

Bill C-32, as most honourable senators will be aware, was the subject of many hours of debate in the other place over a period of nearly four months. It was the subject of a very extensive debate at the second reading stage and underwent even more intensive scrutiny during committee discussion, with one marathon session lasting right through the night. This bill was also discussed during seven days of hearings by the Standing Committee on Fisheries and Forestry of the House of Commons in the course of visits by that committee to various communities on the west coast. And, of course, the bill has already undergone pre-study by the Senate Committee on Agriculture, Fisheries and Forestry.

The amendments proposed to the Fisheries Act in Bill C-32 are essential to the effective management of Canada's fisheries. Recent court decisions have called into question the government's traditional power of allocating fish to particular users so as to protect their supply. These amendments reaffirm this management authority for the immediate future and otherwise clarify the scope and intent of the act.

The amendments also refine the federal government's management practices. They will give fisheries officers more flexibility to make on-the-spot openings or closures, in response to local conditions. In another important change, the amendments recognize the role in fisheries management of consultation with user groups.

And finally, honourable senators—and this is a revelation which arose yesterday—we are being asked to approve these

amendments only through the remainder of this year and the year 1986. This was arrived at by agreement yesterday in the other place. The government intends, during that time, to review more thoroughly the provisions of the Fisheries Act and to put forward further legislation. If we should fail to do so, the Fisheries Act will revert in 1987 to its former wording.

As I have indicated, honourable senators, there has been much debate on this bill. The minister, in his wisdom, and with the agreement of all parties, has agreed, as I have mentioned, that the amended act will extend only through the remainder of this year and the year 1986.

The clarification of the scope of the act is of vital importance. The government must have the necessary authority to manage the fisheries, not only to protect and conserve the resource but also in the interests of fishermen, plant workers and communities that rely on this resource for their livelihoods. There is a clear relationship between sound fisheries management and the social and economic health of these communities.

Apart from the time limitation, the amendments in Bill C-32 fall into two categories. The amendments contained in clauses 1 and 2 clarify and confirm the scope of the Fisheries Act and are made in the interests of clear expression and adequate definition. For the most part, they merely confirm what most people assumed the Fisheries Act said. It has only been since two recent court decisions have come down that there has been any doubt. The second category of amendments deals with the workings of management.

Let me first speak to the first category, those clarifying the scope of the act. Honourable senators, the Fisheries Act was passed in 1868, and except for changes made in the 1970s to permit the protection and management of fish habitat, it has remained almost untouched for 117 years. Not surprisingly, parts of the act are now obsolete. New needs and issues and more complicated management decisions have arisen that could not have been foreseen by those who drafted the act in 1867. As a result, the definitions supplied in the act do not always reflect the realities of modern fisheries management.

At present, the definitions for "fish" and "fishery" are too narrow. The amendments expand the definition of "fish" to include the larvae of fish and portions of fish, as well as marine plants. This will enable better control of fish processing conducted at sea and will allow seasons to be set for the harvesting of marine plants.

In the case of "fishery" it is confined in the present act to gear and fishing area. The fisheries management and the federal responsibilities for it are much broader. They include, for instance, the inspection of fish, the licensing of vessels, and the prescription of fishing plans that differentiate between user groups. The ability to accomplish this is essential in maintaining order in the fishery, and the amendments confirm the federal government's authority to do so.

The next amendment is in clause 2 of the bill. As the act has been interpreted by one judge of the Trial Division of the Federal Court of Canada, the Minister of Fisheries and Oceans has the power to manage the country's fisheries only for reasons of conservation and protection of the resource. However, as we know, fisheries management necessarily involves management with additional goals in mind. If one managed for conservation only, vessels and fleets could come from anywhere in the country to take away local supplies of fish.

As honourable senators well remember, Canada's 200-mile zone came into place not just for conservation but to ensure the availability of a supply of fish and an income for the coastal state's own fishermen.

By the same token, many regulations within Canada have protected the supply of fish for a particular area or a particular fleet. Fisheries management is for the benefit of fishermen, plant workers, other people in the community, and the country as a whole. It is important that the act recognize that fisheries management is aimed not only at resource goals but also at social and economic goals. Clause 2, which creates a new "purposes" section in the act, remedies this shortcoming and makes it clear that the act is intended to provide for management of the fishery in all its dimensions.

At this point it is perhaps appropriate that I draw the attention of honourable senators to two changes in clause 2 from the wording contained in the original amendment. In clause 2, the new section 2.1(c) sets out the minister's responsibility for the socio-economic management of the fishery. In response to opposition representations, this paragraph now provides that the government will reflect the interests of user groups on the basis of consultation with those groups. The amendment reflects existing policy. Extensive consultations already take place on fisheries management, and this government is strengthening the regional consultation mechanism on both coasts. Of course, the minister also has to answer to Parliament and to the voters for his actions.

● (1640)

For those reasons, honourable senators, the government had some doubts about the necessity of spelling out any consultation requirement in the act. But sufficient representations were made that the government decided to give consultation a place in the act. After all, we do believe in it. We believe that this amendment reflects both our concern for the citizens who use the fish, and our co-operation in dealing with Parliament.

Secondly, section 2(1)(d) has been reworded to read as follows:

> To provide for the proper management and control of the inland fisheries of Canada and subject to the constitutional jurisdiction of the provinces, for the allocation of those fisheries.

This revised wording more clearly delineates the respective roles of the two levels of government, and thus more accurately conveys the original intent of this paragraph of the bill.

On another aspect, some representatives of native groups who appeared before the House of Commons standing committee expressed concern that there was no explicit recognition in the bill of native rights or the native role in the fishery. On

this point, it should be made clear that under the Constitution Act a process has been established in consultation with aboriginal people and the provinces with a view to defining aboriginal and treaty rights; and it is in that context, and not through amendments to the Fisheries Act, that such rights will be defined.

Furthermore, existing aboriginal and treaty rights are already protected by the Constitution, which takes precedence over all statutes, including the Fisheries Act.

However, in view of the concern that has been expressed, the government has added at report stage a qualifying clause—it appears as clause 4 in the bill—which explicitly states that nothing in the bill shall be construed so as to abrogate or derogate from any existing aboriginal or treaty rights of the aboriginal people of Canada.

This has been done to make it crystal clear to native peoples that there is no attempt on the part of the government to alter their rights through the passage of this bill. It is worthwhile adding that at no time has this been the bill's intent or purpose.

I would like now to pass to the second category of amendments, namely those in clause 3 of the bill. Rather than affecting the scope or definition of the act, they affect the actual workings of fishery management.

The essence of good fisheries management is control. To avoid overfishing, we must be able to turn fishing effort on and off, and we must be able to do it quickly—because if we are too slow, weak stocks can be wiped out.

As the act is currently written, fishery officers now have on-site authority to open and close large areas to fishing. But to open or close sub-areas, they must obtain an order in council, and that is a slow process. By the time the order in council comes through, the need for it has passed. So the officer on the spot—he is the fishery officer—really is left with only one option, aside from letting the fishing continue, and that is to close the entire area. That could mean that fishing is prevented in parts of the area where the stocks are not endangered.

Clause 3 of the bill gives fishery officers the authority to open or close portions of a management area and to vary the size and weight limits of the fish that can be caught. This provision will allow more flexible site specific management throughout the country.

For the Pacific coast, this amendment has special urgency. Besides improving management of the Pacific coast commercial salmon fishery, it lets us meet our commitment under the Canada-U.S. salmon treaty. The treaty, ratified by Canada and the United States in March of this year, calls for a coastwide management plan, under which Canada and the United States will restrict catches selectively, by species, area and gear; and for Canada to honour this commitment in future years, it must rely upon the management powers specified in the bill.

These management powers will be welcomed not only in connection with the treaty, but also by fishery managers across the country, including those who work for provincial governments and to whom authority is delegated under the Fisheries Act.

As I have noted, these amendments will apply only for this year and in 1986. Again, this time limit emerged as a result of representation by opposition members in the other place. But we recognize that it provides an opportunity for a fuller review of the Fisheries Act and further working out of the means of consultation, which Parliament may then spell out more fully in legislation. Meanwhile, these amendments allow us to get on with the urgent business of managing the fisheries.

In summary, I am confident that the amendments proposed to the Fisheries Act are of benefit to all Canadians, and I hope, indeed I know, that I can rely on the support of this chamber in agreeing to them as expeditiously as possible.

Hon. Roméo LeBlanc: Honourable senators, I do not expect to speak at great length, because I was heading for the showers when suddenly I was asked to use baseball parlance, pinch-hit and to become the designated hitter in this debate.

I believe that we can support the principle of the bill and the amendments, including some of the rhetoric which I understand makes good speeches but, I am told by my legal friends, makes bad laws.

[*Translation*]

Honourable senators, I would be remiss in not welcoming the new senator, our colleague from New Brunswick, Senator Simard.

I had the opportunity to read tributes made at what I was going to describe as the end of a career. I must say that his opponents were quite generous in wishing him more peaceful moments in this house than in the forum where he used to be heard.

I understand now why on the evening of September 4 last, when we spent a few hours together on a television program, he smiled on leaving the studio. This is no longer a deceptive smile, since the announcement was made a few days ago. We greet him and extend to him our heartiest welcome.

[*English*]

Honourable senators, Bill C-32 follows upon a court decision and the powers of the Minister of Fisheries to regulate as to time, place and particularly as to fleet type, seem to have been put in jeopardy.

I must confess, as one who has exercised the powers of the Minister of Fisheries for a number of years, that the one word that describes them is the word awesome. Yet to contend with all of the problems of the industry—even with the very real and great powers that have existed since Confederation—we felt that as late as the 1977-78 period we had to go back to Parliament and ask for additional powers to protect the fish which were still eggs in the spawning grounds.

In fact, one has to look at the origin of the Fisheries Act, going back to the very beginnings of this country, to understand that the Fathers of Confederation had an extraordinary understanding and knowledge of the particular problems of the fishery; and I might say that I wish some present day judges

had as much understanding of biology as they had in those days. There is no doubt that without an understanding of the peculiarities of fish, it is very difficult to have a public debate which is fully enlightened.

In fact, I remember one very great adviser with whom I worked, a very reputable and knowledgeable man—Joe Carton, who was legal adviser to the Department of Fisheries for many years—always warned me, "Never open the Fisheries Act unless you have to, because the lawyers do not understand what it is supposed to do." With all due respect to the lawyers of this house, I have found over the years that many of them have been confused as to the peculiarities of the fisheries.

● (1650)

Senator Frith: Most fishermen do not understand lawyers, so the comment is a fair one.

Senator LeBlanc: Perhaps I may be allowed to give a land-based comparison to illustrate the point. Let us assume for a moment that our public parks were turned into public gardens in which people could grow vegetables and small fruit; manned, cared for and cultivated by our municipalities, but open to the citizens to take vegetables or fruit when they wanted to in the quantities they wanted with whatever equipment they preferred to use. I suggest that a battle would result and that in the end human greed would have done away with an interesting idea but an unmanageable one unless there were very strong powers in reserve to make citizens behave.

I am worried about Senator Marshall's statement that in a year and a half the Fisheries Act will be fully reviewed. I suggest that if the government intends to go this route it should do so with great care, and that it take all the time necessary to understand the problem and to educate itself and that it allow the managers on the scene who are trying to regulate the fishery full scope in explaining the peculiar problems they face. I suggest that the amendments in this bill are essential and are required immediately. Without them there would be serious concern, as we heard during our recent tour of the Atlantic provinces, over a possible breakdown in the management of the fishery.

The powers required by the minister are improved as a result of the amendments contained in this bill. However, I would caution the minister and this government, which seems to have elevated consultation to a mythology with its own momentum, to be extremely careful to respect provincial jurisdictions and to go no further. I worry about the tendency of this government to give provincial ministers added authority which is presently held by the federal minister. I have been painted as "Mr. Ugly" because I refused to be co-operative and helpful to provincial ministers who were pressed, for example, by their Ministers of Tourism to increase the number of salmon licences in an almost unlimited way. We must remember reality, particularly as it relates to fish that travel along the coasts of several provinces. Imagine for a moment the salmon which swims by Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island and ends up in a Quebec river. I suggest that if we were to allow each provincial minister to take a slice, there would be nothing left for the spawning grounds. The minister must read carefully the history of the act and understand its interpretation. He must not give in to the temporary popularity of delegating some of his authority to his provincial colleagues.

There are provincial jurisdictions in freshwater areas which are beyond dispute. I suggest to the minister that the popularity he achieves will evaporate as soon as he has to say no to one of his provincial colleagues. He will find that the fishermen will not forget such action, and that perhaps he has not discharged his duties with regard to the fishery, over which he is charged by law with full responsibility. I worry that this consultation process, although it is successful on the west coast—and I give full credit to my former colleague, the Honourable James McGrath, who was instrumental in organizing the minister's advisory group there—will be instituted on the east coast. To think that you can marry one consultation process with a large number of species which are as different as oranges and apples—probably more different—and I am thinking particularly of scallops, salmon, lobster, herring and cod—into one great process is naive. That is what I refer to as the rhetoric contained in this bill. For example, there is at the moment a great debate and a great issue surrounding the crab in the Gulf of St. Lawrence. The people involved with this one species must understand that nobody will win it all, and that in the last analysis there is one referee, the Minister of Fisheries and Oceans of Canada, and he is charged with powers bestowed upon him by Parliament.

When competing and conflicting groups realize that there is one person beyond whom the buck cannot be passed, they will sit down together at the table and try to arrive at a consensus. They will know that Parliament has given the Minister of Fisheries and Oceans the final power to conserve and preserve our fish.

This bill introduces an amendment which confirms the minister's power to allocate fish between competing groups, between competing fleet types and between competing regions. Perhaps it is one of the most pessimistic developments of the past few years that increasingly we are seeing a provincial definition of what is basically a Canadian resource that simply happens to be living near the coasts of this or that province at a particular time of year. Let me give you an example. If we were to allow total freedom as to time and place in the fishery, the stocks that live in the Gulf of St. Lawrence and on which thousands of fishermen depend could be wiped out in January or February by the large fishing vessels off Sydney because that is where cod schools and the whole cod stock, this critical mass, assembles. I use that example to illustrate that the minister must have all the powers necessary to arbitrate in these cases.

I commend the minister for bringing forward the amendments contained in this bill because they gave Parliament an occasion to reconfirm his powers. I worry about some of the eventual interpretations flowing from the Bill of Rights in that they may curtail or limit the minister's power to regulate the fishery. However, if that were to occur, I am sure that this house and the House of Commons would be ready to act.

Hon. John M. Godfrey: Honourable senators, I should say at the outset that I know nothing about the fisheries.

Hon. Senators: Hear, hear.

Senator Godfrey: Nor am I a member of the committee.

Hon. Senators: Hear, hear.

Senator Godfrey: I am not qualified in any way to comment on the merits of this bill. However, there is one aspect of it that I drew to the attention of the committee, and I would like to discuss it this afternoon.

● (1700)

I must remind my fellow senators that on February 26 a motion, which I had moved some two years and nine months before, was approved by the Senate. That motion provided that the Joint Committee of the House of Commons and the Senate on Regulations and Other Statutory Instruments could examine the subject matter of bills to ascertain whether or not the regulation making power in those bills infringed upon a cabinet directive that was passed back in 1981, originally proposed by John Turner when he was Minister of Justice in 1971, and that had been followed all those years. I will read part of that cabinet directive. In fact, I am going to be doing a fair amount of reading this afternoon, because I want to get certain things on the record. Of course, the minute I say I am going to start talking about regulations everybody starts to yawn.

This cabinet directive states:

> In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:
>
> (1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.
>
> (2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:

I will refer to only three of those mentioned:

> (a) power to make regulations that might substantially affect personal rights and liberties;
>
> (b) power to make regulations involving important matters of policy or principle;—
>
> (f) power to subdelegate regulation-making authority.

Bill C-32, as we have heard, was enacted really because of a decision of Judge Collier, and it provided, which is rather unusual, a specific purpose clause. Section 34 of the Fisheries Act, which deals with regulation— making powers, says:

> The Governor in Council may make regulations for carrying out the purposes and provisions of this Act and in particular, but without restricting the generality of the foregoing, may make regulations.

Then it lists various ones. The result of putting in a specific purposes clause in the bill was that it greatly widened the regulation making power of the government, and in fact was a contravention, in the opinion we got from our counsel, of the cabinet directive.

This was drawn to the attention of the committee by the counsel on regulations, and I therefore appeared at several meetings of the committee and drew the committee's attention to that fact. At the second meeting I went to there was a legal opinion given by Mr. Tousignant, the Assistant Deputy Minister, to the effect that I was wrong, that it did not widen the regulation—making powers, that they could still only make regulations with respect to the specific items listed in section 34. In answer to that testimony I said to him, "All right, if that is true, although I know you cannot speak on behalf of the minister, will you ask the minister if he will give an undertaking that he will not pass any regulations using the increased regulation—making power which I say he has and you say he has not? In other words, we will find out whether he is willing to give that undertaking or not."

At this point I am going to read into the record the correspondence that I had with the minister. First of all there is the minister's letter of May 7, 1985, addressed to me:

> I understand from the officials of the Department of Fisheries and Oceans who participated in the Senate "pre-study" of Bill C-32 that you have expressed concern with the breadth of the Bill's "Purpose" clause and the scope of the regulation-making powers that would be provided to the government under the amended Fisheries Act. I understand as well that you have sought, in response to these concerns, a formal undertaking from me that I would confine myself to proposing regulations only for the specific purposes enumerated in Section 34(a) to (m) of the present Act.
>
> Let me underline at the outset that I fully appreciate your concern that the introduction of a general statement of purposes into the Fisheries Act should not expand the Minister's regulatory powers through simple inadvertence. I do feel, however, that the broad terms of the "Purpose" clause accurately describe the extensive and complex responsibilities with which the Minister is charged. I also believe that the powers provided to the Minister in the Fisheries Act as amended are necessary to meeting those responsibilities.
>
> From time to time, it has been suggested that some formal or informal limitation is required on the discretionary powers, including regulatory powers, conferred on the Minister. While I am sensitive to the concerns that give rise to such proposals, I maintain that the scope of Ministerial discretion is dictated by the need to provide effective, flexible, responsive management of a highly volatile resource. Without access to the full range of these powers, a Minister cannot be asked to bear responsibility

for the proper management of that resource. At the same time, I think it is crucial that there be adequate safeguards against the arbitrary or capricious exercise of those powers, through a requirement for ex post facto accountability to Parliament for discretionary decisions. I believe that the operations of the Parliamentary Standing Committees and the Joint Committee on Regulations and Other Statutory Instruments provide the necessary check to the exercise of Ministerial discretion, particularly in light of the opportunities now available to MPs to question the Minister when they scrutinize Annual Reports and other departmental documents. I hope that these explanations will serve to allay your concerns with the provisions of Bill C-32.

To that letter I replied on May 9 as follows:

Dear Mr. Fraser:

I have your letter of May 7, and I must say that the explanations do not serve to allay my concerns with the provisions of Bill C-32.

In the meeting on Tuesday, March 26, 1985, the following exchange took place with Mr. Pierre Asselin, Director of Legal Services of your department:

"SENATOR GODFREY: Is it usual to have a 'purposes' clause in acts?

MR. ASSELIN: No, it is not.

SENATOR GODFREY: And when one combines the 'purposes' clause with the enabling clause, there is no area that isn't covered in terms of the making of regulations.

MR. ASSELIN: That is correct.

SENATOR GODFREY: Ten years from now something might crop up that could be pulled in under the 'purposes' clause. Under this clause, ten years from now you could be making regulations in respect of how fishermen should build their houses.

MR. ASSELIN: The regulation-making power would always be subject, of course, to our constitutional jurisdiction over fisheries.

SENATOR GODFREY: Yes. Did you do this deliberately so that you would have the widest possible regulation-making power, or was your mind turned more in other directions?

MR. ASSELIN: I do not believe we thought of it in those terms. We thought of it in terms of trying to modify the act so that it would reflect current practices in administering the fisheries. The Fisheries Act is an antiquated piece of legislation and one which does not reflect what is currently being done in terms of administration.

SENATOR GODFREY: But you have chosen a method which has this incidental effect, an effect that you had not considered."

In the meeting of April 2, 1985, Mr. Louis Tousignant, Assistant Deputy Minister, Policy and Planning of your department, took a completely different position when he stated "the purpose clause confers no additional authority. The regulations to carry out the purposes of the act have always been required to fall within the 13 paragraphs of section 34, to which Senator Godfrey referred last time. Indeed, the legal adviser to the Privy Council Office often has rejected proposed regulations which, notwithstanding that they may have been within the general concerns of the act, have been found to be not specifically authorized by one of the 13 paragraphs of section 34. Simply stated, if there is no explicit authorization there will be no approval. This serves to demonstrate that the purpose clause does not in fact enhance any power not already specifically created."

The following further exchange took place:

"SENATOR GODFREY: It is my understanding that the purposes clause does not widen the regulation-making authority—that is the position of the department—that, in effect, it has to come under the specific headings, including the new paragraph (m) of section 34. Am I right in that? Is that the position you are taking?

MR. TOUSIGNANT: That is correct.

SENATOR GODFREY: Then I have a suggestion to make. In the Banking, Trade and Commerce committee and other committees, when there has been a problem as to whether we should amend a bill, we have received an undertaking from the minister, and this has satisfied the concerns of the committee. My suggestion is that we have an undertaking from the minister with respect to this bill. Will he give us something for the record that the purposes clause will not be used to widen the regulation-making authority; that in fact whatever regulation is made will be in conformity with the position you have taken here—on which the Department of Justice has advised you—namely, that it must come under one of the specific headings in section 34."

• (1710)

Nothing could be clearer than Mr. Tousignant's statement of the department's position. Yet in your letter you have refused to give the undertaking because you do not want any limitation "on the discretionary powers, including regulatory powers." In spite of the explicit assurance given by Mr. Tousignant to the Committee, you appear to be taking a different position by your refusal to give the undertaking. Am I correct in assuming that you do not agree with Mr. Tousignant, or with the advice you have received from the Department of Justice, as to the legal effect of the new purpose clause combined with section 34? If you do not, it would appear that the Committee was misled by his evidence given before the Committee as quoted above, and that the bill in your opinion (and incidentally mine) does provide for much wider regulation-making power than he led us to believe.

I think we should have an explicit answer to my question so that the Committee may consider what action should be taken with respect to the Bill.

You further state "I believe that the operations of the Parliamentary Standing Committees and the Joint Committee on Regulations and Other Statutory Instruments provide the necessary check to the exercise of Ministerial discretion".

You seem to have been misinformed as to the powers of that Committee. It can only criticize regulations after they have been enacted. If the regulations are *ultra vires*, then this can be drawn to the attention of the relevant Minister, Parliament and the public. If the enabling clause has the effect of widening the regulation-making power to the extent that you apparently believe, then the Committee will have no power to criticize a regulation enacted as being *ultra vires*.

I received a short letter dated May 16 from Mr. Fraser, signed by somebody in his office, acknowledging receipt of my letter and saying in part:

You can be assured that I will be responding to your letter in the near future.

I mentioned to Senator Marshall yesterday that I was still awaiting a reply to my letter. Senator Marshall informed me that he had been advised by the minister that a letter had been sent to me in reply and was being delivered to me.

Senator Marshall: The office of the minister.

Senator Godfrey: Yes, the office of the minister. The letter still has not arrived. However, Senator Marshall very kindly gave me a draft of the letter which the minister was sending to me with a few corrections, and I should like to read the draft of the letter which, I presume, is correct, and if it is not, we will make the necessary corrections. It reads as follows:

Dear Senator Godfrey:

Thank you for your letter of May 9, 1985, in which you reviewed the testimony provided by departmental officials at the meetings of March 26th and April 2nd, 1985, concerning Bill C-32 and, in particular, the effect of the purpose clause on regulation-making power.

At that time, it was the department's understanding, based on past practice, that regulations would have to be confined to the enumerated heads of section 34. Following your request that I undertake to confine future regulations to those enumerated heads and prior to giving you my earlier answer, I asked that the scope and impact of options available to me be reviewed, including additional amendments to the Fisheries Act. Upon reviewing these options, I learnt from the Privy Council Office that your point regarding the introduction of a purpose clause and its impact on regulation-making powers was indeed valid.

However, inasmuch as the enumerated heads under section 34 do not include allocation for the social and economic benefit of the people of Canada, I concluded that it would be futile to pursue the amendments to the Fisheries Act if I were to commit myself not to seek regulations designed to achieve that purpose, which is central to the legislation now before the House. I therefore regret to confirm that I cannot make the commitment that you seek.

I would suggest that finally the minister came clean in that letter, although we had testimony that it was not intended when they passed the original amendments to the act to increase the regulatory-making power. Now that they discovered that it has that effect, they want to use it.

Furthermore, the cabinet directive, which I read into the record, said that if you want unnecessarily wide powers, you must write a memorandum to cabinet and get their approval on the enabling clauses of the bill. Obviously, such a memorandum was never written because they did not even know that it was having this effect until I drew it to their attention.

What concerned me about it primarily, and with the opinion that we got from our counsel, was that the result of this wide regulation-making power with practically no limit at all is that the minister or the government would never have to come back to Parliament, would never have to consult Parliament, would never have to amend the Fisheries Act in the future and they would have complete power to do it by regulation. Parliament would not have any input into it whatsoever.

However, there was a development today, which I learned of for the first time today from Senator Marshall, that there is a time limit on this bill of a year and a half, and that there will, therefore, be a review. They cannot postpone this forever and do whatever they want. I see the necessity and the merits of this bill and I understand that Senator LeBlanc and Senator Marshall say that this bill should be passed on its merits, so I am not inclined to propose, as I was so inclined before I heard there was a limitation, that it be referred to committee. It would be very interesting in the next year and a half to see what regulation—making power the minister does use. If he uses unnecessarily wide-ranging ones, in my humble opinion, then we have a good argument to restrict him when he comes back a year and a half from now and wants to amend the bill. If he does not use very wide-ranging powers, then he will have shown there is no necessity for them.

In closing, I should like to point out one thing: I do believe that this question of committees looking at regulation—making powers in bills is very important. It has been completely overlooked in the past. The Standing Senate Committee on Agriculture, Fisheries and Forestry had a researcher of the Research Branch of the Library of Parliament look into this bill and yet there was not one mention about the increase in the regulation—making power. It would not have come to the attention of the the Department of Fisheries and Oceans at all if it had not been picked up by the counsel for the Standing Joint Committee on Regulations and other Statutory Instruments. This proves the value of its new role. If they can draw attention to it, these things will not slip through without people noticing. I think we should make it quite clear that if in the future they try to introduce this kind of wide regulation—

making power, this is the kind of measure that the Senate will not stand for and that it will dig in its heels and say no. In this particular case, I am prepared not to recommend that we dig in our heels because it is only for a year and a half.

Hon. John B. Stewart: Honourable senators, I have a question for Senator Marshall, a question which he can deal with very briefly when he rises to close the debate. I believe he said that if this bill is enacted it will be effective for only the remainder of 1985 and 1986. Is that simply a personal commitment by the minister? I can find no clause in the bill that would cause the statute to expire at the end of 1986, but I find in clause 9 provision that sections 5 to 8 shall come into force on January 31, 1987, just at the moment that the rest of the bill will expire. I am sure that there is a good explanation. It should be on the record.

Senator Marshall: Honourable senators—

The Hon. the Speaker: Honourable senators, if the Honourable Senator Marshall speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Marshall: Honourable senators, I should like to thank Senators LeBlanc, Stewart and Godfrey for their comments. I cannot compete with Senator Godfrey because of his legalistic mind, and I am glad that I do not have to compete with Senator LeBlanc because he does not like legalistic minds. I always appreciate hearing his comments and observations on fisheries. He expresses an understanding so much better than I do of the complexities of the act and the frustrations of the Minister of Fisheries and Oceans in dealing with the provinces. I think, however, that, through the sunset clause, we have an opening by which we can deal with these measures. As Senator Godfrey suggested, we have a year and a half in which to look into all other ramifications of this act. Now that we have a fairly active fisheries committee, I believe that we can do that. I have the commitment from the deputy leader that we will be able to make some reference to the Fisheries Act and deal with it on an ongoing basis.

● (1720)

In reply to Senator Stewart, on my reading of the bill, clause 9 says that sections 5 to 8 shall come into force on January 1, 1987, at which time we can review the amendments to see whether they operate in conjunction with what we wanted.

Motion agreed to and bill read second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

Hon. Jack Marshall moved the second reading of Bill C-57, to amend the Fisheries Improvement Loans Act.

[Senator Godfrey.]

He said: Honourable senators, I am pleased to introduce for second reading Bill C-57, to extend the Fisheries Improvement Loans Act, without amendment, until December 31, 1986. This is a bill which comes before us periodically and, because the present act expires on June 30, 1985, it is evident that there is extreme urgency to pass this legislation before that expiry date is upon us.

As I am sure many honourable senators are aware, the Fisheries Improvement Loans Act is intended to aid the small independent fishermen by helping to finance a number of fishery improvement projects such as purchase or construction of a fishing vessel or repairs to vessels and equipment. It is directed toward the ongoing operations of the small independent fisherman rather than the building of large, expensive trawlers.

This legislation specifies the amount that can be outstanding to an individual borrower at any one time, as well as the maximum term of each loan. It also lays down the total principal amount of guaranteed loans that may be made by all lending institutions during a lending period. That limit for this renewal of the legislation is set at $30 million.

The rate of interest on the loans under the act is set at 1 per cent over the prime lending rate of the chartered banks, and is allowed to float with the prime rate for the duration of the loan. The maximum amount which a fisherman may have outstanding under the act at any one time may not exceed $150,000 and the maximum repayment period is 15 years.

The guaranteed loans program carried out under this act provides a stable source of credit to many small independent fishermen in the absence of which such credit would not be assured from the banking community during those times when markets are sluggish. Without a program of this sort, it is quite likely that a number of small independent fishermen would be forced to look for support from large operators, which would jeopardize their freedom and their independence.

I should also like to make the point that all loans under the Fisheries Improvement Loans Act must be secured. Security is taken in the form of a chattel or marine mortgage on the item purchased or constructed, and the lender is given a written promise by the borrower to repay the loan. Other terms and conditions are worked out between the applicant and the lender. Lenders make loans with the same care taken in the conduct of their ordinary business and use normal commerical lending practices in drawing up agreements and in servicing the loans.

Honourable senators, this is a simple bill which appears, as I have said, almost annually, and has had general all-party support in the other place. In view of the time element involved, I am sure that honourable senators will want to give it the same sort of support.

Hon. Roméo LeBlanc: Honourable senators, I simply want to say that I support the prolongation of this act. I hope that perhaps, some day, we will review not only the Fisheries Act, but also this type of program because, as one who has to answer questions about it, I recognize some of its shortcom-

ings. I only encourage those who are more familiar with agricultural programs to compare the extraordinary modesty of this request to that of the Farm Credit Corporation.

Here I am beginning to sound like my former colleague, Mr. Eugene Whelan, so I had better sit down.

Motion agreed to and bill read second time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

Hon. R. James Balfour moved the second reading of Bill C-56, to amend the Farm Improvement Loans Act.

He said: Honourable senators, this bill will extend the authority of the Minister of Agriculture to guarantee loans under the Farm Improvement Loans Act for the 18-month period from July 1, 1985 to December 31, 1986. This extension of the minister's authority is recognition of the importance of this legislation within the credit system of Canadian agriculture.

In these economic times, farmers, like other small business operators, must pay close attention to their books as well as to their land. The successful ones are good business people who understand how credit matters affect their operations. However, in examining government programs in the agriculture credit area, it is important to keep in mind the farm community's special characteristics. Farming's cyclical nature demands that producers have a good handle on their cash flow requirements. Farming's dependence on the weather and market prices means that producers must be highly knowledgeable about methods of stabilizing their income. The tendency—indeed, the necessity—to plough profits back into the farming operation means that, even after being in the business for years or generations, many farmers continue to require a reliable line of credit.

Finally, farming is extremely capital-intensive and, again, that has certain credit implications. In the result, it is simply not enough to recognize that farmers need credit. What they need is a flexible range of credit options. Without this, the sort of long-term planning, so important to effective, efficient planning, would be impossible. FILA provides an option to farmers, which meets a very specific need—that of the intermediate-term financing to cover capital expenditures.

● (1730)

The act, itself, introduced some 40 years ago, authorizes ministers of agriculture to guarantee against losses on term loans made to farmers by chartered banks, Alberta Treasury branches and other designated lenders. Producers are able to have several outstanding loans under this program to a combined ceiling of $100,000. The maximum repayment period for loans to cover the purchase of additional land is 15 years, while for all other purposes the term is 10 years.

Since its introduction in 1945, the act has been amended several times, primarily to effect further lending periods. Just to give some idea to honourable senators of its impact on the farming community, since the introduction of the act, until the end of last year, about 1.9 million loans have been approved totalling in excess of $5 billion. This reflects a sizeable capital investment in the agricultural sector. During the same period, $17 million, that is, a fraction of less than one per cent, was paid in claims, of which $2.8 million was subsequently recovered. I think honourable senators would agree that that is not a bad record, and I think farmers, generally, are a very good credit risk.

I might also point out that, prior to the introduction of the act, lending institutions were reluctant to extend intermediate-term farm credit. However, during the years following the program's introduction, lending institutions came to recognize that farmers are, indeed, good risks. As a result, numerous banks and other lending organizations have entered the field with their own programs for intermediate-term farm loans. In this sense, FILA played an instrumental role in expanding the number of farm credit sources open to farmers as well as raising the level of intermediate credit available to them.

I am sure all honourable senators have noted with satisfaction the declining trend in interest rates. This trend with interest rates, if it continues, will be favourable news for farm producers who took out, or who plan to take out, guaranteed loans through FILA. The ceiling on loans made under this program is equal to the prime lending rate of chartered banks plus one per cent. Therefore, as our economy improves, and interest rates reach even more favourable levels, this program will become all the more attractive.

A few statistics might help to further illustrate the significance of FILA to the agricultural sector. In calendar year 1984, in excess of 12,000 loans were guaranteed under the program, amounting to $159 million in loan capital. These loans were made for a variety of uses, the bulk of them, $105 million worth, went toward buying agricultural implements. The remainder funded such things as the construction or repair of farm houses and buildings; land purchases; land improvements and irrigation; livestock purchases; and equipment overhauls.

While producers in every province have benefited over the years, historically, western Canada has depended most heavily on the program. In 1984, for example, loan capital guaranteed to producers under the act in the four western provinces amounted to more than $133 million. That amounts to 83 per cent of FILA's total during that year.

Honourable senators may feel that this 18-month extension to FILA is relatively short; however, there is a good reason for that. The Minister of Agriculture will be using this time to review the act to ensure that it is meeting current needs. If necessary, changes will be introduced at the end of the extension period. Among other things, he is interested in examining whether this program could operate in combination with Farm Credit Corporation programming.

In conclusion, honourable senators, I suggest that we would be acting in the interests of Canadian farmers by supporting the quick passage of this bill, and I urge honourable senators to do so.

Hon. Ian Sinclair: Will the honourable senator take a question? Perhaps I misunderstood him. Did he say that the interest rate ceiling would be 1 per cent over prime?

Senator Balfour: The interest rate is fixed at 1 per cent over prime, floating with the prime rate.

Senator Sinclair: Is that the ceiling?

Senator Balfour: Yes.

Senator Sinclair: What is the floor?

Senator Doody: It is something under the fixed rate.

Senator Balfour: Unless the credit institution is prepared to grant credit on more favourable terms.

Senator Sinclair: So, there is no floor.

Hon. H. A. Olson: Honourable senators, we on this side of the chamber are prepared to pass this bill quickly through second and third readings. It is a one-paragraph bill that extends the existing provisions of the Farm Improvement Loans Act for 18 months, or until December 31, 1986.

However, I am surprised that there is no indication in this bill that, when the extension period of the Farm Improvement Loans Act is up, something will be done about the tremendous debt service charge problem which farmers all across this country face. I say that because here we have an opportunity to deal with that problem. The government of the party opposite levelled all kinds of criticism in the past and made all kinds of promises as to how they were going to come to grips with agriculture programs, but, when we get to the point where the bill is before us and some changes could be made, no changes whatsoever are made.

I heard Senator Balfour, who introduced this bill for and on behalf of his party and, therefore, the government, say that the reason the time frame is 18 months is because they want to review this matter, and that that is a relatively short period of time. I can tell him that that is not a relatively short period of time. This bill is always reviewed at relatively short periods of time so that the government can, indeed, introduce improvements to accommodate more adequately the requirements of the agricultural community from time to time. This is like so many other things: It is a postponement of coming to grips with one of the great problems of this country. Perhaps a portion of the problem existed before the government changed—at least, that was the basis of the campaign in which Senator Balfour was involved when great ideas were expounded to improve agriculture generally. He received a lot of support, especially in western Canada, for those arguments.

What have we seen since? A steady deterioration in the agriculture community. Beef is dropping in price every day. This government is directly responsible for the difficulties of the pork industry because, of course, this is as a result of our so-called improved relations with the United States. They have imposed countervail on pork in many areas. We never had those kinds of problems until this government came into office. The price of grain is declining every day.

Senator Balfour: Huh!

Senator Olson: I hear Senator Balfour say, "Huh." He has not been listening to the farmers in his area. He does not need to take my word for it that farmers are having severe debt problems because this government refuses to take any action, but postpones everything.

As an example, a speech was made in the other place yesterday by a member of the government, Mr. Gordon Taylor, from Bow River in southern Alberta. I quote from page 6170 of the *House of Commons Debates* where he said:

> It is not only the financial difficulties which are facing our farmers, many of whom I am not sure are going to survive until 1986. They have high interest rates and foreclosures threatened by banks. In addition, farmers in my riding have winds, drought, grasshoppers and cut worms to contend with. The increased costs of production are becoming so high that many farmers are almost ready to give up. They do not think they can make it.

That is one of your own members. Who are you going to listen to? You apparently say "Huh" when I talk about these things. Well, ask some of your own members from the prairies if their constituents on the farms on the prairies are happy with the credit policies that this government is bringing in. And here you have an opportunity to amend one of the most important acts that farmers have used over the many years since 1945 when it first came in. Yet, there is nothing in it at all. No changes at all. One little paragraph to extend it for 18 months—as though there were no problems out there at all. And your own members are telling you that the farmers are wondering whether they can survive for another year.

• (1740)

One of the most devastating components of farming costs is, of course, the debt service charges. But there is nothing done in this bill in that respect. I ask you, when are you going to do something about it?

The other point that I think is important is: Are the Farm Improvement Loans Act and the FCC, the Farm Credit Corporation, two of the targets that this government is going to use to achieve the $50 million reduction that the Department of Agriculture is going to have to absorb? Because that is what the Minister of Finance says.

I keep asking these questions and I get absolute stony silence from members opposite. When Senator Flynn was leader, we at least used to get answers. They weren't very good answers, but at least he would reply. All Senator Balfour said to me when I raised this question in relation to the crop insurance program was: "Well, if you don't like the answer, that's your problem."

Well, I am going to make it my business during the summer to let the farmers in western Canada know that the spokesmen for the party that is in office now take their problems lightly

indeed: "Well, if you don't like the answers, you can lump it"; or, "It's your problem." Well—

Senator Walker: Whoever said that?

Senator Olson: That is what Senator Balfour said yesterday, or the day before.

Senator Frith: You can look it up.

Senator Olson: That is what he said, and Senator Flynn seemed to think that that was an appropriate answer. I think that is too bad.

Senator Flynn: It all depends on who it is directed to.

Senator Olson: There is another matter that we would like to hear about when we are talking about things like this, and that is, what is this government going to do to maintain the competitive position of farmers, and particularly those on the prairies, when we know that the United States has announced a $2 billion support program to assist U.S. farmers in exporting their grain surpluses out of that country? Absolute silence from this government as to what it is going to do to meet that challenge.

There is nothing we can do about it now, and I do not intend to hold matters up any longer; but I can tell you this: The senior citizens of this country have finally gotten the message about how this government can betray them, break its promises, and do exactly the opposite to what it promised. The farmers are starting to realize that, too. By the end of the summer, it is going to be serious enough that I hope that the members opposite will carry the message to their colleagues in caucus so that something can be done about this extremely serious problem.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, pursuant to rule 12 of our rules, I must now leave the Chair, unless there is unanimous agreement that we stop the clock.

Senator Doody: Honourable senators, I think we have about 10 or 15 minutes of business left on the order paper. If honourable senators are agreeable, perhaps we can look in the other direction for a little while.

Senator Frith: Honourable senators, I understand that, just for today, the clock is running quite fast.

Senator Balfour: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform honourable senators that if the Honourable Senator Balfour speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Balfour: Honourable senators, in closing the debate on the motion for second reading, I wonder if I might clarify something with respect to a question posed by Senator Sinclair.

Senator Sinclair inquired about a floor interest rate. I want to make sure that he understands that the moneys are advanced by lending institutions and not by the government.

Senator Sinclair: I understand.

Senator Frith: It is a fixed rate, then?

Senator Balfour: No, it is a floating rate. It floats to 1 per cent over prime.

Senator Sinclair: I am just looking for that surge of confidence I used to hear about so that rates would go below prime.

Senator Balfour: Honourable senators, I do not intend to respond in detail to the political rhetoric of my colleague, Senator Olson—

Senator Frith: Again, there is no answer!

Senator Balfour: I was interested to hear that he intends to spend some time visiting farmers in western Canada. I cannot speak for Alberta, but he had better not identify himself as a Liberal when visiting farms in Saskatchewan—

Senator Olson: You haven't been there for a while.

Senator Balfour: Oh, yes I have; I was there last weekend. Senator Olson was a member of the government that, for 16 years, allowed farmers to labour under interest rates as high as 21 per cent. That is what ran them all into the financial difficulty that they are now in with fixed mortgage rates.

Senator Frith: I must say, you fellows don't take criticism very well.

Senator Roblin: We like to stick to the facts.

Senator Balfour: With those few remarks, honourable senators, I close the debate.

Motion agreed to and bill read second time.

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

On motion of Senator Balfour, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—MOTION FOR MESSAGE TO HOUSE OF COMMONS—DEBATE ADJOURNED

The Senate proceeded to consideration of a message from the House of Commons requesting that a special joint committee be appointed to consider Canada's international relations.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, item No. 10 has been on the order paper for some time. It was deferred originally because of some budgetary sensitivities. I think those have now been resolved. Certain good offices have been offered to try to pry the money from the government to finance these joint committees, committees in respect of which we have little or no control.

With that in mind, I would ask that the Senate consider favourably the following motion:

> That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider Canada's International Relations;

That the document entitled "Competitiveness and Security: Directions for Canada's International Relations", tabled in the Senate on May 15, 1985 (Sessional Paper No. 331-383), be referred to the Committee.

That the Committee consider and report upon the issues discussed in the above-mentioned document and make recommendations in their report concerning the objectives and conduct of Canada's international relations;

That five Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the said Committee;

That the Committee have the power to sit during sittings and adjournments of the Senate;

That the Committee have the power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from time to time as may be ordered by the Committee;

That the Committee have the power to retain the services of expert, professional, technical and clerical staff;

That the Committee have the power to adjourn from place to place inside Canada and that, when deemed necessary, the required staff accompany the Committee;

That a quorum of the Committee be seven members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever four members are present, so long as both Houses are represented.

That the Committee submit an interim report on Canada's participation in research on the Strategic Defence Initiative and on Bilateral Trade with the United States no later than August 23, 1985;

That notwithstanding the usual practices of this House, if the Senate is not sitting when an interim or final report of the Committee is completed, the Committee shall report its findings by depositing its report with the Clerk of the Senate and that it shall thereupon be deemed to have been laid upon the Table;

That the Committee present its final report no later than May 31, 1986; and

That a Message be sent to the House of Commons to inform that House accordingly.

The pertinent paragraph is as follows:

That five Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the said Committee;

I understand that the committee will have a total membership of 17, with 12 from the House of Commons and five from the Senate. It is planned that this committee will meet during the summer recess. It has undertaken to present an interim report on Canada's participation in research on the strategic defence initiative and on bilateral trade with the United States no later than August 23. Obviously, it is important to have this motion passed by both houses so that the committee can be constituted, and I commend the motion to honourable senators.

[Senator Doody.]

On motion of Senator Frith, debate adjourned.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

FIRST REPORT OF STANDING JOINT COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Wood, seconded by the Honourable Senator Barrow, for the adoption of the First Report of the Standing Joint Committee on Official Languages Policy and Programs (Report of Commissioner—1984), presented in the Senate on 29th May, 1985.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this item was stood for the same reason that item No. 10 was stood, that being a budgetary problem. Again, it involves a joint committee. The matter has been referred to the Internal Economy Committee. The government has undertaken to try to do its best to provide us with the necessary funding to allow this committee to carry on its very important work in conjunction with the other place.

• (1750)

I would like to see the necessary steps taken to consider this matter debated and that the committee be allowed to get on with its work.

Senator Frith: Honourable senators, we support this motion

Motion agreed to and report adopted.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees.—(*Honourable Senator Phillips*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on a point of order, may I say that this motion was originally spoken to by Senator Davey, its sponsor, on May 14, which is almost six weeks ago.

I have mentioned to Senator Phillips that it is hoped that he will make his speech either today or tomorrow.

I wish to advise honourable senators that we on this side would like to see this motion dealt with and go to a vote before the house adjourns for the summer.

Hon. Orville H. Phillips: Honourable senators, I will be happy to discuss the motion tomorrow. I have had my notes ready for some time. I have delayed my remarks on a number of occasions because I wanted the sponsor of the motion to be present in the chamber when I spoke; and I have had difficulty in arranging to have him present on a Wednesday or Thursday.

Senator Frith: I will score a point on that one.

FOREIGN AFFAIRS

VISIT OF CANADIAN PARLIAMENTARY DELEGATION TO FEDERAL REPUBLIC OF GERMANY—DEBATE ADJOURNED

Hon. Dalia Wood, rose pursuant to notice of Tuesday, June 11, 1985:

> That she will call the attention of the Senate to the visit of a group of Canadian Parliamentarians to the Federal Republic of Germany at the invitation of the President of the Bundesrat, from May 17 to 24, 1985.

She said: Honourable senators, may I say that because of the time restriction I have shortened my prepared speech by approximately six pages. Therefore senators will have only the bare bones of my report.

I had the pleasure to participate in a delegation to the Federal Republic of Germany. The delegation travelled to Germany during the month of May, 1985, in response to the invitation of Dr. Lothar Spaeth, President of the Bundesrat. The original invitation had been issued by a delegation of the Bundesrat during its official visit to Canada in June, 1982, and re-extended by the two succeeding Presidents of the Bundesrat. The visit proved to be the first opportunity for the Canadian Senate to accept the invitation.

The Canadian parliamentary delegation was led by our Speaker, the Honourable Guy Charbonneau, and the following persons comprised the delegation: the Honourable Allan J. MacEachen, the Honourable Maurice Riel, the Honourable Dalia Wood, the Honourable Heath Macquarrie, Mr. Lloyd Crouse, MP, Mr. Frank Oberle, MP, Chairman of the Canada-Germany Friendship Group, and Mr. John Reimer, MP.

The delegation visited and met with officials from three state governments, the Berlin House of Representatives, three municipal governments, and the federal government in Bonn. In addition, meetings and discussions were held with the Canada-Germany Parliamentary Group, and six groups of business leaders and spokesmen at the Nuclear Centre in Obrigheim, Heidelberg Technology Park, the Messerschmitt-Bolkow-Blohm GmbH Company in Ottobrunn, the Berlin Centre for Innovation and New Business, the Axel Springer Publishing House in Berlin, and the German Association for Industry and Trade in Bonn.

The discussion throughout the trip of political issues of a general nature included: congratulations to Prime Minister Mulroney on his 1984 election victory; review of bilateral and multilateral issues amongst western allies, and between East and West; the question of support for President Reagan's SDI proposal; strengthening of Canada's NATO role in Europe; the FGR government's concerns over the situation in Nicaragua; and the prospects for reunification of East and West Berlin, and eventually East and West Germany.

At a more specific and detailed level of political discussion, the topics most thoroughly considered were the arrangement for the two houses of the German federal government, the Bundestag and the Bundesrat, to resolve disputes in the event of an upper house veto; and whether the German institutions' experience in these matters had any applicability to the Canadian situation.

In particular, all bills, including bills which require the consent of the Bundesrat—those with financial effects on the Laender, approximately half of all bills submitted—are submitted to the Bundesrat before being introduced in the Bundestag. The Bundesrat committees then assess draft bills from a variety of perspectives, and propose changes where appropriate. Usually draft bills are returned to the Bundestag either with no objections, or with modifications that the cabinet can accept. In the case of an outright rejection by the Bundesrat, or of a refusal by the cabinet to accept the changes, a joint committee of both houses is responsible for resolving the disagreement. The activities of the Mediation Committee composed of members of both chambers are fairly heavy when there are different majorities in the two houses. Since 1983 there has been no appeal to the committee.

The Chairman of this Joint Mediation Committee, Dr. Dieter Posser, gave a background of the history of this committee, noting some of its successes and failures. The Canadian delegates expressed a strong interest in the functioning of the committee and its legal and constitutional precedents. Some interest was also expressed in the possible transfer of some of the principle to the Canadian parliamentary system. Unfortunately, due to a vote in the Bundesrat, the discussion session ended early, leaving many of the questions needing further consultation.

During the meetings and discussions with German business leaders and spokesmen, the matters examined were: the German nuclear industry and the pricing of Canadian uranium; Canadian-German consultation on SDI contracts; the prospects for co-operation between Europe and North America on future technology developments; Canadian markets for new German industrial products; whether extending credits to Poland actually may have hindered rather than helped the situation of most Poles; the recent exit from Germany of many guest workers which opened up jobs for young West Berliners; the better business climate in Canada as a result of the change of FIRA to Investment Canada; the desire of German investors to increase their investments in Canada; the recognition that some investment restrictions will remain to protect Canadian jobs and industries; the concern that increasing Canadian ties with the U.S.A. might preclude some German investment opportunities in Canada; the prospects for resumed European imports of Canadian seal pelts; and the necessity of a speedy settlement of the Grand Banks fishing dispute so that

joint Canadian-German fishing and fish processing efforts can resume.

As well as the political and economic visits and discussions, opportunities were provided for an appreciation of German cultural and historic features. These included excursions to Hornberg Castle, Heidelberg Castle, Charlottenberg Palace, as well as to the Reichstag and Checkpoint Charlie in West Berlin, and Lake Tegernsee in the State of Bavaria.

Mention should also be made of the cordial hospitality which the delegation was shown by the many German officials during the trip.

The delegation's trip was a definite success because it provided: a better knowledge of the German political system; encouragement for German investment in Canada; and a higher profile of Canada in Germany due to the media coverage of the trip. Funding for more such delegations in the future would undoubtedly be useful.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 1132*)

CANADA'S RELATIONS WITH THE COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA

REPORT OF THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

1. As a western industrialized nation, Canada has a deep interest in the stability of the Middle East and is concerned that a major international confrontation should not erupt from the several conflicts which persist in this volatile region including the Arab-Israeli dispute, the continuing turmoil in Lebanon and the Iran-Iraq war. (Page 6).

2. *The Arab-Israeli Conflict*

In the Arab-Israeli dispute, Canadians like others face the difficult task of assessing an issue based on two interpretations of deeply-rooted historical experiences. The problem is exacerbated because both sides appear to have right, or an element of right, on their side. This report frequently records opposing perceptions held by the parties involved in the Arab-Israeli dispute as these are important if one is to understand the positions which each has adopted. (Page 7).

The hearings and the Sub-committee's travels in the Middle East have convinced the Committee that there can be no resolution of the Arab-Israeli dispute until there has been agreement on how to accommodate the Palestinian people while at the same time ensuring the security and legitimacy of Israel. Palestinians are too numerous, too articulate and determined, too well-connected to the rest of the Arab world to make it possible for Israel to come to some agreement with its Arab neighbours that would ignore the Palestinians. (Page 9).

By early 1985 there were a series of developments which rekindled hopes for the peace process in the Middle East. Yet there still are many serious problems delaying the peace process. (Page 46).

There are certain steps, in the Committee's view, that the parties centrally involved could be encouraged to take that could advance the peace process: (Page 53).

a) Restraining the harsh rhetoric

The Committee recognizes that even with some forces for moderation on both sides, the gulf between the two remains very wide. It has not been helped by the use of strong rhetoric by the protagonists which makes accommodation almost impossible. Restraint on both sides could help calm the suspicions generated by years of bitter conflict. It is to be hoped that the softening noted in 1985 of the earlier harsh tones of rhetoric of the two main contending parties will persist, thereby easing the path to the bargaining table. (Page 54).

b) Curbing of terrorism and violence

Curbing of terrorism would be an important way to improve the atmosphere. Acts of terrorism against Israeli citizens still occur and groups within the PLO claim credit for them. The Committee has already, in its meetings with PLO representatives, strongly urged that it formally commit the organization to reject the use of terrorism. (Page 54).

Violence against Arabs in the occupied territories by Israeli extremist groups has also been a problem. The Committee has noted that the Israeli government has taken action to stem anti-Arab violence by Jewish extremist groups in the occupied territories. (Page 54).

c) Easing of restrictions

Another important move that could improve the atmosphere and that could help lead to a more normal political process in the occupied territories would be to allow some of the former West Bank and Gaza Palestinian leaders now in Jordan to visit and talk to their people. Because Egypt and Jordan have long been advocating an easing of restrictions in the occupied territories, such increased mobility could help bring about the establishment of more normal relations between Israel and Egypt and a gradual improvement in relations between Israel and Jordan. (Page 55).

d) Halting of settlements

A most valuable action to diminish frictions in the West Bank would be the halting of Jewish settlements. During the seven years of the Likud government, nearly 100 new settlements were established in the occupied territories. In the Committee's view, the Canadian government should continue to urge Israel to end, not just freeze, settlement activity in the West Bank and Gaza. In the Committee's opinion the reversibility of settlements would be feasible but only as part of an overall political agreement in which Israel would undertake responsibility for the removal of the settlers from the settlements. (Pages 55 and 56).

e) Palestinian representation in negotiations

Since the Arafat-Hussein agreement in early 1985, Jordan and Egypt have been attempting strenuously to form a delegation comprising Palestinians acceptable to Israel so talks could begin. The Committee is persuaded that it is in the interest of the Palestinian people to take advantage of the opportunity for participating in negotiations by proposing moderate non-PLO Palestinians as their representatives as soon as possible to join the Jordanian and Egyptian negotiating body for the first stage negotiations under the Camp David Framework Agreement. (Page 58).

f) Mutual recognition

It is evident that, ultimately, negotiations can only proceed if both sides accept the existence of the other side. The Arabs will have to deal with Israel as a firmly established state and the Israelis will have to admit that Palestinians have a right through centuries of residence to a part of historic Palestine, namely the West Bank and Gaza. But both sides are making the commencement of negotiations more difficult. (Page 58).

The Committee suggests to the Canadian government that it urge the two sides to set aside these ultimate objectives of mutual simultaneous recognition and to see what practical arrangements can be worked out. If both sides were able to find mutual benefit through a series of smaller agreements, the formalization of their undertakings could eventually bring with it the mutual recognition that each considers important. (Page 58).

g) Israel's security and the West Bank

Israelis have a special and understandable concern for their security. The Camp David Accords provide for the withdrawal of Israeli armed forces, a redeployment of some Israeli forces to specified security locations and "arrangements for assuring internal and external security and public order". (Page 59).

If the principle of demilitarization of the West Bank were to be accepted by the Palestinians and the Arab states and endorsed by the international community, it should be easier for Israel to agree to withdraw its forces. Such an arrangement should be for the longer term and it would be important that it could not be modified by any of the parties directly concerned without international agreement. (Page 59).

h) An international peace conference on the Middle East

President Mubarak of Egypt has suggested that once an agreement has been tentatively worked out between those directly concerned, an international conference might then be called including the United States, the Soviet Union and the three other permanent members of the UN Security Council. Such a second stage conference could confirm the arrangements made at the earlier negotiations among those primarily concerned. It would recognize the fact that the Soviet Union has influence and interests in the Middle East, an acknowledgement which would be important in encouraging a wide Arab acceptance of any peace settlement. Moreover, the Soviet Union is in a position to help improve the atmosphere in the Middle East by exerting a moderating influence on the Syrians and on some elements of the PLO. (Page 60).

3. *Jerusalem*

Jerusalem is undoubtedly the largest of many obstacles to some kind of settlement in Palestine. While the issue cannot be avoided, it should not be taken up unless progress has been made in finding accommodation on other less intractable problems. (Page 62).

With regard to Jerusalem, the Committee considers that Canada should continue with its present stance. This should include not recognizing Israel's unilateral annexation of East Jerusalem and opposing actions by Israel to alter the status of the city. Nor should Canada give any signals that it is prejudging the outcome of negotiations by moving the Canadian Embassy from Tel Aviv to Jerusalem. (Page 62).

The Committee suggests that, when the problem is eventually discussed, the Canadian government might urge some kind of special status for the holy places of Jerusalem. (Page 63).

4. *How Canada should relate to the PLO*

The Committee heard a substantial amount of testimoy on the question of whether Canada should or should not recognize the PLO. After weighing all the evidence, the Committee concluded that Canada should continue its present policy of not recognizing the PLO as the sole representative of the Palestinian people. (Page 67).

Canada has close diplomatic relations with Israel and the capacity to make its views known to Israeli officials. But communicating Canadian views to the Palestinians and

encouraging the disparate Palestinian community to moderate its positions and to be ready to work out practical accommodations with Israel requires being in contact with PLO officials, since that organization clearly speaks for most Palestinians. Accordingly, the Committee recommends that Canadian government contacts with the PLO continue at their present level and frequency. (Page 68).

5. *Golan Heights*

Along with East Jerusalem, the Golan Heights ranks as perhaps the most difficult question in the Arab-Israeli dispute. In the Committee's opinion, it would seem that the problem of the future of the Golan Heights should be left to a later round of negotiations. Until some progress has been made and more confidence prevails between those who are party to the Arab-Israeli conflict, the differences over the Golan could block all attempts to resolve disputes in the area. (Pages 68 and 69).

6. *Lebanon*

The current problems of reconciliation and reconstruction facing Lebanon are immense. Given the intense internal rivalries, the central Lebanese government must move extremely carefully. Tragically, an end to the turmoil in Lebanon is not yet in sight. For the many Canadians of Lebanese origin, the process of restoring peace and unity to Lebanon is of major importance. The Committee is appalled by recent events in Lebanon and is watching developments with compassion and concern. It supports any efforts the Canadian government is able to make to promote Lebanon's territorial integrity. (Page 73).

7. *Iran and Iraq*

During this study Committee members were concerned as to what constructive role Canada could play, if any, in the Iran-Iraq situation. The Canadian government has appealed to both parties to end the conflict and urged them to make use of the good offices of the Secretary-General. Canada has strongly supported his mediation efforts in this war. After hearing testimony on this subject, the Committee concluded that, beyond this, there was little that Canada could do. (Page 77).

8. *Canadian Peacekeeping in the Middle East*

In general terms, the Committee has concluded that Canada's contributions to peacekeeping operations in the Middle East have helped to contain conflict in the area. It is a role for which Canada is well qualified, and represents an effective use of its armed forces. The Committee therefore believes that Canada should consider seriously future requests to contribute units to peacekeeping forces which may be established in the region. (Page 86).

a) UNTSO: The United Nations Truce Supervisory Organization

The Committee recommends that the government support any international effort to stengthen UNTSO so that it could, on relatively quick notice, be available to monitor arrangements which might be made to resolve the Arab-Israeli dispute. UNTSO has been effective in observing points of confrontation in the Middle East and has helped to maintain channels of communication. It is not costly and its long experience and continuous mandate could be a major advantage in terms of speed and effectiveness of response. (Page 82).

b) UNDOF: The United Nations Disengagement Observer Force

This UN peacekeeping operation on the Golan Heights impressed Committee members as being effective, properly planned and executed. Both Israel and Syria appear to agree that UNDOF is the best solution to the problem until a settlement of the area is reached. The Committee recommends that Canada continue to contribute to UNDOF. (Page 83).

c) UNIFIL: The United Nations Interim Force in Lebanon

Unless the Lebanese government were to acquire greater stability and authority following the Israeli withdrawal, the Committee doubts that UNIFIL will be able to carry out its mandate effectively. In these circumstances, the Committee considers that the Canadian government should be extremely cautious about agreeing to contribute to any expanded role for UNIFIL in southern Lebanon. (Page 85).

d) MFO Sinai: The Multinational Force and Observers in the Sinai

The Committee agrees with the government's acceptance of the invitation to Canada by Egypt and Israel to participate in the Sinai peacekeeping force. The Committee considers, however, that the government should take care that it obtains a clearly stipulated and accepted fixed term for its commitment in this force. Canada would not wish to find itself again in the same situation as it is in Cyprus and where it would be faced with difficulties and controversies if it were to decide to terminate Canada's peacekeeping participation there. (Page 86).

9. *Diplomatic Representation*

a) Syria is the one major country in the area with no resident Canadian diplomatic officers. The Committee recommends that the government establish an embassy in Damascus with a resident Ambassador. (Page 89).

b) The Committee views as unfortunate the state of Canada-Iran relations. As a condition to normalization of diplomatic relations, Iran continues to demand an apology from Canada for assisting U.S. embassy personnel to escape from Iran, a request that Canada quite correctly continues to refuse. (Page 89).

In the interests of removing the handicap to Canadian businessmen of having no official Canadian presence in Tehran and with a view to enhancing bilateral trade and commercial relations, the Canadian government should continue to seek the normalization of its relations with Iran. (Page 90).

c) The Committee suggests that the Department of External Affairs review the length of postings for officials to Middle East and North African posts with a view to extending the normal two-year length of posting to three or four years. It takes time to understand the culture, customs and procedures of the countries of the area. (Page 90).

10. *Trade*

a) Trade between Canada and the Middle East and North African countries has been growing but not as quickly as hoped. With a few exceptions, the results of Canadian export efforts in the region have been meagre. To break into these markets requires hard work and a long lead time with frequently little to show for the effort. Nonetheless the Committee is persuaded that the Canadian private sector and the Canadian government cannot turn their backs on the opportunities, albeit limited, which exist there. A country as dependent as Canada on foreign trade, should pursue, with energy and persistence, the trade these markets could represent. (Pages 90 and 91).

b) In respect to trade promotion, it was interesting to learn from business witnesses that ministerial visits to North Africa and the Middle East, including two prime ministerial visits, were judged to have given important support to sales efforts. Expansion of exports is also assisted by several government programs. It is important that ministers of the Crown continue to make official visits to countries of the region and that a substantial part of their departmental programs for these countries be devoted to trade promotion activities. Nor should visits to the region by parliamentarians be overlooked. Their contacts in these countries can be influential in furthering Canadian interests including those in trade and cultural fields. (Pages 94 and 95).

c) The Committee hopes that the Secretary of State for External Affairs will continue to appoint officers specializing in trade to this area. It is important that the general foreign policy concerns of External Affairs not subordinate the important trade component of Canada's interests. (Page 95).

d) Boycott demands introduce an element of uncertainty into business transactions, an element that businessmen would prefer to avoid, particularly since the practice varies from country to country. Moreover, boycott and anti-boycott pressures are unwelcome and undesirable to Canadians. For Canadian companies, these boycott demands are a cause of uneasiness and constitute something of a constraint in doing business in that part of the world. (Page 102).

e) The Committee urges the government to consider adopting the proposal set out in its recent Export Financing paper to expand and modify significantly the use of the mixed credit program and that it should be administered by the EDC. At the same time, the Committee urges the Canadian government, in implementing more aggressively this mixed credit facility, to look to Jordan as a country in which to "seek out new business under a more relaxed project selection procedure." (Page 105).

f) The Committee is convinced that the provision of educational services both in Canada or abroad to students of the area, not only constitutes valuable export sales in themselves, but can be regarded as a useful, albeit long-term, component of Canada's trade policy. (Page 94).

11. *Development Assistance*

The Committee considers that the present emphasis on Egypt as a core country for Canadian development assistance should be maintained. (Page 98).

The Committee considers that growth and stability in the West Bank and Gaza will be important for future peace in the area. The Committee recommends that the Canadian government and CIDA revise their policy toward the West Bank and Gaza and classify these territories in a way which will make them eligible for direct development program assistance and that CIDA put increased emphasis on support of non-governmental agencies working in this area. Particular attention should be given to Gaza because of the extremely crowded conditions, its large youthful population and its need for intensive development projects. (Page 110).

12. *Immigration*

Since Canada is prepared to take refugees from the Middle East and the quota is not being filled, the Committee recommends that the Canadian Government give its immigration officials a special, pragmatic and flexible authority to deal in a humanitarian manner with Palestinian individuals or families wishing to come to Canada. If necessary this could be handled under Ministerial discretional authority. (Page 115).

APPENDIX "B"

(*See p. 1134*)

OFFICIAL LANGUAGES POLICY AND PROGRAMS

SECOND REPORT OF STANDING JOINT COMMITTEE

JUNE 26, 1985

The Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs has the honour to present its

SECOND REPORT

Introduction

1. In accordance with its Order of Reference from the Senate dated Wednesday, March 27, 1985 and its Orders of Reference from the House of Commons dated Tuesday, March 20, 1984 and Tuesday, March 26, 1985, your Committee has examined the 1983 and 1984 Reports of the Commissioner of Official Languages.
2. Since February 5, 1985, the work of the Committee has comprised 15 public hearings. We have heard testimony from key witnesses such as the Commissioner of Official Languages, the President of the Treasury Board, the Secretary of State, the Chairman of the Public Service Commission and representatives of linguistic minority groups. We also heard from one expert. At a further stage in our hearings we questioned several departments and Crown corporations (the Department of Public Works, Canada Post Corporation, Air Canada) on the findings of the Commissioner's 1984 Report. The purpose of the initial meetings was to familiarize the Members, many of whom were either newly-elected or sitting for the first time on the Committee, with overall official languages policies and programs and with the federal institutions responsible for implementing them, as well as with the needs of official language communities. After completing this initial phase of its work, the Committee turned its attention to examining the 1984 Annual Report of the Commissioner of Official Languages.
3. The present report contains the Committee's preliminary observations and recommendations with respect to priorities for action arising out of its discussion of the Commissioner's Report. The Committee strongly affirms the need for a renewal of linguistic reform. In our view a strategy of concerted government action is required in order to ensure the full and vigorous application of the *Official Languages Act* and the linguistic provisions of the *Constitution Act 1982* by all federal institutions. Beyond legal compliance, we also believe it is necessary to ensure that official language minorities are afforded substantive protection and support through the concerted action of all governments and, wherever possible, the private sector.

I. THE ROLE OF FEDERAL INSTITUTIONS

Improved Coordination and Accountability

4. Your Committee believes that more overall direction is needed in the coordination of federal official languages policies and programs. We note the recommendation in the Commissioner's 1984 Report: "Government should consider bringing co-ordination of federal policies and programmes in the field of official languages more substantively within the purview of the Privy Council Office." Shortly thereafter, the Prime Minister announced in the House on March 27, 1985 that a committee would be formed of deputy ministers and senior civil servants under the auspices of the Privy Council Office. This committee was set up at the end of April, and given a mandate to study the Commissioner's recommendations and propose possible amendments to the *Official Languages Act*. The new committee consists of deputy ministers and senior civil servants from the Treasury Board, the departments of the Secretary of State and of Justice, and the Federal-Provincial Relations Office, under the chairmanship of a senior official in the Privy Council Office. In response to this undertaking,

   The Committee recommends that: (a) the committee of deputy ministers and senior officials created within the Privy Council Office in April 1985 be established on a permanent basis; and (b) that it be given a mandate to develop medium-term plans for the systematic compliance by all federal institutions with the terms of the *Official Languages Act* and the linguistic provisions of the *Constitution Act 1982*.

5. In carrying out their administrative duties, deputy ministers and heads of institutions are in a position to have a direct influence on the application of language policy, particularly as regards language of service, language of work and equitable participation. The achievements of senior officials in this area are in principle an element in the annual appraisal of their performance. However, your Committee believes that greater and more specific accountability is needed. Accordingly,

The Committee recommends that the appraisal process for deputy ministers and heads of federal institutions include an annual evaluation of their performance on the basis of specific official languages objectives.

Amendments to the Official Languages Act

6. In light of the 16 years of experience with the *Official Languages Act* and the new situation since the coming into force of the *Constitution Act 1982*, your Committee believes the opportunity should be seized to carefully review all of the provisions of the *Act*. In particular,

The Committee recommends that the government, in studying possible amendments to the *Act*, take note of the recommendations of the previous Special Joint Committee in its *Fifth Report*; and that consideration be given to embodying within the *Act* provisions enabling the federal government to coordinate more effectively its official languages activities with those of the provinces and the private sector.

Future of the Official Languages Program

7. Your Committee is convinced that there is much room for improvement in the ways in which the bilingual capacity of federal departments and agencies is currently determined and utilized in order to meet statutory and other obligations. The Committee therefore endorses the government's decision to conduct a thorough review of official languages policies and programs and of the most effective means of their implementation. As part of that process,

The Committee recommends that the government present its proposals for reform of federal official languages administration to Parliament by April 1, 1986 and that these proposals be referred to this Committee for further study.

8. In carrying out its overall review of government programs, the government has in general maintained the budgetary envelope for most official languages programs. Your Committee is concerned that no cuts be made which would jeopardize the continued progress of linguistic reform. Therefore,

The Committee recommends that the budgetary envelope for all official languages programs be maintained, and that savings that might be achieved through greater efficiency at the federal level be applied within the area of official languages.

The Court Challenges Program

9. Since 1978, the Department of the Secretary of State has sponsored through its Human Rights Directorate the Court Challenges Program. This program has provided funds to litigants seeking court rulings on constitutionally guaranteed language rights, including, since December 21, 1982, the equal status of the official languages and minority language education rights under the Canadian Charter of Rights and Freedoms. Your Committee is of the opinion that the program is invaluable in promoting the linguistic rights of Canadians, particularly those who are members of linguistic minorities, and that government support and funding should be continued. Your Committee is also aware that the Government of Canada, through the Department of Justice, may find itself as an opposing party to an action brought by a litigant funded by the Court Challenges Program and therefore is of the opinion that primary responsibility for administration of the program should remain with the Department of the Secretary of State. In light of the above,

The Committee recommends that the Court Challenges Program be reconfirmed and extended with an assurance of adequate financing, and that the administration of the Program remain the responsibility of the Department of the Secretary of State.

Serving the Public

10. Your Committee is strongly of the view that, before any determination can be made regarding the presence or absence of "significant demand" federal institutions should undertake actively to offer service to the public in the language of their choice. Accordingly,

The Committee recommends that the government adopt an explicit policy of active offer of service and that all federal institutions be required to monitor and evaluate the impact of this policy.

The Role of the Private Sector

11. Your Committee believes that government action to encourage and assist the private sector to serve Canadians in either of the official languages has fallen far short of what is possible. Accordingly,

The Committee recommends that the government review all aspects of this question and develop a comprehensive plan covering:

a) the systematic inclusion, monitoring and enforcement of official languages obligations wherever private contractors are judged to be providing a public service to Canadians on behalf of the federal government;

b) official languages requirements for national non-government organizations who receive federal funds;

c) the possible imposition on para-public and federally-regulated organizations in the private sector of official languages obligations that are consistent with serving Canadians in either official language; and

d) a sustained program to promote the voluntary acceptance of basic guidelines for bilingual service

among all major enterprises that have dealings with both official languages communities.

II. SUPPORT TO MINORITY OFFICIAL LANGUAGE COMMUNITIES

Joint Federal-Provincial Action

12. Your Committee is convinced of the urgent need for a comprehensive framework of federal-provincial cooperation to defend and support official language minorities. Therefore,

The Committee recommends that:

a) the government convene a federal- provincial conference for no later than the fall of 1986 to present proposals on an ongoing plan to respect and enhance official-language minority rights;

b) the government immediately begin bilateral discussions with each province to develop cost-sharing plans in order systematically to assure services in the minority official language which are appropriate to that province.

Manitoba Language Rights Case

13. The Supreme Court of Canada recently ruled, in the federal reference case concerning language rights in Manitoba, that the statutes and regulations of that province that were not printed and published in both English and French are invalid and that they are of no force and effect. The Manitoba government and legislature are to be afforded a minimum period of time to comply with the linguistic requirements of the Constitution, during which the laws will be deemed to be temporarily valid. Your Committee recognizes both the past injustice of the failure to respect the constitutional requirements and the urgency of the present situation. Accordingly,

The Committee recommends that the federal government give strong support to the government of Manitoba in order that it may comply with the ruling of the Supreme Court of Canada within the shortest possible delay.

III. FURTHER ACTION BY THE COMMITTEE

14. Your Committee has already recommended in its First Report tabled in both Houses on May 29, 1985 that a sub-committee be authorized to carry out a series of public hearings and consultations in a number of centres across the country to determine how individuals and groups view the future development of institutional bilingualism in a multicultural Canada.

15. Your Committee is also aware that there are a number of aspects of the Commissioner's 1984 Report which the Committee has not had time to examine in detail, (for example, language of work and equitable participation, the National Capital Region, language training programs, official languages in education, etc.). We will deal with these aspects as our schedule permits. Our present observations and recommendations are made in the spirit of urging a renewed commitment to the enterprise of linguistic reform. In particular, we are asking the federal government to give more coherent direction to official languages policy and programs and to provide an example of linguistic equality in action.

Respectfully submitted,

DALIA WOOD,
Joint Chairman.

THE SENATE

Thursday, June 27, 1985

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

ADVANCE PAYMENTS FOR CROPS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-58, to amend the Advance Payments for Crops Act.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

[*English*]

NORTHERN TRANSPORTATION COMPANY LIMITED DISPOSAL AUTHORIZATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-53, to authorize the disposal of the Northern Transportation Company Limited and the forgiveness of its debt to Her Majesty and to amend other Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on Orders of the Day for second reading later this day.

OLD AGE SECURITY

DE-INDEXATION OF PENSIONS—PRESENTATION OF PETITIONS

Hon. Earl A. Hastings: Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of the Good Samaritan Care Centre, 10530 - 56th Avenue, in the city of Edmonton, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Edson, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Medicine Hat, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of St. Albert, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned

petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Morinville, Edmonton, St. Albert, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Calgary, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Edmonton, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

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Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Red Deer, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Honourable senators, I have the honour to present a petition to the honourable the Senate of Canada, in Parliament assembled, on behalf of residents of Edmonton, in the province of Alberta, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that the Senate will therefore provide a remedy, humbly showing that a proposal has been introduced in the face of a campaign promise by the Prime Minister "that a Progressive Conservative government would once more index the old age pension to the actual cost of living on a quarterly basis." Wherefore the undersigned

petitioners humbly pray and call upon Parliament that the Prime Minister of Canada, the Right Honourable Brian Mulroney, respect his commitment of the 1984 election campaign to maintain full indexation of old age pensions, as in duty bound your petitioners will ever pray.

Who knows? We may have a miracle at 3 o'clock this afternoon and their prayers will be answered.

[*Translation*]

NORTHERN TRANSPORTATION COMPANY LIMITED

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER OF BILL C-53 TABLED

Hon. Léopold Langlois, Chairman of the Standing Senate Committee on Transport and Communications, tabled the following report:

Thursday, June 27, 1985

The Standing Senate Committee on Transport and Communications has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-53, intituled: "An Act to authorize the disposal of the Northern Transportation Company Limited and the forgiveness of its debt to Her Majesty and to amend other Acts in consequence thereof", has, in obedience to the Order of Reference of Thursday, June 20, 1985, examined and considered the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

LÉOPOLD LANGLOIS
Chairman

[*English*]

TRANSPORTATION OF DANGEROUS GOODS REGULATIONS

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER PRESENTED AND PRINTED AS APPENDIX

Hon. Léopold Langlois: Honourable senators, I have the honour to present, in both official languages, the Fourth Report of the Standing Senate Committee on Transport and Communications concerning the subject matter of the Transportation of Dangerous Goods Regulations. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Senator Hastings.]

(*For text of report, see appendix, p. 1218*)

• (1410)

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

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

[*Translation*]

STANDING RULES AND ORDERS

THIRD REPORT OF STANDING COMMITTEE PRESENTED

Hon. Gildas L. Molgat, Chairman of the Standing Committee on Standing Rules and Orders, tabled the following report:

Thursday, June 27, 1985

The Standing Committee on Standing Rules and Orders has the honour to presents its

THIRD REPORT

On April 2, 1985, a suggestion was made by the Honourable Senator Godfrey that your Committee examine three matters: (i) allowing senators to comment briefly on the speeches of other senators (ii) allowing senators to make brief statements prior to the Orders of the Day and (iii) granting to committees the power to initiate enquiries through the automatic referral of annual reports by departments.

In accordance with Rule 67(1)(*f*), your Committee agreed to consider these matters and held meetings on May 28, June 18 and June 25.

Your Committee reviewed the practices now in place and concludes that, with respect to all three matters, the current application of the *Rules of the Senate* is satisfactory and that no formal change in Senate rules of procedure is required.

Respectfully submitted,

GILDAS MOLGAT
Chairman

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

[*English*]

Senator Molgat: Honourable senators, with leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Molgat: Honourable senators, I wish to thank you for the courtesy of allowing me to proceed now. My comments will be very brief because I know that we have a great deal on the order paper.

The third report deals with three suggestions brought up by Senator Godfrey in questions to me on April 2 in my capacity

as chairman of the committee. The three questions dealt with rules that have been accepted in the House of Commons—changes that were made some time ago as a result of a recommendation of one of their committees. The first dealt with allowing other senators to make brief comments after an honourable senator ceases to speak on a bill or a speech on any subject for that matter. This rule in the House of Commons allows members a ten-minute period in which to speak without, in fact, having to ask questions.

The second one was allowing senators to make a brief statement at the beginning of the session each day. The relevant rule in the other place is the one-and-a-half minute rule whereby members can speak on matters of their own choosing.

The third one was sending to committees reports of all government departments and crown corporations as they are tabled in the Senate, referring them automatically to committees, thereby allowing committees to do any studies they wish without a direct reference from the Senate.

The committee looked at these three questions in depth. At the request of the committee, I spoke to the Honourable Ray Hnatyshyn, the House Leader in the other place, to see how these rules were working there. We obtained, as well, some statistical information on how frequently the rules were used.

The first two—that is the ten-minute comments at the end of speeches and the one-and-a-half minutes of comment at the beginning of the session—are used regularly in the other place. I was told by the Honourable Ray Hnatyshyn that they have, in fact, been very good rules, that they have substantially improved debate in the other place, and that so far as they are concerned they are quite happy with them. However, on looking at the rules and looking at the procedures in the Senate, recognizing that we do not work with any kind of time allocation in any case or at any time, that our rules are extremely flexible at all times, that in reality senators control themselves, that there is no attempt to order too closely the procedures, and that in fact the system was working well, the committee's recommendation is that a change was not necessary, so the proposal was not proceeded with.

On the third item, the automatic referral of reports, the first indication from the other place was that this had not been working particularly well, that it was not being used, that the committees apparently had ample work before them without having to use this procedure. I am told that more recently it is coming into use, but it is still, let us say, in the trial stages. Our committee therefore recommends that we not proceed on that matter either at this point, since again, under Senate rules and through the system of inquiries we have a very easy way of getting matters before the Senate, and we also have easy ways of getting matters referred to committees, and that in the past this has not presented a major problem.

Therefore, the committee recommends no change in the rules or procedures at this time.

On motion of Senator Godfrey, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE TABLED

Hon. Royce Frith, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the report of the Committee approving the supplementary estimates of the Special Senate Committee on Youth.

(*For text of report see today's Minutes of the Proceedings of the Senate.*)

YOUTH

AMENDED ORDER OF REFERENCE OF SPECIAL COMMITTEE

Hon. Jacques Hébert: Honourable senators, with your permission and notwithstanding rule 45(1)(e), I move:

> That the order of reference establishing a Special Senate Committee on Youth be amended by substituting the words "November 28, 1985" for the words "October 1, 1985".

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion adopted.

• (1420)

QUESTION PERIOD

[*English*]

THE BUDGET

DE-INDEXATION OF PENSION BENEFITS—GOVERNMENT STATEMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, could the Leader of the Government tell us whether the government will be making a statement today on the question of de-indexation of pensions.

Hon. Duff Roblin (Leader of the Government): I understand that a ministerial statement will be made in the other place dealing with a matter associated with the budget. I think I can say no more than that at this time.

Senator MacEachen: Honourable senators, in view of the obvious fact that the Leader of the Government, as a member of cabinet, would be involved in any discussions leading to a revision of the budget, I wonder whether he could tell us if the government will be announcing a total or partial withdrawal from its position on de-indexation.

Senator Roblin: I must leave it to my colleague, the Minister of Finance, who is the minister making the statement, to give the details of the statement. My honourable friend will be, I am sure, fully apprised of what he says at that time.

Senator MacEachen: Honourable senators, the matters of pensions and de-indexation have been before this chamber several times. Indeed, the Leader of the Government himself made a major speech in this regard. There is a motion before the Senate at the present time on that subject. In view of those facts and the fact that we, on the opposition side, have been co-operating very carefully with the government in proceeding with the legislation, would it be possible for the Leader of the Government, in the next half hour, to ensure that copies of the statement which will be made at about 3 o'clock will be provided to honourable senators so that we will not have to go to the press to be informed of a change in government policy?

Senator Roblin: I agree with my honourable friend that the Senate has been expeditious in dealing with the legislation we have recently received. I, for one, appreciate that.

I think the suggestion my honourable friend has made is entirely reasonable and I will do my best to get copies of the statement at the earliest moment and distribute them so that each senator will have one.

Senator MacEachen: I would hope that one will be available for every senator rather than one copy being made available to all of us.

Anticipating that the position which will be announced by the government will be in accord with the position taken by members of the opposition in this chamber, would the Leader of the Government also, later this day, when we call the motion moved by Senator Frith, join with us in the support of Senator Frith's motion on this matter, which will have found favour with the government and which will be, I am sure, compatible with the decision to be announced by the Minister of Finance?

Would the Leader of the Government now agree to join with us in support of this motion? The government would then know that it had the full support of the Senate in making this reversal.

Senator Steuart: It is called total surrender.

Senator Roblin: I think my honourable friend was not listening as carefully to me as he usually does, because I said I would try to get a copy of the statement for *each* senator. That means one for every senator.

Regarding the intriguing proposition that he has made to me, I think we will have to wait to see what is in the statement. He can then reconsider his position at that time. I am not entirely sure—

Senator Frith: The door creaked open again.

Senator Roblin: I am not entirely sure what attitude I am going to take to his suggestion. I think I will reserve my comment until both he and I have read the statement.

Hon. Stanley Haidasz: Honourable senators, a supplementary question. May I ask the Leader of the Government in the Senate whether the impending statement by the Minister of Finance in the other place about a certain budget proposal regarding the de-indexation of pensions means that the federal government will now honour *all* of its election pledges?

[Senator Roblin.]

Senator Roblin: I think my honourable friend will have to wait until he sees the statement, and then he can renew his question to me; or, if he wishes to reconsider the matter, he is welcome to do so.

FISHERIES AND OCEANS

REPORTED FEE FOR ACCESS TO MINISTER

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. My question arises out of an article in the *Globe and Mail* of today's date, an article headed: "Tory-owned consulting firm shows clout in Fisheries switch."

The article states that the Minister of Fisheries and Oceans made a decision outside the purview of his departmental officials on the transfer of a licence for a fisherman in Nova Scotia after a meeting was arranged by a consulting firm supposedly owned by one Frank Moores and one Gerald Doucet.

Those of us from the Atlantic provinces, on both sides of this house, are well aware of the political clout of those two named individuals.

An Hon. Senator: Question!

Senator Thériault: My question is: Will the government leader in the Senate assure the people of Canada, through this chamber, that no one, at any time, now or in the future, will have to pay a fee to consulting firms in order to make an appointment with a cabinet minister at the national level?

Hon. Duff Roblin (Leader of the Government): I am glad to welcome my honourable friend back. I see he is in good form and good voice. We are pleased to see him back in the chamber. I am not quite so pleased with the question. It is the kind I have learned to expect from him.

I can tell him that the government is not in the habit of charging fees to anybody for access to ministers. That is our settled policy. There is no change in that. And no one has been authorized by us to charge fees for access to ministers on any occasion.

Hon. Royce Frith (Deputy Leader of the Opposition): Just "not in the habit of"? Does it do it occasionally though not habitually, perhaps?

Senator Thériault: A supplementary question. I thank the government leader for his kind words to me. I want him to please ask his Prime Minister and his cabinet colleagues to issue a statement, if there is any foundation to this story, to the effect that such a happening will not occur again, because this is very, very serious, if true.

Senator Flynn: If true.

Senator Thériault: Yes. As I said, my question is based on an article in the *Globe and Mail*—and believe you me, I do not always take for granted what I read in the *Globe and Mail*. I am asking the question because it has been reported in a national newspaper.

I ask the government leader to make inquiries as to whether this did or did not happen; and if it did happen, to assure Canadians that it will never happen again. I want to know whether it happened or not.

● (1430)

Senator Roblin: I am not able to confirm or deny a newspaper statement because that is not within the purview of my knowledge, nor, indeed, is it part of my responsibilities. I repeat that the government, of course, does not levy a charge for anyone to see an official or a minister of the Crown. The whole idea is preposterous. What other people do is certainly something that we cannot control, but insofar as my advice would extend, I would certainly advise no Canadian to pay a five cent piece to exercise their undoubted right to meet with ministers of the Crown, and indeed, with other members of the government services from time to time as they require.

DECISION OF MINISTER RE LICENCE

Hon. John B. Stewart: Honourable senators, my question does not refer to the matter of a threshold fee to get in through the open door; rather it refers to the decision of the minister to grant the request.

According to the newspaper story, the Deputy Minister of Fisheries and Oceans said—and this is reportedly a direct quotation from him—that the officials of the department were not prepared to agree to the application of Mr. Snarby to have the licence which was appended to the "Martin & Philip" transferred to another vessel, the "Osprey."

Nevertheless, the Minister of Fisheries and Oceans was prepared to make this transfer. My question is: What considerations did the Minister of Fisheries and Oceans detect which brought him to a conclusion which was opposite to that of the officials in his department?

Senator Roblin: I must tell my honourable friend that I have not had a chance to discuss this matter with my colleague, the Minister of Fisheries and Oceans. However, as my honourable friend will know from having read the story, that newspaper story did give a reason: namely, an allocation of fishing quota. That was one of the points in the article that dealt with which boat should be approved. It is a question of the number of fish. My honourable friend is shaking his head; he may well be right. I am attempting to recapitulate what I can remember of the story which I also had some interest in reading today.

However, I think it would be wiser for me to take my honourable friend's question as notice, because undoubtedly there are ramifications of this matter of which I am certainly not aware.

Senator Stewart: Honourable senators, as I understand the situation, the fact is that the second vessel was somewhat larger and consequently, if it was to be operated economically, would have to have a larger share of the available fish stock. This, I understand, was one of the reasons why the Department of Fisheries was opposed to granting the request. I think the Leader of the Government has misread the story on that point.

However, I gather from his response to my question and to Senator Theriault's question that the Government of Canada knows nothing whatsoever about any money having been charged in relation to this interview.

Senator Roblin: Honourable senators, we certainly know now, because it has been brought up in this house and it has appeared in the newspaper and, consequently, one must assume that there is some basis for that story. If my honourable friend asks me did we know before, I will tell him that we did not know before. However, what I will do, to ensure that I give an absolutely correct reply, is consult with my colleague, the Minister of Fisheries, and obtain his comments on the questions that have been raised by the two honourable senators.

Senator Stewart: Honourable senators, I thank the Leader of the Government. The story also mentions the Deputy Prime Minister, and states that when Mr. Fraser was asked if Mr. Nielsen had brought this matter to Mr. Fraser's attention, Mr. Fraser replied:

> I can't comment on that.

That kind of quotation leads one to think that his answer, if he could comment, would have been "yes." Could that point be cleared up when the other aspects of this matter are being cleared up?

Senator Roblin: I think if somebody asked me what conversations I had held with some colleague of mine in the cabinet, I would have given the same reply, whether I had had any conversations or not. That is not the sort of matter which one is normally expected to discuss. However, I think that when I bring to the attention of the Minister of Fisheries and Oceans the comments made by honourable senators in the house, it will give him an opportunity to make the replies he thinks are appropriate in the circumstances.

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government, and it is on the same subject. The Thomson newspaper chain, desolate that it has been scooped by the *Globe and Mail* on this issue, has been digging all day and they claim that they have seen a memorandum from the minister to his officials saying, "I know this is going against what we agreed upon, but do it this time, will you, please?" Would the Leader of the Government check into this matter as well while he is checking into the other matters, because it appears to be an admission by the minister of having done wrong?

Senator Roblin: Of course, the defect in which my honourable friend has indulged is that he has taken a quotation from a newspaper and drawn from it conclusions which may not be warranted. I shall give him the same answer that I gave other honourable gentlemen in the chamber who have raised the point. I shall ask the Minister of Fisheries to give me his comments on the quotation. I think it would be a little premature to allege an issue of wrongdoing on the basis of the quotation we have heard.

Senator Gigantès: Honourable senators, to set the record straight, I did not say that the newspaper has written this

quotation in an article. I said that the people working for that organization claim to have seen this memorandum. It will probably appear in articles tomorrow. It is a very serious issue. I would like the Leader of the Government to include this matter in his inquiries because it is a very serious one.

Senator Flynn: If you had put the question that way the first time it would have been more objective.

Senator Guay: The leader has spoken!

Senator Gigantès: It is an absolute delight to receive lessons in etiquette—

Senator Walker: Sit down!

Senator Gigantès: —from that great expert, Senator Flynn. I hope he will long be with us and continue to give us these examples and these precepts on how to behave in this honourable chamber. Nobody does it better.

Senator Stewart: Honourable senators, may I suggest to the Leader of the Government that it would be helpful to receive immediate replies in this matter. Fishermen get very unhappy when they think that anything untoward is being done with regard to access to fish stocks. Now that the old age pensioners are to have an easy summer, it would be nice if the fishermen, too, could have the same, assured that nothing untoward has happened in this entire situation.

Senator Roblin: I think the fishermen will probably have one of the easiest summers they have had for some time. My honourable friend will recognize that problems with respect to the allocation of fishing rights did not suddenly develop yesterday or the day before, that they have been around for a long time. I am sure that my honourable friend, with his undoubted experience in this field, can recollect many occasions on which there have been serious differences of opinion among fishermen as to what should be done with respect to their industry. I can assure him that the present government will do its best as, I presume, its predecessor did, to deal with all those issues fairly and as expeditiously as he can.

Senator Stewart: Honourable senators, I press my request for an urgent reply. Senator Roblin says that the fishermen using different types of gear quarrel over allocations of stock. That, of course, is obvious; we can assume that it will continue. The fishermen understand that; they are very smart people. What they find offensive is any suggestion that someone is getting a licence improperly, whether it be a crab licence, a lobster licence or, in the good old days, a salmon licence, or getting improperly the right to transfer a licence from one craft to another. I am not suggesting that there has been any impropriety by the minister in this instance. I am saying to the Leader of the Government that it would be helpful if this entire matter could be clarified within a day or two. I am sure that he could achieve that if he put his mind to it.

Senator Roblin: I am glad to hear my honourable friend's assurance that he is not making any allegation of improper conduct. That is an advance over what we have heard from some other quarters and I thank him for that observation. I can tell him that I am sure that the Minister of Fisheries and Oceans is just as anxious as anybody else to get this matter disposed of as speedily as possible.

[Senator Gigantès.]

CANADIAN WHEAT BOARD

ALLEGED ABSENCE OF MINISTER FROM ADVISORY COMMITTEE MEETINGS

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government in the Senate. It is based on a Winnipeg *Free Press* news report of a couple of weeks ago to the effect that the advisory committee to the Canadian Wheat Board criticized the present minister in charge of the Canadian Wheat Board for not attending at least some or a number of their meetings after being invited. In the past it has been a practice for the minister and/or his representatives to attend meetings of the advisory committee of the Canadian Wheat Board from time to time. I think it is a good practice because the minister hears from the farmers' elected advisory representatives and from the Canadian Wheat Board. They hear from the minister, and I think it is a very useful exchange. I wonder whether the government leader would comment on that news report. I would appreciate hearing his views. I think the minister in charge of the Canadian Wheat Board might be well advised to attend meetings between the Canadian Wheat Board and its advisory committee from time to time.

Hon. Duff Roblin (Leader of the Government): I have not seen the newspaper report, but even if I had I would not comment upon it because it is not part of my duties. I can tell my honourable friend that the Honourable Charles Mayer, the minister in charge of the Canadian Wheat Board is, in my opinion, one of the most zealous ministers in the administration. If he were missing from a meeting, it would not be because of any ill-will or lack of interest, but because other responsibilities at the time had made it impossible. I suggest to my honourable friend that over time the attendance record of my colleague, the Honourable Charles Mayer, at the wheat board advisory committee meetings will be good.

Senator Argue: I appreciate the latter part of the leader's comments.

Hon. David Walker: Honourable senators, on a point of order, we are trying to clean up our business and this man makes a speech every time he gets up. What does this have to do with the Question Period?

Senator Frith: Order.

Senator Argue: It is not the first speech that has been made this afternoon.

I think the Leader of the Government in the Senate is in a position to convey messages. He has said that the minister's record will be good. The information I have is that the minister has been to one meeting since he was appointed, that the advisers are upset, that the producers do not like it and that the word is getting around on the prairies that the current minister is ignoring the Canadian Wheat Board and is not as supportive of the marketing system—

Senator Flynn: As his predecessor.

Senator Frith: Exactly.

Senator Argue: —as they would like him to be. I would like the Leader of the Government to convey this question to the minister and to bring back to the Senate information on how many meetings the minister has attended. Has he attended more than one?

Senator Roblin: I hope it will make my honourable friend feel better when I tell him that it is my practice whenever a reference is made to a minister, whether or not it involves an answer on my part, to take the precaution of sending a copy of *Hansard* to the minister so he will know what is said about him. I will certainly do that in this case.

Senator Argue: Thank you very much.

REQUEST FOR ANSWERS

Hon. John B. Stewart: Before the Leader of the Government gives us his delayed answers, may I anticipate. He said earlier that he wanted to deal with the business expeditiously. On June 12, I asked him a question concerning studies with regard to the impact of the budget. Specifically, I asked him if there had been an impact study showing the way the budget measures would affect the diverse regions of the country, an impact study similar to the impact study made of its effects on the various income strata of the population. I hope that he will give me my answer today. If he does not, will he provide it tomorrow?

● (1440)

Hon. Duff Roblin (Leader of the Government): I am afraid that I must disappoint my honourable friend. I do not have that answer today and I must tell him that I really do not expect to have it tomorrow either. That does not mean that it has been overlooked or forgotten; it will be attended to.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to questions.

AGRICULTURE

SUGAR-BEET INDUSTRY—FUTURE PROSPECTS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 28 last by the Honourable Senator Olson respecting agriculture and the sugar-beet industry.

(*The answer follows:*)

Every indication is that both sugar beet processing plants in Western Canada are in good working order and have been well maintained. Department of Agriculture officials have had occasion to visit both the Winnipeg and Taber facility in the last year. The Taber Plant, especially, has recently been upgraded. A consultant's study done 2 years ago reports a sugar refining capacity in Western Canada for at least fifteen years.

In view of the investments by the parent company in these facilities it is likely in their interest to keep them operating. While growers in Alberta were unable to negotiate suitable contract agreements to grow beets for the 1985 crop, BC sugar intended to keep Taber facility open as a packaging and distribution centre.

The Winnipeg plant will be operating as it has in the past. A sugar beet crop was planted this spring in southern Manitoba, although total acreage is estimated to be down slightly.

This fall, in Quebec, la Raffinerie de Sucre du Québec (RSQ) will be in a position to refine sugar beets to the final product, granulated sugar. Previously the plant has only produced a semi-processed product which required further refining.

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 28 last by the Honourable Senator Fairbairn. It, too, has to do with the sugar-beet industry, and no doubt my friend will be interested in the previous answer, as well.

(*The answer follows:*)

In the course of studying alternative options for a national sugar/sweetener policy, the question of other crop production will have to be addressed if the long term viability of the industry does not appear sound.

In 1968, Canada and Dominion sugar closed down its sugar processing facility due to only marginal profits. In the 1968/69 fiscal year $60 per acre based on 1967 seeded acreage of 16,193 acres was paid to producers to assist in conversion to alternative crops. The total cost of paying 765 growers was $971,632 (1968 dollars).

The federal government has no short term assistance specifically for the sugar beet producers in Alberta to advise them as to the best alternative crops to sugar beets for 1985. The decision was taken by the farmers not to grow beets this season despite financial assistance from both the provincial and federal governments, assumably because it was not in their best financial interest to do so.

The returns on sugar beet production under the agreements of the contract from BC sugar did not provide enough financial incentive for a sugar beet crop to be planted. This was a business decision taken by the farmers.

FOREIGN AFFAIRS

THIRD WORLD—GOVERNMENT AID

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked on May 28, 1985 by the Honourable Senator Grafstein

regarding foreign affairs, the Third World and government aid.

(*The answer follows:*)

In spite of a reduction in funds for international development mentioned in the Budget Speech of May 23, 1985, Canada continues to be strong supporter of development assistance. The Government will honour its commitment to reach 0.5 per cent of Gross National Product (GNP) in 1985.

The dollar volume of Official Development Assistance (ODA) will be significantly higher next year than this year, despite the budget reduction of $50 million. (Incidentally budgetary reduction measures were phased over two years—$180 million this year and $50 million next year—rather than lumped in one year as the question implies.)

In addition, the ODA/GNP ratio (the internationally accepted measure of aid performance) will also increase next year, in fulfillment of the Government's commitment to reach on ODA/GNP ration of 0.6% by the end of the decade.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question asked in the Senate on June 20, 1985 by the Honourable Senator Molgat regarding agriculture, the sugar-beet industry and the 1983 stabilization payment.

(*The answer follows:*)

At present, the federal government does not have the legal authority to make a stabilization payment for the 1983 crop.

In August 1984, a regulation was put through to provide for the support price of the 1982 crop. As a routine measure, officials from the Department of Justice looked at the Agriculture Stabilization Act and ruled that no provision existed to permit retroactive stabilization payments (despite past practice). According to their interpretation of the Act, a prescribed price is required to be calculated in the current crop or fiscal year.

Normally sugar beet payments are made where required after all the beets have been processed and the sugar sold, at which time the realized price can be calculated. This is often not completed until 12 to 18 months after harvest.

The 1984 crop for example is still being packaged and sold.

Although the 1982 stabilization payments were allowed, no further retroactive price support will be permitted under the present ASA. With the amendments in Bill C-25, retroactive payment will be permitted.

Regarding a National Sugar/Sweetener Policy, on April 18, 1985, the Department of Agriculture was directed to develop national sugar/sweetener policy for consideration by Ministers. This study is well underway.

In conjunction with the work being done by the Department, Mr. Mayer is calling a meeting of all those interested in or affected by a change in federal government policy toward the sugar and sweetener industries in Canada. This meeting will take place July 24, 1985, in Ottawa.

In respect of the needs of the sugar beet growers to plan their land preparation and crop rotation, we hope to be in a position to announce the direction of the new policy this fall.

CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—ABSENCE OF GOVERNOR GENERAL

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 19, 1985 by Senator Le Moyne regarding Canada-United States relations, the summit meeting in Quebec City and the absence of the Governor General. I should tell my honourable friend, in case he thinks my answer is a little curt, that we believe we answered his question on a previous occasion. That may have escaped his notice.

(*The answer follows:*)

The answer to this question was given on April 30, 1985.

CANADIAN PENSION COMMISSION

REPLACEMENT OF WING COMMANDER MacKENZIE, DFC

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question asked in the Senate on June 19, 1985 by the Honourable Senator Godfrey regarding the Canadian Pension Commission and the replacement of Wing Commander MacKenzie, DFC.

(*The answer follows:*)

The Veterans Affairs Portfolio is well aware of Mr. MacKenzie's qualifications and of his distinguished Service record. Mr. MacKenzie was able to put this background to work during his term as an *Ad Hoc* Commissioner with the Canadian Pension Commission.

The Minister advises that Honourable Senators may be assured that Mr. MacKenzie's *curriculum vitae* won't be overlooked should a suitable position arise within the Portfolio.

REQUESTS FOR ANSWERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, a number of questions I have asked have not yet been answered by the Leader of the Government in the Senate. Since we are cleaning up business, in the words of

Senator Walker, and as we are co-operating, I would hope that the Leader of the Government would attach some urgency to answering the outstanding questions that have been put by members on this side of the chamber. There are some hours—perhaps a day or more—left, and, with some push, I think that these questions can be answered.

I wish to draw to his attention two questions I have asked to which I would like to have answers before I go back to Nova Scotia. One has to do with the Sydney steel plant. Are negotiations under way between the Government of Canada and the Government of Nova Scotia? Is there a proposal before the Government of Canada for the second phase of the modernization of the Sydney steel plant?

Honourable senators, that does not involve a big research job. Officials in the department of the Honourable Sinclair Stevens can answer that question very quickly.

The second question has to do with another matter on which I would like information before I leave, and that is the special tax credit for the Island of Cape Breton. That 50 per cent tax credit was in place in 1980. I want to know whether the Department of Finance has made any analysis of the impact of the credit introduced in 1980. If it has not, I think that it is shameful to recommend an extension of the credit—

Senator Flynn: You must have done it when you were in office.

Senator MacEachen: —five years later without knowing the impact it had in its former form.

I am not looking for a fight, but I am asking whether I can have that information. It is important, I think, to the government to have it known whether there is some substance to this tax proposal. I think we could get some indication from the analysis that might have been made by the government over a five-year period.

I will not ask for answers to the other questions.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I always hope to be as co-operative as possible in answering the questions of the gentlemen opposite. I have been on the asking end myself. I have to tell my honourable friend, however, what he also knows—namely, that if these answers were to be provided by me from my area of responsibility it would probably be easier for me to do so. As he knows, however, they come from other departments. In his view, the other departments should be able to give a quick answer. Unfortunately, that is not always the case. Take, for example, the last question asked with respect to the impact of a tax measure that was introduced five years ago. It may be necessary to do a little research in order to give a parliamentary answer to that question. I have no means of knowing, but it is certainly possible that there is quite a number of considerations that will go into the provision of a correct parliamentary answer. The departments are quite anxious to make sure that what they say is accurate and beyond challenge.

That, however, does not prevent me from doing my best to expedite his returns and that I will do. I must say that we do have a practice of follow-up of the questions for the departments which we think are a little tardy. We do our best to extract answers from them as expeditiously as possible, and we will continue to do that.

Senator MacEachen: I am sure that the Leader of the Government is alert and, from some experience, I know that departments are notoriously negligent in providing answers to the questions of parliamentarians. Oftentimes, they assign the responsibility, not to senior officials but to some person whom they may regard as unimportant—unimportant enough to deal with the questions put by members of Parliament. I know that there is always a battle in that regard, but I think that we, who are members of Parliament, have to keep pressing to try to get some action from the bureaucrats.

I am sure that some of these answers are stuck on some desk, somewhere, waiting for the attention of some senior bureaucrat who has not had the chance or the time to deal with the answer. Having understood the problem, I am as unrelenting as I used to be as a minister in trying to get answers out of the bureaucracy, which yields such answers as if they were gold for which they were mining daily at minimum wages.

Senator Roblin: Honourable senators, it is the minimum wages part that is wrong—they are not getting minimum wages; they are very well paid, indeed.

Senator MacEachen: I said "as if."

Senator Roblin: I want to tell my honourable friend that I have better luck than he has because I am well aware that my questions are not fobbed off to the bottom of the "in" tray. My contacts are with a higher level of the bureaucracy than that with which he appears to have been dealing. Whether I am going to get the answers any faster, as a result, remains to be seen. All I can say is that, so far, I have been doing pretty well.

Senator MacEachen: I do not want to argue this question, but I know perfectly well that, if the Leader of the Government had the answers, he would produce them. In a sense, he has convicted himself because he has said that he does not have a lot of answers. He does not have them, not because he has bad will but because the bureaucracy is not producing them. I am referring to what I observed at a time when I was Leader of the Government in the House of Commons and had to take responsibility in that place for answers given by all departments. It was a continuous effort to get answers out of the bureaucracy. I would ask the Leader of the Government not to defend it too much on this point, because he will put his foot in the wrong place.

Senator Roblin: I am not interested in defending the bureaucracy. I have never been known as one who has been particularly—let me see—enthusiastic about the bureaucratic way of doing business. But I am interested in defending myself. I can tell my honourable friend that, if he examines the record we have set in producing answers, he will see that it is a reasonable one. I would like to say that my impression is that it is better than what was going on before I got this job, but let that stand to one side; there is no need to boast. I will simply say that I think we are producing our answers in an

expeditious way. It is unfortunately the fact that answers respecting two of the points in which my honourable friend is very much interested have not yet been produced. That is not because a good effort has not been made. It will continue to be made and he will be satisfied in due course.

Senator MacEachen: Would the Leader of the Government particularly try to clean up the questions which other senators have raised over the last two days and which I have raised today? We do not want the answers on embossed paper. If he can get up and read them from the back of an envelope, we will be happy, as long as we get the information. Since we have dealt with these bills speedily, perhaps the Leader of the Government would deal with our questions speedily.

Senator Roblin: Honourable senators, I really take umbrage at my honourable friend's suggestion that I do not. I deal with these questions speedily. Every day that honourable senators ask me questions they are not asking them in a void. They are asking me, and I am a live, sentient being, and I take note of the questions asked. I take note of them and I say to my staff— Well, never mind what I say because it is not exactly parliamentary.

● (1450)

Senator Frith: What do you say?

Senator MacEachen: Do you pound the desk?

Senator Roblin: I want to tell my honourable friend that his interests are in better hands now than they have ever been.

Senator Frith: The difference is that you get your bills and we don't get our answers. It is the result that changes, which is quite different.

Hon. Joyce Fairbairn: Honourable senators—

Senator Frith: Of course, you don't want to do that.

Senator Flynn: That is irrelevant.

Senator Fairbairn: Honourable senators—

The Hon. the Speaker: Order!

Senator Frith: You only do what suits you.

The Hon. the Speaker: Order!

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, may I ask the Leader of the Government in the Senate to read the answer to my question of May 28? I will be leaving for the west before *Hansard* comes out tomorrow.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I would be pleased to read it, although it has already been taken as read. This is the answer:

> In the course of studying alternative options for a national sugar/sweetener policy, the question of other crop production will have to be addressed if the long term viability of the industry does not appear sound.
>
> In 1968, Canada and Dominion sugar closed down its sugar processing facility due to only marginal profits. In the 1968/69 fiscal year $60 per acre based on 1967 seeded acreage of 16,193 acres was paid to producers to assist in conversion to alternative crops. The total cost of paying 765 growers was $971,632. (1968 dollars).
>
> The federal government has no short term assistance specifically for the sugar beet producers in Alberta to advise them as to the best alternative crops to sugar beets for 1985. The decision was taken by the farmers not to grow beets this season despite financial assistance from both the provincial and federal governments, assumably because it was not in their best financial interest to do so.
>
> The returns on sugar beet production under the agreements of the contract from BC sugar did not provide enough financial incentive for a sugar beet crop to be planted. This was a business decision taken by the farmers.

[*Translation*]

REQUESTS FOR ANSWERS TO ORDER PAPER QUESTIONS

Hon. Eymard G. Corbin: Honourable senators, with respect to answers to questions, I would like to know whether the Leader of the Government in the Senate has learned, as a result of his inquiries, whether before the end of the session I will get an answer to my written question dated February 12 last which appears as No. 7 under "Questions". I do not need to remind him what my question is all about. However, it seems to me quite unusual that a written and detailed question dated February 12 has not yet been answered. I must add that I find this unbelievable, because the questions are quite simple and direct.

Now, if the government refuses to answer, I would like to know. If part of the answer is given, I will be partly satisfied. However, if all my questions are to be answered, I might wait a few more months. However, I would like to know what is going on.

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to indicate to my honourable friend that I take his questions very seriously. He raised that point the other day. I said to myself that I did not remember that question, so I checked it out and discovered that it was a written question. The procedure followed for written questions of the nature he is talking about is quite different from the procedure followed for oral questions. Oral questions are my baby and I do what I can to answer them. Written questions go through different channels, namely, the Clerk of the house, the Speaker and to the answering authority in the other place and they are not within my jurisdiction in the same way. The best thing I can do is ask the Clerk of the house to take note of my honourable friend's distress, because he has not received his answer since last February, and find out where the blazes it is.

[*Translation*]

Senator Corbin: Honourable senators, I should like to thank the Leader of the Government for his explanation. I am glad he told us what is going on, but I do not think that as a senator I have to rely on a Senate official to know whether I will get an answer.

This question appears on the order paper of the Senate, which is under the control of the senators. For the information of the Leader of the Government, I inquired two months ago of the officials and they acquainted me with the procedure. However, the officials do not represent the government. I want to know why the government does not answer. I am not putting the question to the officials but to the minister concerned. If this is how we are dealt with here, I will be compelled one of these days to refer the entire matter of written questions to the Standing Committee on Standing Rules and Orders, because I find unacceptable that a senator can be treated in this manner when he has taken the trouble to put detailed and direct questions requesting simple information. I will not tolerate such a system very long.

[*English*]

Senator Roblin: I recall from my experiences elsewhere that many a time and oft the members of the House of Commons, who use the written question procedure more often than we do, have been kept waiting months and, indeed, years and, sometimes their questions are never answered. Perhaps they were not very good questions and I will leave that issue aside. This is nothing new, and if my honourable friend has a complaint and wishes to refer it to the committee that he has suggested, I will welcome that action on his part.

[*Translation*]

Senator Corbin: Honourable senators, I move that the procedure followed for written questions asked or put by honourable senators be referred to the Committee on Standing Rules and Orders.

Senator Flynn: No, that is out of order.

The Hon. the Speaker: Honourable senators, is leave granted for this motion?

Senator Flynn: No.

[*English*]

Senator Roblin: That is out of order.

Senator Frith: Senator Corbin has to give notice because they won't give leave.

Senator Roblin: If it will make my honourable friend feel any better, I certainly am not disposed to interfere with leave if he wants to make such a motion. It is at the wrong place on the order paper. No notice has been given and we will have to give double leave, but in terms of the substance of the matter I certainly cannot object.

Senator Flynn: The chairman is here.

Senator Corbin: I thank the honourable leader for his courtesy. I recognize that I am not proceeding in a very orthodox way, but I was responding to his invitation.

Senator Roblin: Respond in the right way, then.

Senator Corbin: I have waited months for an answer, so I can darn well wait a few more hours or a few more days and do it at the proper time. I will abide by the rules.

Hon. Gildas L. Molgat: Honourable senators, I should like to address a question to the Leader of the Government. I was absent from the chamber for a few moments and I wonder if the honourable leader has responded to the question I asked on June 20, which he said he would look into immediately, referring to the stabilization payment for the 1983 sugar-beet crop. He acknowledged at that time that it was very tardy in coming and he hoped to have an answer before the Senate rose for the summer recess. Does he have an answer?

Senator Roblin: Honourable senators, much to the surprise of some honourable senators, I have an answer. I have done my best to get my friend a prompt reply. I have read it and I hope it will be satisfactory to him.

THE HONOURABLE LOUIS-J. ROBICHAUD, P.C.

FELICITATIONS ON TWENTY-FIFTH ANNIVERSARY OF BECOMING PREMIER OF NEW BRUNSWICK

Hon. Charles McElman: Honourable senators, before we proceed to the Orders of the Day, I would ask your indulgence so that I might refer briefly to a rather momentous anniversary affecting the legislative and political history of my province of New Brunswick.

● (1500)

It was 25 years ago today that an event took place in which I had a minor role, but in which one of our colleagues had a major role. A mandate to give effect to a major program of governmental and social reform in the province of New Brunswick was on that day 25 years ago given to our colleague, the Honourable Louis-J. Robichaud, and I would just like to say that he carried out that mandate with distinction.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): I should like to tell my honourable friend that the date for me was June 30, 1958, and I hope that when that anniversary rolls around next year he will couple my name with that of his honourable friend.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I cannot resist the opportunity to share with Senator McElman the recollection of this important anniversary, because it followed the election of our colleague, the now Senator Robichaud, to the leadership of the Liberal Party in New Brunswick. I attended that leadership convention at which our colleague was made leader, in the company of the leader of the Liberal Party of that day, the late Right Honourable Lester B. Pearson. Certainly the event which took place in 1960, with the new leader's election as premier of New Brunswick, was an important encouragement to Mr. Pearson and his colleagues, who at that time were in the

opposition, with 48 members in the House of Commons of Canada.

Senator Flynn: How many? Not 28 members.

Senator MacEachen: I said 48 members. It is a situation which Senator Walker will recall very well.

Honourable senators, I add my voice to the voices of Senator McElman and the Leader of the Government in the Senate in recalling this important anniversary.

OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING

Hon. Jack Marshall moved the third reading of Bill C-26, to amend the Old Age Security Act.

Motion agreed to and bill read third time and passed.

FISHERIES ACT

BILL TO AMEND—THIRD READING

Hon. Jack Marshall moved the third reading of Bill C-32, to amend the Fisheries Act.

Motion agreed to and bill read third time and passed.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—THIRD READING

Hon. Jack Marshall moved the third reading of Bill C-57, to amend the Fisheries Improvement Loans Act.

Motion agreed to and bill read third time and passed.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—THIRD READING

Hon. R. James Balfour moved the third reading of Bill C-56, to amend the Farm Improvement Loans Act.

Motion agreed to and bill read third time and passed.

ADVANCE PAYMENTS FOR CROPS ACT

BILL TO AMEND—SECOND READING

Hon. Efstathios William Barootes moved the second reading of Bill C-58, to amend the Advance Payments for Crops Act.

He said: Honourable senators, Bill C-58 is a bill to amend the Advance Payments for Crops Act of 1977, which is a good program. However, it is out of date. It is based on circumstances in farming crops and crop prices of almost a decade ago. Consequently, it requires some amendments to compensate for the effects of inflation.

The object of the program is to assist in orderly marketing of agricultural products in all parts of Canada. It is achieved by advancing interest-free payments to producers for storable field-grown crops prior to harvesting, and allowing farmers thus to market their crops over the full marketing season, when returns and prices are normally higher than they are at harvest time.

• (1510)

As crops are sold, for example, potatoes in Prince Edward Island, apples in British Columbia or corn or turnips in Ontario, this money is repaid to the producer organization under an agreement with the federal government. In this way, the farmer is provided with some cash from the harvest time until his product is sold, which sometimes may be up to several months.

The present maximum levels of advance payments were set in 1977. Since producers' input costs have risen dramatically in the last eight years and at a faster rate than market returns, a much lower percentage of the producers' crop is now covered. This has reduced the producer's flexibility and affects his net income. The bill is meant to correct that deficiency and to clarify some of the administrative procedures which have become rusty.

The proposed amendments to the Advance Payments for Crops Act fall into two general categories. The first group doubles the maximum advances to producers from $15,000, $30,000 and $45,000 to levels of $30,000, $60,000 and $90,000. The smallest of these three amounts is for individual producers, and the second and third amounts, which are somewhat larger, are for business organizations. Along with this, of course, the total contingent liability of the government, of necessity, must be doubled by increasing that liability to $400 million from $200 million.

The second group of amendments are, essentially, housekeeping modifications aimed at expanding the flexibility of the program by increasing other benefits to producers while improving the control of both the producer organizations and Agriculture Canada to limit defaults. These include:

(1) clarifying and expanding the definitions of who might be a buyer-broker. A large number of marketing systems exist for agri-products. Flexibility is required in the act to develop programs that meet the needs of producers; otherwise, producers tend to develop marketing systems that will be eligible under the act instead of developing systems which will maximize the benefits; and

(2) the amendments are aimed at improving methods and fairness in collecting defaults. The present system places all responsibility for collecting defaults on the producer organizations, and this includes the collection costs and the legal fees. This is an expense that is shared by all producers by means of an administrative fee so that those who have repaid their advances have to be charged additionally for the costs and expenses of those who became defaulters. The amendments will allow the producer organizations to recover the collection costs from the defaulter, and, if this cannot be done, the legal expenses will be paid for by the federal government. I should add that the legal expenses are the largest element of these costs. It is felt that the savings in interest charges on the

outstanding default should offset any legal expenses that may need to be paid.

On this point, let me assure honourable senators that the level of defaults is minimal. In seven years of operation, the average default is less than one-tenth of 1 per cent. As you know, lending institutions consider 3 per cent on defaults in the agricultural sector to be very good business.

The amendments go on to clarify meanings of terms. They are also aimed at accelerating decision-making and rulings. For example, the French and English versions of the act, in some areas, are quite different, and this is being corrected; terms such as "promptly" and "undertaking" need definition to avoid conflicting interpretations; the requirements for forms and declarations have been markedly reduced; potential liability to producer organizations has been reduced from 5 per cent previously to 2 per cent resulting in a better negotiated interest rate on borrowings for the federal government by about one-half of 1 per cent. I am informed that this could amount to as much as $500,000 and up to $1 million.

Delays in introduction of programs have previously been caused by the necessity for approval by an Order in Council. This has caused some serious legal liabilities and difficulties. This is now being replaced by ministerial determination.

Honourable senators, all of the proposed amendments have been developed in concert with producer organizations who support them. They are also generally supported by other groups in the country and, of course, by our friends in the other place.

At a time when crop producers are under considerable stress from rising production costs and widely-swinging market prices—or, if you will, the cost-price squeeze—the Advance Payments for Crops Program is more important now than ever. By doubling the payment levels, we will be providing greater market flexibility and greater opportunities for producers.

The program has proven to be worthy and necessary. The 1977 model merely needs to be modernized to meet 1985 market conditions.

It is for all these good reasons that I ask honourable senators to approve Bill C-58, to amend the Advance Payments for Crops Act, and I thank you for your kind attention to and your indulgence with my presentation.

Hon. Senators: Hear, hear.

Hon. Hazen Argue: I am sure honourable senators will agree with me when I say that we have had a comprehensive introduction to this important bill by Senator Barootes. He has covered fully the various aspects of the bill and has clearly pointed out the reasons for its being considered to be essential and why it should be advanced through the Senate.

I have had the opportunity to peruse the House of Commons debates on this bill. They were short; it took very little time to get the bill through the other place. I believe it was only yesterday that the bill received second and third readings. It is a non-contentious bill. As Senator Barootes has said, it is really bringing up to date, in many respects, legislation that has been on the statute books since 1977.

Cash advances were pioneered on the prairies. A great debate on that subject took place long ago. It was about 1957 that cash advances for prairie grain producers first went into effect, and it was 20 years later before the rest of Canada caught up to the prairies in getting for themselves the same kind of useful legislation that had been in operation in the prairies for a long time.

• (1520)

This act is of major importance. It was first introduced in 1977 and in its first year of operation some eight organizations used the legislation. Last year, the record shows that there were some 47 organizations using the legislation, with some $190 million guaranteed under the legislation.

So, it is important. A farmer who has produced a crop covered by this legislation—and between this and the Prairie Grain Advanced Payments legislation, the great bulk of agricultural production is covered—may make an application, when that crop is produced, to the appropriate authority for a cash advance. In the past, the farmer was eligible to receive up to $15,000 by way of an interest-free cash advance, and that is increased to $30,000 under this bill.

One could have forecast that this legislation was coming. I had the honour to bring legislation forward on behalf of the previous administration to double the cash advance under the Prairie Grain Advance Payments Act. We doubled it from $15,000 to $30,000.

I might say that in a responsibility I had a few years ago there was a great deal of pressure from individuals from some farm organizations to increase the $15,000 to $50,000. But, as I studied the situation, I came to the conclusion that the $50,000 would be available only to a very, very small percentage of agricultural producers, a kind of a top elite; and although the major farm organizations asked that we go from $15,000 to $50,000, I thought it adequate to go from $15,000 to $30,000.

I can say that the producers out west appeared to be, as far as I could tell, fully satisfied with the doubling. Going to $50,000 would have meant extra costs, with only a very, very small percentage of producers benefiting. And when the producers are very large producers, usually they can take care of themselves.

When I was putting forward this idea, there were those who said that the eastern people cannot have it; that they cannot get it in British Columbia. I can remember people saying that it would not be fair to try to get it for the prairie farmers when it is not available in other parts of Canada.

My feeling, based on my parliamentary experience, was that you do not help anybody by saying you cannot do it on the basis that only a portion of those needing help are singled out. My attitude was: If we can get it today for the prairies, we will get it the next day for the rest of Canada. And I think that that is exactly what is happening. We were able to go forward with what I considered to be a very necessary improvement a

year ago for the grain producers in western Canada, doubling the cash advances available, and now, one year later, we have the rest of the country getting basically the same kind of legislation.

This is good legislation. It is not exactly pioneering legislation. It is based on something that has been there a long time. It is necessary at this time to bring the legislation up to date. I am pleased that we are able to follow, outside the prairies, exactly what was done a year ago for the prairie producers.

Those who perhaps do not have a full knowledge of agriculture may feel that the producers, with a doubling of the amount of money available by way of cash advances, are now being taken care of; but that money has to be repaid. Certainly the fact that it is interest-free is helpful, but it is not a gift. It is not an advance against a vacuum. It is an advance against marketable crops. In effect, what it is is an advance on a normal return or on the yearly return that one may get from crops that are already harvested.

Had Senator Olson been here this afternoon—and he is unable to be here—he would have used this debate as a launching pad to talk about other things. I have been around long enough to know that if somebody says you are out of order, you have time to make your point and get back in order while they are going through the process of making their point of order. One can simply say that this isn't enough by itself; that other things are necessary.

The Senate does good work. There is a lot of talk that some day we may go on television, and there are senators who are frightened that we might look bad on television. When the challenge is before us, the Senate can usually perform.

In the last couple of weeks we have had before the Agriculture, Fisheries and Forestry Committee the whole question of the very, very high cost of herbicides and pesticides in this country for the agricultural producers. That is a question all by itself. The herbicide and pesticide producers in this country are rooking the farmers, hosing the farmers, in exactly the same way—and Senator Barootes would be a better authority on this than I—in exactly the way drug companies in the past were able to charge unduly high prices for drugs under patent. The move to generic drugs has had a major beneficial effect.

Our committee, under the chairmanship of the Honourable Senator Marshall—and it is bi-partisan—is looking at this whole question. We think there is room for a reduction in prices of pesticides.

Farmers out west are concerned with the bill on freight rates, which may get to the Senate some time this week. If that bill has not been changed, it will allow the CNR, in the coming year, to apply for variable rates. It does not have to prove a case for variable rates. However, the producers and the mayors of small towns and the reeves of municipalities, and farm organizations, will have to go before the Board of Transport Commissioners to prove that damage is being done and that the railway application is wrong.

I think that is putting everything in reverse. We could talk about the whole question of lack of markets or falling markets.

[Senator Argue.]

We could talk about the failure of the government to influence the United States on the question of duties applied to Canadian hogs.

The government should protest against the way the United States is going down the road of give-aways, of subsidies in obtaining export markets for wheat. This is a very major threat on the economic horizon for Canadian grain producers.

We could join with the Canadian Cattlemen's Association, for example, most of the members of which have been rather friendly to the present party in power, in their very pointed opposition to and criticism of the actions of the present government in relation to its decision to allow larger beef imports from the European Economic Community.

There is the whole question of the necessity of providing reduced interest rates for agricultural producers. Farm bankruptcies represent a major problem. Soil conservation continues to be a major problem. The provinces of Alberta and Saskatchewan are making the question of soil conservation even more difficult because of their policies of encouraging, and almost forcing, tenants who have agricultural leases to buy those leases at high prices, thus forcing them out of beef production and into grain production.

There is the question of the credit policies on the international scene and the government's threat that the farmers who are part of the Canadian Wheat Board operation will themselves have to make a contribution to the credit policies of the Canadian government for the sale of agricultural products.

Honourable senators, it is a good bill and one supported by all members of Parliament, I am certain. It is a catching up one year later—and it is a welcome catch-up—of the increase in advance payments for prairie grain. I have used this opportunity—I hope in a constructive way—to alert the public, insofar as the Senate can alert the country, to the fact that there are many, many policies that need improvement and upgrading. It is my hope that the Senate in the future can undertake a review of some of these areas with a view to bringing in recommendations that will help solve some of these problems.

Hon. Senators: Hear, hear.

Senator Barootes: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform honourable senators that if the Honourable Senator Barootes speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Barootes: Honourable senators, I rise to congratulate my dear friend Senator Argue on the breadth and knowledge of this subject which he has possessed for so many years. Indeed, it is true that this is a parallel program to the Prairie Grain Advance Payments Program, in which, last year, Senator Argue assisted in elevating the levels of payment. Although it is a year later, this is now applying to other crops in the rest of Canada. In other words, there are other products which require this kind of advance of payment. And there are other mechanisms which exist in government programs, with which Senator Argue is well acquainted, to assist in the production

and marketing of products of an agricultural nature in Canada.

● (1530)

I must congratulate Senator Argue on the fine support that he and others have given to this program. May I also add, although in jest, my congratulations on how Senator Argue was, as a dear friend, able to bring into the debate such contentious issues as the variable grain freight rates in western Canada and a discussion about crops found mostly in eastern Canada.

Senator Steuart: I think he also talked about root rot!

Motion agreed to and bill read second time.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

NORTHERN TRANSPORTATION COMPANY LIMITED DISPOSAL AUTHORIZATION BILL

SECOND READING

Hon. Robert Muir moved the second reading of Bill C-53, to authorize the disposal of the Northern Transportation Company Limited and the forgiveness of its debt to Her Majesty and to amend other Acts in consequence thereof.

He said: Honourable senators, the Northern Transportation Company Limited was established under private ownership in 1931 as Northern Waterways Limited. It was renamed the Northern Transportation Company Limited in 1934. NTCL was then acquired in 1936 by Eldorado Gold Mines Limited.

In 1944, Eldorado Mining and Smelting was nationalized under the War Measures Act, because of its radium and pitchblende mining operations on Great Bear Lake. In 1965, NTCL acquired the assets of Yellowknife Transportation Limited, one of its competitors on the Mackenzie River. In 1972, NTCL reached a peak of over 400,000 tonnes of cargo carried. In expectation of further increases, NTCL engaged in a major capital expenditure program involving the purchase of new tugboats, barges and shore equipment.

By 1976, NTCL traffic had declined drastically, owing to the failure of the anticipated Arctic Gas Pipeline to proceed, and to reduce exploration activity. As a result, NTCL suffered financial losses.

From 1977 to 1981, NTCL recovered its financial position, which peaked in 1981 with net earnings of $4.3 million, and return on invested capital of 11 per cent. Between 1981 and the present, NTCL remained profitable, although at a somewhat lower level than the 1981 peak.

NTCL is, at the present time, a federally-incorporated company continued under the Canada Business Corporations Act. The company is the largest operator of tugboats and barges in northwestern Canada, and is the primary means of marine transportation for residents of the Mackenzie River watershed, the western Arctic and the Keewatin Hudson Bay coast.

NTCL owns Grimshaw Trucking and Distributing Limited, a trucking company operating in Alberta and the Northwest Territories. The company's marine and trucking operations are profitable, but Nortran Offshore Limited is not profitable.

NTCL was not made a crown corporation by design, but rather by accident through the nationalization of its then parent company, Eldorado. The company has never had a clearly defined public policy mandate, although the re-supply activities carried out by NTCL are very important to northern residents. There is no reason why re-supply operations must be carried out by a crown corporation, as opposed to a privately owned company. The private sector is capable of providing and is willing to provide the service required.

NTCL itself has had aspirations in the past to diversify into related business areas. These aspirations were discouraged because it was not thought appropriate for NTCL to become involved in new areas already well served by the private sector. Privatization of NTCL would free the company to pursue entrepreneurial opportunities.

This company has been a candidate for privatization several times already. In 1984, the previous government announced plans to sell this company. The process for the sale of NTCL has been public for some time, and there have been no expressions of public concern over the issue of privatization.

After a lengthy process of providing information to interested parties, three offers were received for the purchase of NTCL. The offers were evaluated on the basis of price, native/northern participation and commitment to community re-supply.

After careful consideration, it was agreed to proceed to final negotiations with the IDC/Nunasi group. This group's offer met all of the criteria set for evaluation. In addition, it presented several other attractive features, notably the fact that IDC and Nunasi represented the majority of NTCL's re-supply customers. The price offered by IDC/Nunasi is very attractive. The offering group is made up entirely of northern Inuit. The group has agreed to a binding commitment to maintain NTCL's community re-supply service. The fact that the ownership will represent the majority of NTCL's customers strengthens the degree of commitment even further.

In addition, NTCL's long-term debt to the government, currently $27 million, will be retired at closing, using cash in the company.

The closing of the deal is planned for early July. Negotiations between government officials and IDC/Nunasi are complete.

Honourable senators, the Standing Senate Committee on Transport and Communications has examined the bill very

thoroughly. At the committee meeting last evening, I was pleased to hear the comments of Senators Watt and Adams. Those two honourable senators are in a position to know a great deal about the subject matter of this bill since they are on the scene in their own particular areas, and they seem to be quite satisfied with the situation.

● (1540)

Hon. Ian Sinclair: Will the honourable senator permit a question?

Senator Muir: Yes.

Senator Sinclair: In clause 5 of the bill there is a write-off provision. It suggests that the long-term debt of the company was being paid off by cash from the company. Could he tell us what that has reference to.

Senator Muir: From the information we received from the officials and the minister in committee last night, the Crown will not lose any money through the deal that is to take place.

Senator Sinclair: Clause 5(1) reads:

> The Minister is hereby authorized to forgive and write off, in whole or in part, any debt or obligation of the Corporation due to Her Majesty or any claim by Her Majesty against the Corporation.

Any such transaction is to be reported in the Public Accounts. If there is no outstanding debt, that is a rather unusual provision. Why is it there?

Senator Muir: From what was provided to us last night, I understand that any debts will be looked after by the purchaser, not by the government. Perhaps Senator Adams, who is sitting right in front of the honourable senator would know something about the matter, because he is very familiar with the company and he intends to participate in the debate.

Senator Sinclair: Do I understand the honourable senator to say that there is no write-off involved in this transaction?

Senator Muir: From the information I have received during talks I have had with anyone pertaining to the matter, there is no write-off.

Hon. D. G. Steuart: Honourable senators, first, I would like to say that we on this side intend to support the bill. Senator Muir has given us a good outline of the history of Northern Transportation Company Limited. Both opposition parties in the other place supported this bill.

I think it is generally agreed by people in the north who have depended on this transportation company over the years that it was a good thing when the government became more directly involved. I agree that now appears to be the time for the government to withdraw and to let other people take it over. I understand that it will be taken over by the natives north of 60, which includes to this point the Inuit of the Central and Eastern Arctic and possibly the Inuvialuit of the Western Arctic under the Committee of Original Peoples Entitlement, or COPE, which just a year or so ago signed a land claim with the Government of Canada, and who are looking for investments and have already invested in some corporations in the Western Arctic. I also understand that the Dene Nation is negotiating in an attempt to become involved. This will be an interesting experiment because, as Senator Muir pointed out, these people from the Mackenzie Delta as far east as you can go, are the customers. This is also the area this company has served.

I think the investment is a worthwhile one and I think that it will succeed. I am sure that everyone in this chamber and throughout the country hopes they succeed. The company provides a very necessary service to the north, and if it can be provided by the people it serves, it is a step in the right direction. I think it is a good bill and we on this side support it.

Senator Muir: Honourable senators, I would like to respond to a question asked earlier by Senator Sinclair. First, let me thank Senator Steuart, who is familiar with the situation, for his comments. I understand that with regard to this company negotiations began with the previous government and are now going on with this government.

In response to Senator Sinclair's question, I guess I was not listening last night. It is anticipated that approximately $1.5 million of debt will be written off. The remainder of the debt will be repaid at face value.

Senator Sinclair: I note that an amendment allows tax relief for the amount being written off. Is that correct?

Senator Muir: If you are talking about the amendments passed in the other place, yes.

Senator Sinclair: In that case, I go along with what other senators have said here. I know something about this operation and it has done a tremendous job. I am sure that all honourable senators hope that the new owners will continue to provide good service and make a profit.

Hon. Willie Adams: Honourable senators, I do not intend to speak for very long on this bill. I think it is a good bill. This organization supplies many communities in the north, and the people who live there understand how difficult it is to supply many of them. Though the minister could not stay for very long, he and his officials answered many of our questions last night in committee. I am familiar with the operation of this company, particularly its service to the area where I live, around Churchill, Manitoba and the Hudson Bay.

Many of the people who work the barges are from the south, such places as Ottawa. Last night the officials said that NTCL has 564 employees. These employees include captains, engineers, electricians, refrigerator mechanics, heavy equipment operators and others, all of whom are unionized. Many local people will want to become involved in the company, but they face a tough time negotiating settlements with the unions. I am sure that the Inuit corporation hopes to put some of its people to work on the barges that supply the communities. According to the officials who appeared before the committee last night, the company will be subsidized by the government for another four years, until 1989.

I am concerned about what will happen in the future, in terms of the oil exploration and activity around the Beaufort Sea. If the oil companies pull out, what will happen to the

company? It also delivers to small communities, such as those around Yellowknife, Hay River and Fort Smith. Those communities are all served by highway. If there is no pipeline in the McKenzie Delta area, what happens next? My concern has to do with the land claims which have been settled, in terms of the future. Perhaps some shares should be given to the people of the Dene nation, for example, who have quite an interest in some of the oil activity going on in the McKenzie Delta area. The Inuvialuit and COPE claims must also be taken into account.

• (1550)

Honourable senators, as I said, I think the bill is a good one. Having lived around Hudson's Bay, I know that, in terms of transportation, it was serviced by the NTCL, which was subsidized by the government. That subsidization will continue for another four years. I hope that between now and four years hence we will see how well things can be operated by some small, local corporations. I hope that the future holds good things for the people of the north.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government): With leave of the Senate, now.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—MESSAGE TO HOUSE OF COMMONS

On the Order:

Resuming the debate on the motion of the Honourable Doody, seconded by the Honourable Senator Phillips:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider Canada's International Relations;

That the document entitled "Competitiveness and Security: Directions for Canada's International Relations", tabled in the Senate on May 15, 1985 (Sessional Paper No. 331-383), be referred to the Committee;

That the Committee consider and report upon the issues discussed in the above-mentioned document and make recommendations in their report concerning the objectives and conduct of Canada's international relations;

That five Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the said Committee;

That the Committee have the power to sit during sittings and adjournments of the Senate;

That the Committee have the power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from time to time as may be ordered by the Committee;

That the Committee have the power to retain the services of expert, professional, technical and clerical staff;

That the Committee have the power to adjourn from place to place inside Canada and that, when deemed necessary, the required staff accompany the Committee;

That a quorum of the Committee be seven members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever four members are present, so long as both Houses are represented;

That the Committee submit an interim report on Canada's participation in research on the Strategic Defence Initiative and on Bilateral Trade with the United States no later than August 23, 1985;

That notwithstanding the usual practices of this House, if the Senate is not sitting when an interim or final report of the Committee is completed, the Committee shall report its findings by depositing its report with the Clerk of the Senate and that it shall thereupon be deemed to have been laid upon the Table;

That the Committee present its final report no later than May 31, 1986; and

That a Message be sent to the House of Commons to inform that House accordingly.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we now support this motion.

Motion agreed to.

SPECIAL JOINT COMMITTEE—SENATE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That, notwithstanding Rule 66(1)(b), the following Senators be appointed to act on behalf of the Senate on the Special Joint Committee on Canada's International Relations, namely, the Honourable Senators Flynn, Doyle, Gigantès, Stollery and Grafstein; and

That a Message be sent to the House of Commons to inform that House accordingly.

Motion agreed to.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees.—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, yesterday the Deputy Leader of the Opposition requested that I be prepared to speak on this motion today. I am prepared. I have copious notes. However, I have the same difficulty in speaking today as I had on previous occasions. Senator Davey, the sponsor of the motion, is not here to enjoy his publicity. I would very much like to have him here when I speak.

I have had discussions with the Deputy Leader of the Opposition, and we have come to the agreement that I will adjourn the debate until the fall.

Hon. Senators: Oh! Oh!

Senator Phillips: That will give Senator Davey an opportunity to develop some support on his side for his motion.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, what Senator Phillips says is quite true. We had indicated yesterday that we wanted him to speak today and that we might be asking that the question be put today. But Senator Davey, I know, never wants to miss the enjoyment of the restrained rhetoric and elegant style of Senator Phillips. We would not want to deprive him of that enjoyment. We have an understanding that we will discuss putting the question early in the fall.

Order stands.

INTER-PARLIAMENTARY UNION

SEVENTY-FOURTH ANNUAL CONFERENCE

Hon. Peter Bosa, rose, pursuant to notice of Tuesday, June 25, 1985:

That he will call the attention of the Senate to the history and aims of the Inter-Parliamentary Union, as Canada prepares to host the 74th I.P.U. Conference in Ottawa from the 2nd to the 7th of September, 1985.

He said: Honourable senators, the Inter-Parliamentary Union is almost a century old and it has a long history of accomplishments. From a modest Eurocentrist organization, the Union has grown to almost universal representation, with a membership of 104 parliamentary groups at the moment. It is a complex organization with a wide range of activities devoted mainly to the strengthening of the parliamentary institutions and to international peace and security. The aims of the Union are set out in Article I of the statutes which states:

• (1600)

The purpose of the Inter-Parliamentary Union is to promote personal contacts between members of all Parliaments constituted into National Groups, and to unite them in common action to secure and maintain the full participation of their respective states in the firm establishment and development of representative institutions and in the advancement of the work of international peace and co-operation, particularly by supporting the objectives of the United Nations. With this end in view, the Inter-parliamentary Union shall express its views on all questions of an international character suitable for settlement by parliamentary action and shall make suggestions for the development of parliamentary institutions, with a view to improving the working of those institutions and increasing their prestige.

The Union has survived two world wars and numerous internal divisions mirroring international conflicts. That is living proof of its relevance to parliamentarians and to the world community. In recent years the IPU has become increasingly politicized and this has affected somewhat its effectiveness. If it did not exist, the union would have to be invented.

The history of the Inter-Parliamentary Union is a striking record of what can be achieved by ordinary backbench members of Parliament and a challenge to each new generation of parliamentarians to complete what they have begun. In light of the report of the Special Committee on Reform of the House of Commons tabled in the House of Commons by the Honourable James A. McGrath earlier this month, all backbenchers should become familiar with the history of the IPU so that they may have an accurate picture of what can be achieved by belonging to it.

Through an association such as the IPU, parliamentarians become better acquainted with other parliamentarians by exposing them to points of view that they may otherwise not have had an opportunity to hear. The IPU broadens the outlook of people in positions of responsibility. Parliamentarians are in a unique position to influence government and mould public opinion, because knowledge acquired in parliamentary conferences can be very useful. I should like to share with you the history of the Inter-Parliamentary Union, its achievements and Canada's participation in it.

The origins of the Inter-Parliamentary Union date back to June 1889 when two parliamentarians, peace activists and later Nobel Peace Prize recipients Frédéric Passy of France and Sir William Randal Cremer from the United Kingdom convened in Paris the first Inter-Parliamentary Conference for International Arbitration. Delegates from nine countries attended the conference in Paris with total participation of 98 parliamentarians. France had 56, Great Britain 28, Italy 5, Belgium, Hungary, Spain, Denmark, the U.S.A. and Liberia had one each. The next year the conference was held in England with 108 parliamentarians representing 12 different countries.

The primary objective of that conference and the ones that followed was to advance the idea of international arbitration—a popular concept at the time within the peace movements. In 1898 at The Hague a permanent organization was established with its own statutes and secretariat. At the same conference a draft convention for a permanent Court of Arbitration was adopted which led to the first world peace conference at The Hague in 1899 which, in turn, led to the creation of the Permanent Court of International Justice. This was the first of a long series of significant political achievements by the IPU and a demonstration of its real capacity to have an effect upon government policies.

Another change took place at that conference. The Inter-Parliamentary Conference became the Inter-Parliamentary Union. In Paris 17 years later Canada attended the IPU conference for the first time. In the early years of this century, economic and social questions were added to the agenda of the conference which, up to that time, dealt mainly with items such as neutrality, naval warfare, arbitration and aerial warfare. At the same time the IPU adopted the basic tripartite structure—the Plenary Conference, the Council and the Executive Committee.

Little has changed over the years except to secure a firmer financial basis on which to base a program of action to achieve its aims. Study committees were created to deal with difficult questions and political disputes.

One such dispute occurred in 1912 when an IPU resolution expressed regret at the outbreak of the Italo-Turkish conflict, which led to the withdrawing of the Italian group until after the First World War. Thereafter, the principle of no direct interference in the the internal affairs of those states which had Inter-Parliamentary Groups in the Union, became a tacit understanding. In 1921 the principle was formalized in the statutes thus, "the Inter-Parliamentary Council . . . declares it to be a fundamental principle of the Union, and one to which it has always adhered not to take sides in political disputes. The Union . . . must always maintain that attitude, and must confine itself in the event of international disputes, to calling public attention to the duty incumbent upon states to use judicial and amicable methods in the settling of disputes. On the other hand, it is understood that National Groups have complete liberty in this respect and may express their opinion even on current political questions."

National groups became formalized and bilateral groups within the Union were set up. The seat of the IPU secretariat moved from Berne, Switzerland, in 1909 to Brussels, Belgium, until 1914, and then to Oslo, Norway, until 1920 when it settled permanently in Geneva.

During the war, the IPU interrupted its formal activities, but relations between the groups were maintained through the bureau. Therefore, national groups not only continued their activities but paid their contributions into the Union's budget. The Union was in no position to attempt any political mediation and the main business transacted by the council and the executive committee during the war was of a housekeeping nature.

When the council met in Geneva in 1919, the Union resumed its activities but was immediately faced with its first major political crisis. The Belgian group presented a resolution to exclude from the Union the parliaments of Germany and its allies and attacked the Secretary General. The crisis was defused temporarily and the Union went on to discuss a resolution endorsing the creation of the League of Nations.

With the success of the council's meeting, the Union was effectively re-launched despite initial boycotting by the Belgian, French, Czechoslovakian and Rumanian groups over German representations and its allies. France and Belgium returned to the Union in 1922.

When those groups disappeared others were reconstituting and others were still forming. Twenty-six national groups were known to exist by 1922. One year earlier, in 1921, the Inter-Parliamentary Bulletin was launched. The regular bi-monthly publication was a milestone in the history of the Union as it served in those days as the sole contact point among member groups. The bulletin is still published today, quarterly, and there can be few international journals with such a record of continuous publication.

From the political angle, the major debates of the inter-war years revolved around the relations between the Union and the League of Nations. There was much talk of transforming the IPU into an official organ of the League, mirroring the link that exists today between the European Economic Commission and the European Parliament. Indeed, the topics discussed by the Union and the League were similar but in the end the Union preferred to maintain its independent position.

It was believed that ". . . if the Union were to become an official institution authorized by an international convention, or by a law adopted within parliaments, it would lose much of its independence, for there would be a tendency for members of delegations no longer to speak on their own personal responsibility, but in the name of their government or at least of their own delegation."

• (1610)

Topics discussed at Union meetings ranged from parliamentary control of foreign policy, a perennial subject in the Union, to the League's colonial mandates, disarmament, the rights and duties of national minorities, international trade and the monetary situation. Two major resolutions to come out of Union meetings concerned international security. One set out principles for the maintenance of international security within the League, the other recommended regional security treaties.

From the point of view of the Union's internal organizations an important decision was taken at Copenhagen in 1924. This was an amendment to the statutes laying down that henceforth the council would fix the agenda of the plenary conference and could itself propose resolutions to it. Thus the council became the Union's most powerful instrument as it could not only propose resolutions but it could also reject them, or impede their consideration. According to an historian of the Union, James Douglas, from that time power slipped away from the plenary session.

Another important development occurred at the Bucharest Conference in 1931, when an amendment to the statutes was adopted, which would have provided a first step towards an officially recognized status if the idea had been pursued. The new paragraph to Article 3 thus read:

> A Parliament may constitute itself into a National Group of the Union.

A thorny problem for the Union was raised for the first time in 1924, when the host country to the conference, namely the United States, refused to allow an individual delegate to enter the country. An important point of principle was at stake: Could a host parliament or government discriminate between individual delegates wishing to attend a conference of the Union? Eventually, the council stated that the U.S. government had the right to apply its own laws with regard to entry into the United States of particular individuals.

As the war drew closer the Union was troubled with incidents involving delegates from Fascist Italy and the representation of Nazi Germany within the Union. The Swiss group stated to the council in 1933 that the German government had arrested and imprisoned a number of members of the Reichstag and asked the Union to make a categorical statement on the matter. The German problem was resolved in typical IPU fashion: A council resolution stated firmly principles in the tradition of the Union; that is, belief in the representative system which allows solely to parliament control over the executive, respect for the immunity of parliamentarians, maintenance of the rights of the parliamentary opposition, freedom of assembly, with no direct mention of a particular country or personality. The German group was dissolved shortly after, but reinstated in the Union in 1950.

On the eve of the outbreak of the Second World War, meetings of the Union tended to reflect the mounting tension in Europe. The Oslo Conference held in 1939 adopted a resolution directed to the governments of France, Germany, Great Britain and Italy for arbitration and conciliation. When war broke out the Union sent a message to all national groups, then numbering 30, pointing a way forward for continuing Union activity through executive committees and council meetings. In fact, there was very little activity in Geneva until 1944, when a meeting was held of members of European parliaments whose countries were still occupied.

With the end of the war in Europe, the Union was quick to recommence activity. The council met in September, 1945, albeit only ten countries attended. Five major issues confronted the post-war Union: first, the desirability of inter-parliamentary co-operation; second, the question of official status for the IPU in order to give it greater authority; third, the question of whether groups should consist of members freely recruited or whether a group should consist of the entire parliament; fourth, the increasing of membership towards universality; and finally, the financial organization of the Union.

On the second point the Union was granted on demand a "consultative status" with the Economic and Social Council of the United Nations. Possibly a consultative specialized agency under the terms of Article 7 of the UN Charter could have been granted, and was in fact contemplated by the Union. In retrospect this appears to have been a mistake. As pointed out by James Douglas in *Parliaments Across Frontiers:*

> . . . the real difficulty concerning relations with the U.N. was the fact that the Union was essentially a political organization and was not in a position to make its voice heard at U.N. on political matters by reason of its non-governmental status. This factor was to cloud the Union's relations with the United Nations from that time onwards. The I.P.U. was stuck with its consultative status with the EGOSOC and could do nothing to escape from it.

Nevertheless, resolutions adopted at IPU conferences are circulated to members of the UN General Assembly and the UN has always sent high-ranking observers to attend IPU meetings, and has participated financially in certain technical projects initiated by the Union.

Another development within the Union was the creation of the Association of Secretaries General of Parliament, which began its activities in 1946. The purpose of the association is to bring Clerks from different legislatures to exchange ideas on the procedures and administration of their national parliaments. The association publishes *Constitutional and Parliamentary Information*, in which texts of new constitutions and other information of parliamentary interest are set out. Since 1950, the association has given detailed study to more than 40 topics of a parliamentary and procedural nature. Some of the more interesting are: methods of voting; payment of members of parliaments; parliamentary immunity; status of parties in parliament; limitation on the conduct and activities of members; offences against parliament; and procedure for revising constitutions.

Topics that have been discussed in the post-war period were: migration and transfers of population; reparation of war damages and international reconstruction; principles of international moralities; non self-governing territories; regional economic solidarities and regional economic agreements; protection of mothers and infants; the idea of a representative world assembly; maintenance and conditions of a lasting peace; supply of food to famine-stricken populations.

The increase of African, Asian and Latin American members was to accelerate in the post-war years and radically change the characteristics of the organization. The membership explosion has also brought new problems and new opportunities. Regional conferences were organized. A book on comparative practice and procedure, *Parliament*, was published in French and English in the early sixties and re-edited in 1966 and 1975. A Parliamentary Documentation Centre at the Union's headquarters was also established. However, representation of divided countries, such as Germany, China, Korea, Vietnam, and so on, proved troublesome for the Union. Furthermore, the standards of representation and debate deteriorated as plenary debates tended to become mere exchanges of repetitive prepared statements reflecting the

views of a particular country and government concerned, thus lessening the effect of the Union's decisions and the possibility of swaying governmental policy.

According to James Douglas, by 1960 the Union was no longer in a position to sway international politics. This very fact led to a large-scale diversification of the Union's work. New topics appeared on the agenda of the Union, reflecting the increased membership of Third World Parliaments: commodity prices, technical aid and assistance, development aid and finance, Third World politics, economic planning replaced items on international security and disarmament, refugees and minorities. Indeed, many debates by the Union were similar to those discussed by the UN and its specialized agencies, but the Union managed, nevertheless, to produce some pioneering work on such subjects as removal of obstacles to international trade, the peaceful uses of the seabed, space law, and the pollution of the environment field, but problems of follow-up on resolutions adopted by the Union were not resolved, as the principle of the duty of national groups to submit Union resolutions to their parliaments was not yet recognized.

• (1620)

In the mid-sixties, the Union departed somewhat from its principles by adopting resolutions referring specifically to political conditions in member states or non-member states. At the Ottawa conference, a resolution entitled, "The Problem of Apartheid Prevailing in the Republic of South Africa," was adopted by 565 votes to 10 with 99 abstentions. The Parliament of South Africa was not and never had been a member of the Union. Thus, a break with tradition had been made. It was followed by others.

In 1967, the council adopted a text on the persecution of Greek parliamentarians. A year later, a resolution was adopted on internal events in Czechoslovakia. In 1968, during a debate on the Middle East situation, the council decided to establish a committee of enquiry to investigate actual conditions and treatment of the people in the territory occupied by Israel. Afterwards, proposals to send investigative missions became more frequent. These decisions created heated debate within the Union, and, although preliminary moves, in accordance with instructions, were undertaken by the President and the Secretary General, little progress was made, and there was no positive result. As James Douglas commented:

> It would appear that little success has been achieved although much acrimony has been generated in the lengthy and difficult debates which have taken place on the various proposals. Indeed, it might well be asked whether the original non-interference stand of the Union in its earlier days was not the wisest course.

However, there were instances where tradition and principles were respected. When the Soviet Union refused in 1967 to invite a member group, South Korea, to the Moscow conference, the conference was cancelled by the council. It had always been a cardinal principle of the Union that the host country invite all member groups.

In 1971, the Union introduced long-term planning covering action by national groups, budgetary methods, working conditions of the staff, reporting on public opinion and parliamentary circles, relations with other international organizations and implementation of the resolutions of the conference and of the council. Furthermore, the Centre of Parliamentary Documentation was to enlarge its scope by initiating a study of parliamentary topics and by organizing symposia. The Union also established a program of technical co-operation with parliaments of the developing countries to strengthen their infrastructure. United Nations funds from the Development Program were made available. Canada was involved in that program. Training for Clerks of Parliaments at the Union's headquarters was also provided.

A new initiative of the Union in the 1970s was the organization of specialized conferences and meetings on particular issues. The First Inter-Parliamentary Conference on European Co-operation and Security was held in Helsinki in 1975, paralleling the inter-governmental CSCE conference, paving the way for further IPU meetings on European co-operation and security in Belgrade, Vienna, Brussels and Budapest. Specialized meetings on such issues as the world environment situation, the population problems of Africa, and the control and reduction of conventional armaments have also been held in the last decade.

Another main focus of IPU activity in the last decade has been on the organizational side. Between 1975 and 1985, the number of national groups grew from less than 70 to more than 100, and there was an increasing tendency to crowd the agenda with more and more supplementary items, numbers of speakers, specialized meetings, caucuses, receptions, and so on. The Union's very success threatened its operations.

Consequently, around 1980, a reform movement, which the Canadian group strongly supported, was set under way. Following careful study and consultations by a special committee on the reform of the conference sessions, the Union adopted, during 1983, a series of measures designed to make it more efficient. Two distinct annual conferences were agreed on, rather than an annual cycle, including preparatory meetings in the spring and a main conference in the autumn. The conferences were to last approximately one week, rather than two; the number of delegates was reduced; and the agenda was limited to a maximum of four items rather than the very extensive list which had been possible previously.

The new procedures went into force for the first time in the spring of 1984 in Geneva and have been very successful in preserving the Union and making it a much more manageable organization than it was in the early 1980s.

As regards substance, the Union continues to address a range of issues confronting the modern world. Its four main study committees deal with such problems as disarmament, the strengthening of international law, the improvement of parliamentary institutions, the future of the world economy, decolonization, and regional conflicts in such areas as the Middle East and Central America. There is also a specialized committee on the human rights of parliamentarians and means

to bring to the attention of the Union particularly urgent problems such as famine in Africa and the Iran-Iraq war.

This autumn, in Ottawa, the Seventy-fourth Inter-Parliamentary Conference will consider the International Year of Youth, the rights of youth, the illicit international drug traffic, decolonization, and one or two supplementary items, for example, concerning the Middle East situation or international terrorism. The addition of one supplementary and, possibly, one emergency supplementary item will be decided at the first plenary session of the Ottawa conference.

Canada participated in the Inter-Parliamentary Union from 1900 to 1939. A long interruption covering the period from 1939 to 1958 was primarily caused by the Second World War. However, the activities of the Canadian group were re-established on August 4, 1960. Canada was host to the Inter-Parliamentary Conference in 1925 and in 1965. It will host the Seventy-fourth Conference in September 1985.

The Canadian group is organized according to rules adopted in 1977. These rules deal with membership, the annual general meeting, voting procedure, the executive committee, financial management and administration, delegation to international meetings and symposia.

In the last ten years, Canada has been very active within the Union. The Canadian group has produced memoranda which have been well received by other groups, and has been strongly involved in the debates, committee work, drafting exercises and management activities of the organization. Members of the Canadian group have served on the IPU's Executive Committee, as chairmen of study committees and drafting groups, as rapporteurs, and on special committees dealing with such issues as human rights.

The number of Canadian parliamentarians who have made important contributions to the IPU's work over the last ten years is too large to list them all by name, but one must mention the chairmen of the Canadian group, all of whom have distinguished themselves in the Union's activities, that is to say, Gordon Fairweather, Robert Stanbury, Lloyd Francis, Gildas Molgat, Marcel Prud'homme and Benno Friesen.

Senator Doody: A good team.

Senator Bosa: A good team, I agree. Others have served with these chairmen on the Inter-Parliamentary Council, such as Allan Lawrence who has been strongly involved in the IPU for several years. As well, there are the good, active, capable participants such as my colleagues, Joan Neiman and Rhéal Bélisle; and members from the other place such as Suzanne Duplessis, Charles Caccia and Stan Hovdebo. There are many others who deserve to be named, but time and space will not permit.

● (1630)

One item in which I myself take particular pride is the work of the Canadian group on the reform of the United Nations. In Rome, in the autumn of 1982, the Canadian delegation proposed that the Union examine ways and means of strengthening the United Nations. The executive committee of the Union endorsed this proposal, which was placed on the agenda for the following year and examined at the Helsinki and Seoul conferences.

A Canadian memorandum on the subject was circulated before the Helsinki meeting and then our delegation took a leading role in committee discussions and drafting exercises. We submitted a draft resolution which provided important input to the Union's work. I had the honour of serving as rapporteur to the Political Committee in Helsinki and to the Plenary Session in Seoul. The final resolution adopted on this question in Seoul is certainly a significant contribution to thinking about the future of the world's most important central institution.

I thought it would be important at this time, in view of the proximity of the 74th IPU Conference, and as vice-chairman of the Canadian IPU, that I draw the attention of members of the Senate and the House of Commons to the history and aims of this world organization. It is a long and complex history, and I hope that I have succeeded in presenting it in brief form but without neglecting its substance.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

THE ECONOMY AND THE BUDGET

DEBATE CONCLUDED

Hon. Philippe Deane Gigantès rose pursuant to notice of June 25, 1985:

> That he will call the attention of the Senate to the economy and the Budget.

He said: Honourable senators, the Leader of the Government said earlier today that he was an alive and sentient being. Looking to my left at the members of the government, I believe they all are. In fact, I believe they also are intelligent, and compassionate, and decent; and those with whom I have had to deal have delighted me with their humanity.

So, the comments I am about to make are not addressed to any of them. They must not see themselves as targets of some of the less tender things I am about to say.

To avoid party labels, I will give honourable senators the opportunity to choose from among three categories the category in which they wish to put themselves. These three categories are in response to a test. You take half a loaf of bread and put it on the table and you ask those persons at the table for their reaction. There is one category of person who will say: "Never accept half a loaf. It is better to die of hunger." That is one category, one political category. It is a matter of principle. Starve rather than take half a loaf.

There is another category of person who says: "Look, let's eat the half loaf and discuss principle afterwards. It is always better to discuss principles on a full stomach." That is the second category.

And there is a third category of person who says: "I agree. Let's eat the half loaf, but let's cut the indexation of the

pensions of the old to pay for the half loaf and let's give the other half loaf for free to the rich."

Honourable senators are free to choose the category to which they feel they belong.

This budget—which the Minister of Finance has amended today—illustrates a frame of mind which I am sure none of the honourable senators to my left shares. It is even a budget that does not seem to know what it is doing. Does the Minister of Finance and the government for which he speaks want to decrease both the deficit and unemployment? It can be done. But you do not take measures to cut jobs.

The Data Resources Institute in Toronto says that we are going to lose about 100,000 jobs as a result of changes in the taxation regime, changes which will hit consumption, thereby reducing consumption and, in consequence, production.

On the contrary, you take tax measures which increase consumption, and consumption among those who need to consume, not among the rich, who will simply salt it away, wherever it is that the rich salt it away.

If you want to increase economic activity so that government revenues increase, so that the deficit is reduced, you stimulate investment at the expense of savings. This government has done the opposite. It has stimulated savings at the expense of investments.

If you do give some investment concessions, for God's sake attach some conditions, for example, that the capital gains holiday be given only to those people who will invest this money in Canada, thereby doing Canada some good.

There is the argument, of course, that the deficit is terrible and that we must address ourselves to it first; that the deficit crowds out investment because government borrows so much. Well, let me quote James Tobin, who is a Nobel prize winner in economics. He says, and I quote:

> While the economy still has idle labour and capital that can be put to work—

And that is the case in Canada now.

> —crowding out is not a big problem. Taxpayers' consumption . . . and private capital formation can expand in concert. As incomes rise so do the savings to finance both investment and government deficits.

Allan Reynolds, a major United States economist, writing in the *Wall Street Journal*, said on reading our budget—and I am sure you have all read it—that Canada was about to commit economic suicide, increasing taxes and thereby reducing consumption, thereby reducing production, thereby reducing jobs, thereby discouraging investment, even foreign investment.

The Canadian Council on Social Development—in case you do not believe that consumption will be reduced—has gone through this budget and come up with the following figures—and I will leave the pensioners out, because they have been reprieved at the last moment, after an agony of one month and several days—a family of four earning $10,000 a year will lose $396 in 1990, and will be losing some each year; a family earning $20,000 will lose $808; a family earning $30,000 will lose $1,089. But a family earning $200,000 will gain $4,519.

Of course, the families that earn $200,000 are not very numerous, as our Minister of Finance said when earning the Marie Antoinette award for his saying that we have "an acute shortage of rich people in this country." I wish I had thought of saying that.

What was reversed today, the proposed partial de-indexation, was so insane, so stupid a proposal that one has to dwell on it. It isn't enough to say: "OK. Public pressure has made us go back." Think about what it was going to do. The de-indexation of old age pensions was going to give to the government $1.6 billion a year in 1990. A pensioner, in consequence, would have lost $58 a month.

While that may appear to be a piddling sum, a single pensioner who receives OAS and GIS makes $605 a month, out of which he pays $240 in rent, $21 for electricity, $57 for heating; $17 for his telephone, $21 for insurance, $5 for water, and $216 for food, for a total of some $578. And we haven't counted clothing, dental care, eyeglasses, repairs, transportation, newspapers, recreation, toothpaste, soap, hairdressers—all of which have to come out of the remaining $27. That would have been the consequence for the 1.3 million at which the de-indexation was aimed, pushing them further down into misery. I would like to point out that of these 1.3 million, 819,000 are women. It was such an absurd proposal that even the truest-blue spokesmen of the business community were appalled. They were worried about their image. They do not mind being Scrooge-ish, but they do not like being thought of as Scrooge-ish, so they complained; they criticized a government which was close to their hearts and we had criticism coming at Mr. Wilson from the Canadian Chamber of Commerce, the Business Council on National Issues and the Canadian Organization of Small Business.

• (1640)

I see a couple of French-speaking senators here and I am sorry there are not more. I will switch into French very shortly and I would love to see how our translators will handle it. This reminds me of the occasion when a member of the opposition rose in L'Assemblée Nationale in France and said to Clemenceau:

> Je suis certain que même les membres de votre gouvernement sont déçus.

And Clemenceau rose and said:

> Merci pour la cédille.

I cannot translate that; it is not translatable, but it is a nice one.

While the pensions of the indigent poor and old were being de-indexed, this government started discussing the indexation of bonds. Bonds are not purchased by people who have only $27 a month to buy toothpaste, transportation, clothes and pay for their telephone bill, et cetera. They are bought by people who have some excess cash. It is a good idea to index bonds; I have nothing against it, but you do not present the two side by side. We screw and grind the poor into further poverty, and we

give another break to the rich. It is hard to fathom the kind of mind that comes up with such a budget. Then to top it off we have a defence born straight out of Marie Antoinette, who said "Let them eat cake;" we have the Minister of Finance saying "I am giving these breaks to the rich because we have an acute shortage of rich people." while, at the same time, grinding the faces of the poor. That is really very hard to fathom.

One has to ask oneself, did the Minister of Finance, who appears to be such a nice man, do this in ignorance? Did he fail to understand what it was all about? In the *Globe and Mail* of June 13, 1985,—a paper that I respect, as I respect the man who fashioned it and who now sits in this chamber—we read that the Finance Minister, the Honourable Michael Wilson, had been told in detail by his officials exactly what the impact of his taxation proposals would be: In other words, that these tax proposals would grind the poor into further poverty and make the rich richer. Yet, he went ahead, and it took more than a month of national outcry to make him retreat.

The result is that a columnist for the Edmonton *Journal*, none other than Don Braid, who has been gnashing his teeth and fuming whenever he hears the word "Liberal", says in his column of June 12 in that newspaper:

> The Tories have given us the worst of three worlds: Higher taxes, fewer services, and more patronage. The implication is that Tory friends will benefit but the rest of us will lose.

We did not say this; this is a true-blue Conservative columnist from the Edmonton *Journal*, a newspaper from the heartland of Toryism, telling it like it is.

Then we have the gifts to the oil companies. At a time when in the United States—where the oil companies are based; where the multinationals have their home and their biggest clout—we have the United States Secretary of Energy, Mr. John S. Herrington saying that in Mr. Reagan's tax proposals the United States oil and gas industry would pay higher taxes. Here, in this country, we lower them. We give them billions. Why did we give them these billions? Because the National Energy Program was terrible. It was so bad for the oil companies that their profits in 1984 were higher than those in 1980. At that time they were complaining and telling us all that the Liberals were paying money for production incentive which compelled the poor oil companies to dig where they did not wish to dig and explore for oil on the frontier, instead of in Alberta. Lo and behold, now that they have the tax cuts, what are they doing? They are asking for those same grants. They are not exploring to find more oil at Hibernia or off the coast of Nova Scotia or in the Beaufort Sea, unless they are given more money. They are howling.

Why should we believe them? Why have we fallen for their sob-story? A man I much admire, Mr. Dalton Camp, writing in the *Gazette* on May 17, 1985, was warning us all, regardless of party, that we should remain unconvinced as to the willingness of businessmen to use the windfalls given to them by the Honourable Michael Wilson by investing more and raising us all to higher levels of productivity. In that article, he said:

> I am not sure that simply doing right by someone else's shareholders, maximizing profitability and so on . . . will do the job.

Says Mr. Camp, a very wise man:

> There is other business, including a commitment to the national good, the integrity of Canada's institutions, along with such old fashioned things as a sense of sharing in the pursuit of equity. God only knows what they are teaching in business administration schools these days, either here or at Harvard. But based on what seems to be going on, they are not teaching any of the above.

In other words, this sharing and caring for people.

However, we are not through with all this. Mr. Epp is now talking of the need to consider the privatization of health care. That is the next thing they intend to try to change. Somebody should warn them that the country will not stand for it.

There were alternatives; there were all kinds of other things that the government could have done to cut the deficit. I know that even members of my party would disagree with this, and I regret it, but I disagreed with them; at the end of 1981, there were $28.5 billion worth of deferred taxes. I call them deferred taxes. Accelerated depreciation is a loan that we give to a company. We should ask those companies to pay interest on that money at about 10 per cent, which is the current rate. That would bring the government approximately $3 billion per year. It was perfectly possible.

As I said earlier, we should not be giving this capital tax holiday without imposing a condition that these windfalls should be used productively within Canada to create jobs and not to buy such things as horses. I am sorry that Senator Phillips is not in the chamber. He and I engage in charming conversations regarding horses, and in particular, the part of the horse which he thinks I represent. I accept his strictures, because I enjoy the man.

There are other things we could have cut. The government did not think of cutting those things; it thought of cutting the poor. It did not think of saying to the oil industry: "We are giving you a windfall of $9.6 billion between now and 1990. Will you not give 10 per cent of that to keep us from de-indexing our programs for the poor?" The limits on RRSPs were increased. Who can afford to put $15,000 a year into an RRSP? Not the middle class; not the poor, but the rich. So we grind the poor and we give more privileges to the rich. I am all for giving privileges to the rich, but not at the same time as we are grinding the poor. It is not politically a good thing, and I cannot use parliamentary language to describe it.

Everywhere there are little areas where they could have spent less money. For example, the creation of all of these chiefs of staff will cost $15 million. From what we can see, they are not advising their ministers too well. That move could have been reversed. The much needed training program for helping ministerial assistants; that was a waste, since they have not been giving very good advice. They could have saved money from the extra plane flights that were taken—and I used to criticize the Liberals on this matter when I was a

journalist—for they need not have been taken. A lot of money could have been saved instead of purchasing new uniforms for the Armed Forces at a cost $56 million. It was not necessary to purchase the designer trees for the Christmas party. They were lovely trees. I saw them and I congratulate the party on its excellent taste, at the expense of the poor. This goes on, and you can add up $55 million in waste on frivolous items that could have spared de-indexation for 78,615 of the poorest pensioners. Now that the government has re-indexed their pensions, you can multiply that by 2, amounting to 166,000 of the poorest people receiving a little more money each month to make ends meet.

• (1650)

My late father—and I shall not say that he was sainted. He was not and I thank God for that—in any event, he gave me a test other than the proverbial loaf of bread: He said, "you can tell where you belong by your attitude to greed or the profit motive. The socialists look at the profit motive and they think that it is the serpent in paradise. That is why you always see them doing a kind of ineffectual, intellectual fandango and trying to stamp it out. Conservatives think it is the golden calf of Aaron. They are always on their knees worshipping it. The Liberals look at it and say, 'What an interesting beast of burden, let us harness it.' Try and imitate us."

Hon. B. Alasdair Graham: Honourable senators, I consider it very important that we participate in this inquiry at a very crucial time in the economic history of our country. The stated priorities in the federal budget of May 23 are to create jobs and reduce the deficit. I do not dispute those goals. The question is whether the means chosen are appropriate.

The Minister of Finance contends that the "budget actions are realistic, effective and fair." I submit that there is a wide discrepancy between claim and content in the recent budget. There is really little in the budget that would encourage economic growth and very little is done to reduce the deficit on comparative terms. On the whole, its provisions are convoluted and regressive and they would be most harmful to Canada's least developed regions such as Nova Scotia and other areas of the Atlantic provinces. It is a rich man's budget crafted to the deteriment of the disadvantaged people of Canada.

Let me say a word about equity. The budget, as suggested earlier, has been criticized by some as a tax grab on the poor to pay the rich. I believe there is much in that document to substantiate the charge. For instance, sales taxes which generally weigh more on the poor than on the wealthy are being raised from 10 per cent to 11 per cent. New items, from candy for the kids to fruit juice for the elderly, are added to the tax base. The gasoline excise tax will be raised 2 cents per litre, effective after Labour Day and 1 extra cent on January 1, 1987, as announced by the Minister of Finance today. That translates into an overall increase of approximately 13 cents or 14 cents per gallon. The $50 federal tax reduction which benefits only those earning less than $30,000 per year is being eliminated. Personal exemption and tax brackets are being partially de-indexed, and there are hidden taxes down the road—taxes we may not hear about or understand until many months have gone by.

On the other hand, when we talk about equity, the limit on RRSP tax-deductible contributions is being raised from $5,500 to $15,000 and capital gains will be exempt from taxation up to a lifetime limit of $500,000. It is generally acknowledged that both these measures would benefit disproportionately the well-off. I wonder how many Nova Scotians or Atlantic Canadians or, indeed, people living in any other part of Canada, will be able to take advantage of these Tory tantalizers. The capital gains exemption is recognized as a major feature of the Wilson budget. It received the first standing ovation from Conservative supporters in the House of Commons. I wonder how many of those Conservative MPs would in turn receive a standing ovation even before a partisan Tory audience when enunciating those principles in the various regions of the country.

The stated intent of the measure is to encourage risk taking and to support equity investments. In the minister's words, in his budget speech:

> This measure will encourage more Canadians to invest in small and large businesses. It will help Canadian companies to accelerate their return to a healthy financial position by attracting new equity investment. It will assist smaller businesses in raising capital to pursue new ideas and new directions. It will help raise capital for research and development.

These are admirable aims. But after careful examination it is most difficult to see how the capital gains exemption supports them. Indeed, its effect with respect to these aims is more likely to be perverse.

The Carter Commission on Taxation which examined this question exhaustively, left little doubt on this score. I would like to quote from the Report of the Royal Commission on Taxation, Ottawa, 1966, Volume 3, page 347:

> There is little to be said for the view that an exemption from tax for property gains or the taxation of such gains at preferential rates would act as a stimulus for an expanding economy.

What preferential treatment of capital gains does is to distort investment in favour of activities that generate income in the form of capital gains at the expense of investment in other areas. It also provides an incentive for corporations to retain earnings and deliver returns to investors in the form of capital gains. Land and real estate holdings are areas that normally yield more of their return in the form of capital gains and, of course, this type of investment will benefit.

The additional funds attracted to these areas mean that funds available for investment in other business enterprises, particularly risky ventures, will be less. These are the kinds of venture that are generally attracted to the disadvantaged areas of the country. The measure would really distort investment patterns, thereby making the economy less efficient. Moreover, I believe it would distort them in a fashion opposite to that desired by the Minister of Finance; namely, away from the

risky ventures and small business and towards land, real estate and other safe areas.

As I understand it, tax fairness has two dimensons, horizontal equity and vertical equity. Horizontal equity requires that taxpayers in the same circumstances be taxed equally. The capital gains exemption proposed in the budget, however, means that those whose income is derived from the appreciation of asset holdings are taxed less than those whose income is derived from other sources. With respect to vertical equity, the principle of equal treatment is normally interpreted to mean that individuals with higher incomes pay proportionately more in taxes on the grounds that their ability to pay also rises proportionately more. Because capital gains are overwhelmingly concentrated among higher income groups, exempting capital gains from taxation benefits primarily the wealthy and can result in situations where high income earners who derive a large proportion of their income from capital gains are taxed at lower rates than persons in lower income groups.

Honourable senators will remember that confidential Department of Finance estimates which were leaked to the press showed that the capital gains exemption will cost the government $1.3 billion in 1990.

The increase in the allowable RRSP contributions from $5,500 to $15,000 would cost an additional $235 million. Ironically, the combined tax cost of these two measures—which would benefit, primarily, wealthy taxpayers—is almost identical to the savings that the government anticipated to realize from the partial de-indexation of the old age security pension.

● (1700)

Therefore, before today's reversal by the Minister of Finance, it could be argued that the de-indexation of the OAS was made necessary by the new tax preferences featuring the rich rather than by the stated need to reduce the budget deficit.

Honourable senators, I want to say something specifically about the budget's impact on the Atlantic provinces. The Atlantic provinces, for many years, have been Canada's most have-not region, being characterized by much lower income levels and higher unemployment rates than any other region of Canada. While some progress has been made during the 1970s towards closing the huge economic gap between the Atlantic provinces and the rest of Canada, the recent recession reversed much of that progress. Because commodity markets remained weak, the Atlantic region's resource-based economy has been slower to recover.

A look at the unemployment figures illustrates this unfortunate trend. While unemployment in the rest of Canada has been declining, in the Atlantic region, where unemployment is already highest, the unemployment rate has been rising. Since January, 1984, the Canadian unemployment rate has fallen by almost one percentage point. At the same time, it has risen by over three percentage points in Newfoundland to 27.5 per cent. In Cape Breton, it has gone as high as 29.5 per cent. Unofficially—and unfortunately—in some areas it is over 50 per cent.

[Senator Graham.]

Sadly, the near-term prospects appear equally bleak. In its most recent Quarterly Provincial Forecast, the Conference Board of Canada expects that growth in the Atlantic provinces will slow down this year. The survey of capital investment intentions of large firms, released by the Department of Regional Industrial Expansion earlier this month, confirms this pessimistic outlook. The study showed that, while large companies plan to raise their capital spending by a healthy 13 per cent for Canada as a whole, investment spending in the Atlantic region is expected to decline by 5 per cent.

Given this background, one would have thought that the budget would pay particular attention to the Atlantic economy and introduce prompt measures to help alleviate its difficulties. What we find instead is a budget whose proposals, if carried through, would further undermine the regions's weak economic base. There are those who suggest that the budget will have a negative impact as high as 6 per cent in Atlantic Canada. My personal belief is that, economically, Cape Breton is worse off by 30 per cent than it was one year ago.

The fishing industry of the Atlantic provinces, virtually in a state of near-collapse already, was given another blow through the budget proposals for new user fees for tying up at wharves and for dredging services, higher fuel prices, and lower tax credit benefits for the purchase of new vessels. Tourism, among other sectors, will also be hurt by the increased cost of gasoline. Offshore exploration has been hit seriously by the loss of the incentives available under the Petroleum Incentives Program.

But no region is harder hit than Cape Breton Island, where the shut-down of the two AECL heavy water plants is expected to result in some 1,650 job losses. The government's argument is that this action was inevitable because the plants were not economically viable. The fact is, nevertheless, that these plants were major employers in Cape Breton with important spin-offs for other businesses in this area. Given the high unemployment levels already plaguing the region, the residents of Cape Breton had a right to expect that the government would not proceed with the shut-down before developing plans that would provide those laid off with alternative employment, and I will return to that in a moment.

The extension of the 50 per cent tax credit beyond manufacturing to farming, logging and other resources and related activities, while welcome, is clearly an insufficient response. The 50 per cent tax credit, which, in addition to the Atlantic region, also applies to the Gaspé peninsula, northern areas of other provinces and areas in the Yukon and Northwest Territories, is projected to cost the government less than $30 million a year.

I am amazed, honourable senators, that both heavy water plants in Cape Breton are being dismantled. At the very minimum, at least one of those plants should be mothballed. That would be the absolute minimum. If both heavy water plants are to be dismantled, what does it mean for the future

of AECL? When the government says it is losing $100 million a year on heavy water plants in Cape Breton, does it take into account long-term receivables with respect to the future sale of the present inventory? Are these receivables being treated as deferred revenue or are they included in the $100 million per year loss picture as portrayed by the government?

As everyone knows, the manner in which one uses figures can be very deceiving. The government, as I have said, continues to talk of an average $100 million loss per year over the last five years due to the continued operation of the two heavy water plants. But the government never talks about the value of the inventory. I am told that an average of well over $100 million worth of heavy water has been produced each year for the last five years. That would place the present value of the total inventory at well over half a billion dollars. What no one on the government side is saying is that, when the inventory is sold, the government will be reimbursed and those losses, presumably, wiped out. It is not inconceivable that a profit will be realized down the road.

With respect to long term prospects, I want to quote a paragraph from the AECL Corporate Plan Summary, which was tabled by the government leader in the Senate on June 11, and referred to by the Leader of the Opposition on June 12.

> The preservation of Canada's nuclear capabilities is indispensable to Canada's long-term economic development prospects. Despite intensive international investigation for alternatives, no technology or fuel source other than nuclear yet exists or appears on the horizon which can credibly displace fossil fuels as a source of future electrical capacity. AECL's strategy over the long-term perspective focuses on its internationally recognized and diversified technological base in nuclear and related sciences. The company's key "product" to date and in the future is the CANDU system and its support technology. The further development and evolution of this technological base will provide the essential competitive depth required to keep CANDU in the forefront of a resurgent power reactor market and will generate commercial spinoffs which will result in new marketable products in the future.

We are also aware of plans to construct the Lepreau II plant in the province of New Brunswick at a cost of $1.5 billion. We are told of the very real possibility of a Candu sale to Turkey. One or two more sales would use up the entire inventory.

• (1710)

Against that background, I suggest it is shortsighted and, indeed, highly irresponsible for the government to dismantle the two heavy water plants in Cape Breton. I would hate to think that the grand plan of AECL is to produce future requirements for heavy water in a plant or plants in the province of Ontario or some other region of Canada when we now have two first-class plants in Nova Scotia.

One has to live in the area to understand the real hardships which face the people. I plead with supporters of the government to help persuade the proper authorities to change their decision in the interests of fairness and justice.

Beyond the immediate adverse effects of the budget on the Atlantic region, the announced intentions of the government concerning the wide adoption of cost-recovery in the provision of public services, reductions in transportation subsidies and transfers to provincial governments also indicate additional losses for the Atlantic provinces in the years ahead. Budget papers tabled with the budget last May 23 reveal that the government intends to reduce transfer payments to the provinces under the Equalization Program and the Established Programs Financing arrangements by about $2 billion in 1990-91. This is a significant amount and will affect, primarily, the poorer provinces, since only they receive equalization payments. In this context one can understand the frustrations that led the Conservative Premier of Prince Edward Island, Jim Lee, to make the following statement which was quoted in the *Globe and Mail* under the heading "Atlantic Provinces 'short-circuited' by Wilson budget on June 11 1985":

> The Atlantic provinces did get short-circuited in this budget, there's no two ways about it. A number of things will have a drastic impact on Atlantic Canada and this is why I say the federal Government has to be educated to the fact that there is a need to address our special needs much differently than they have in this budget.
>
> We have obstacles to growth that have to be overcome before we can shoulder our fair share of the national deficit and we're prepared to do that, but we can't do it with two strikes against us and maybe this budget is a third strike for some areas.

In its preliminary analysis of the impact of the federal budget, APEC, the Atlantic Provinces Economic Council, says that it appears that for the Atlantic region the federal budget will do little to stimulate growth and may even have a dampening effect. I should like to quote from the APEC analysis as follows:

> Government expenditure cuts are likely to hit this region hard because of the relatively greater dependence on government spending in the Atlantic Provinces, and because of the nature of the cuts. Incentives for the private sector to invest and create employment may not be as successful in compensating for the negative impact of the expenditure cuts because the private sector is so small and the economy in many parts of the region is less than buoyant. APEC's advice—

I should like you to note this carefully—

> —to various Cabinet Members for a renewed commitment to regional economic development through a variety of means designed to enhance the private sector in the Atlantic region was largely ignored in the federal budget.
>
> The complexity of the budget and delayed impact of some measures means that it is difficult to quickly analyze the net impact of budget measures on this region. In addition, further program rationalizations are likely to

occur once the reports are in from the Nielsen Task Force.

Finally, honourable senators, I want to say something in general about expenditures in Canada which are generated by the public and private sectors and compare the overall picture in Canada to that of the Atlantic provinces.

With respect to the percentage of the gross national product, which is generated by government expenditures, whether they be federal, provincial or municipal, the Canadian average is about 46 per cent. Those are expenditures by governments at various levels. Consequently, the percentage generated by the private sector in Canada as a whole is 54 per cent.

Opposed to that national average, in Atlantic Canada the percentage of the GNP generated by government expenditures is an astonishing 80 per cent and that generated by the private sector is 20 per cent. We are not happy with that situation. Atlantic Canadians do not want governments to get bigger. We must do something to correct the imbalance with respect to our dependence on government as opposed to the private sector.

But the Government of Canada has a primary responsibility to help create the economic environment which will enable the private sector in Atlantic Canada to grow at a faster rate than elsewhere so that we have the opportunity to catch up. That is not a new problem. It has been with us for a long time. What I am saying is that the May 23 budget has the negative effect of making the catch-up process much more difficult.

The Prime Minister and the Minister of Finance assured all Canadians that it would be a fair and just budget. One can only conclude that the fair and the just perhaps do not live in Atlantic Canada. One can only hope and, indeed, pray that this government will come to understand the frailty and the complexity of the economy in that region of Canada and the absolute necessity for much more realistic and positive measures than have been evident thus far.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

SMALL CRAFT HARBOURS PROJECTS— HUMBER-PORT AU PORT-ST. BARBE

QUESTION NO. 9 ON ORDER PAPER—REPLY BY MINISTER OF FISHERIES AND OCEANS TABLED

Hon. Duff Roblin (Leader of the Government): Honourable senators, since we began our proceedings I have received an answer to Question No. 9 on the order paper in the name of Senator Marshall. It contains a great deal of detailed information and if I may have your permission I would like to lay it on the Table rather than have it incorporated in the *Debates of the Senate.*

Hon. Senators: Agreed.

Answer tabled.

[Senator Graham.]

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I propose that we adjourn until 8 o'clock this evening, at which time we will carry on with our business. I understand that the House of Commons has resumed its normal operations and that it is now dealing with government orders, and considerable progress has been made. I have every reason to believe that legislation will come to us this evening. I believe that we would all be best served if we were here to deal with it, and we hope we will have a very constructive and productive evening culminating in Royal Assent, if all goes well.

The Senate adjourned during pleasure.

At 8.20 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we are still awaiting legislation from the other place. We had been led to believe that the other place was going to break its legislative logjam and inundate us with a flow of constructive, uplifting legislation this evening.

I spoke with the government house leader in the other place a few minutes ago and he told me that he has every reason to believe that Bill C-25 will be before us no later than 9 o'clock this evening, and if that bill is passed, he believes that the other bills will follow quickly.

I ask honourable senators to indulge me in my naiveté again until at least 9 o'clock; if at 9 o'clock we are still in the same unfortunate position, then I will move that the Senate adjourn until 2 o'clock tomorrow afternoon.

It might seem more reasonable to move the adjournment until 10 o'clock or 11 o'clock in the morning, but that would not be all that productive because the legislation still requires Royal Assent, and we are unable to have a representative of Her Excellency the Governor General until late in the afternoon. So, we are very much at the mercy of other forces at this time.

I crave your indulgence, honourable senators, and ask you to bear with me. At 9 o'clock the bells will ring again, and we hope that that sitting will be more rewarding than this one.

Hon. Hazen Argue: Honourable senators, I am not authorized to speak on behalf of anyone except myself, and I am not even sure of that, but it seems to me that if there is no legislation at 9 o'clock this evening, the Deputy Leader of the Government should move the adjournment until tomorrow morning at 11 o'clock.

There will be a fair amount of legislation to be dealt with, and sitting at 2 o'clock will not leave very much time. We know that our image is not the best in some places, so I wonder why it is proposed that we adjourn until 2 o'clock instead of 11

o'clock if things do not work out this evening. That would give us a little more time, and we could still have Royal Assent at 5 o'clock or 6 o'clock.

Hon. Duff Roblin (Leader of the Government): Honourable senators, Senator Doody and I discussed that possibility. If we do not get any legislation by 9 o'clock this evening, we will not get any legislation until after 2 o'clock tomorrow afternoon, because the House of Commons will adjourn at 9 o'clock this evening.

So, if there is nothing on the platter by 9 o'clock this evening, there will be nothing on the platter tomorrow morning.

We will keep an eye on that, and if we see any movement, we will do the best we can.

The Senate adjourned during pleasure.

At 9.10 p.m. the sitting was resumed.

AGRICULTURAL STABILIZATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-25, to amend the Agricultural Stabilization Act.

Bill read first time.

SECOND READING

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

He said: Honourable senators, while we were waiting for this legislation—

Senator Guay: You said that we were talking too long.

Senator Phillips: —Senator Argue and I were talking, and we acknowledged that we have had a long association with this type of legislation. We were both in the House of Commons in 1958 when the Diefenbaker government introduced the first stabilization bill. We were both in this chamber ten years ago when the act was last amended.

Honourable senators, due to the hour and the fact that we have to compress the explanation, I will be brief.

The present bill does two things. It attempts to clear up some of the ambiguities in the present legislation and allows for tripartite stabilization plans.

Last fall, the Department of Justice advised that the present legislation does not permit the Agricultural Stabilization Board to make payments based on the past year's estimated operating costs; that is, it can only operate on the estimated costs for the present year. The amendments provide for the past, present and future. We hope this clears up the original confusion in that regard.

Bill C-25 will allow the federal government to continue to operate federally-funded programs by itself if it so chooses. However, the new legislation will permit the establishment of tripartite stabilization plans. These plans will be funded by the federal government, the provincial governments and producers.

The intention of establishing the tripartite plans is to prevent double payments by the federal and provincial governments and to introduce some uniformity in stabilization across the country.

The House of Commons committee made one amendment to the legislation, to which I should refer. Honourable senators, a number of provinces were concerned with the so-called "top-loading," that is, a provincial plan operating in addition to the federal plan. The amendments to section 8 allow the minister to enter into an agreement with the provinces provided the agreement between the province and the federal government does not provide an advantage for growers in that province which is not available on a national basis and does not contribute to increased production within that province.

Honourable senators, in the Standing Senate Committee on Agriculture, Fisheries and Forestry, Senator Olson asked a logical question as to why this bill should be passed now. Perhaps the best answer I can give to that question is by referring to the minister's release regarding Bill C-25. In the second page of that release, he gives three reasons for passing the bill, which are: first, an inability to legalize retroactive stabilization payments; second, it adds greater flexibility in the timing of the stabilization payments so that they can be paid out when the producers need them most; and, third, the plans will be actuarially sound, and the producers will be assured of payments when the formula permits payments to the producers.

Honourable senators, I hope this explanation, brief as it is, will provide you with enough information to pass this bill.

Hon. Senators: Hear, hear.

Hon. Hazen Argue: Honourable senators, as Senator Phillips has said, he and I have been around for a long time.

As far as this particular bill is concerned, I only hope that we are around and in good shape when the next amendment to this legislation comes through. I would not want to be too critical, but, from all of the derogatory things I have heard said about it in recent days in and outside Ottawa, it may not be long until further amendments are before us. I guess there are precedents in terms of other things the government has been doing with regard to making some major changes to old age pensions under great pressure.

Senator Phillips: Watch your legs.

Senator Argue: Parts of this bill deal with housekeeping matters such as adding details like "lambs" and "wool" instead of referring only to "sheep." It provides for bringing back under the act spring wheat and winter wheat outside of the designated area.

Probably an important provision is that the bill provides for a stabilization period greater than a year or less than a year, which will add some flexibility to the legislation.

Over the years, the Agricultural Stabilization Act financing has been paid for entirely by the federal treasury. The argument from time to time has been as to whether the level should be 80, 90, 95 or 100 per cent. It has always seemed to me that it was not really quite fair. If producers, for example, had available to them, and took advantage of, the Western Grain Stabilization Act, they could not take advantage of the Agricultural Stabilization Act. That seems fair enough.

● (2120)

But for those producers who decided not to go under that act and who therefore did not put themselves in a position where they might cost the federal treasury some money, there are no benefits. When the Western Grain Stabilization Act is in effect, these producers are not allowed any of the benefits. That has been a penalty for producers in one part of the country.

The cattle producers for a long time have not wanted any part of a stabilization program. They put themselves forward as being the great free-enterprisers of this country. Some six or eight years ago, when a payment was being made to the beef producers under the Agriculture Stabilization Act, the Canadian Cattlemen's Association came to Ottawa and their official position was: "We don't want your money."

But a lot of them have said that they would support a tripartite agreement, with the federal government paying some money, the provincial government paying some money, and the beef producers paying some money, in the belief that the government was going to set up a program that would discourage provincial top-loading and which would be an alternative to the kind of Balkanization that takes place in agricultural pricing because of the top-loading for particular agricultural products in particular provinces.

That seemed to be all right. But recently the government has brought in an amendment. Senator Phillips referred to it. He can put his interpretation on it—and it may be an accurate interpretation; I don't know—but the interpretation that others are putting on it is that it really opens the door wide to separate agreements being entered into by the federal government with provinces that are now top-loading, with the real possibility that they may be underwriting further top-loading and a further distortion of the beef industry and of other agricultural products in this country. As so often happens, governments really can speak with two different voices and have two policies going in opposite directions at the same time.

Ostensibly, this legislation was to clean up, insofar as the federal authority and federal persuasion is concerned, top-loading, with a view to getting rid of it. I do not know who is

responsible for the fact that the government is spending $4.5 million on a packing plant project designed to increase hog production in Prince Edward Island. I have before me an article by Barry Wilson, in the *Western Producer* of June 20, in which it is stated that officials hope that this will result in a 50 per cent increase in hog production in P.E.I. And I read that it is a province with a good deal of top-loading. I do not know where it gets the bucks. It may get them from the federal treasury. Maybe they will come from the education fund. We once read that the federal contribution went for highways. Now perhaps it goes to the hog producers. I don't know. But one piece of legislation is to get rid of the distortion; another is to provide for a packing plant which will enable an increase in production of pork in a particular province.

The underlying fear out there about the results of stabilization legislation today and amendments and this legislation is that the subsidies that may be paid under this legislation will be declared by our friends in the United States to be subsidies that will result subsequently in barriers being placed on these products by the United States.

The penalty, the tariff, the duty placed on hogs going from Canada into the United States, as we all know, was recently increased to 5.5 cents on pork—and this has been to the great detriment of our hog producers—and 5.39 cents on live hogs.

The government has not had the international stature to persuade the Americans to forgo this kind of penalty against our hogs. So, we have to ask ourselves the question: Are these changes, and are the subsidies that will be paid under this legislation, going to encourage the Americans to provide for greater penalties?

We need legislation that provides stability for our agricultural industry. But we have to wonder what has happened to the stature of the federal government when it has lost its ability to influence the United States. We went down that direction when the Prime Minister put his arms around the President of the United States and said: "Well, we are with you all the way."

So, the American market is in jeopardy today for hogs. We have had recent indications that the United States is taking steps to subsidize the export of grain, something which would constitute a great danger to Canada.

We had a particular position in the China market for years. We thought we had a secured position. They told us that we would be given first chance to ship grain into that market. But with the new administration here, the evidence is that we have already lost the China market for grain.

And the Soviet market is in great danger at this time as well. The failure of the Government of Canada to have an effective and influential voice in international trade makes the subsidies and the stabilization programs necessary for the farmers, and the fear is that such programs may lead to very, very adverse consequences in the international markets.

There is a great deal of fear out there. There is much opposition to any changes in the initial bill that would appear

to be going down the road of supporting and allowing top-loading and a further Balkanization of the farm production and the markets in this country.

Honourable senators, this bill received a very rough ride in the other place. There is the fear that, with the administration that is in place at the present time, there may be some results that flow from this kind of legislation that should not flow, that being an inability on our part to keep our markets open in the world. The fact that the Americans are using as an excuse anything that is called a subsidy in Canada means that our position in the world markets is jeopardized.

The members of the Liberal Party in the other place took the position that there was not a great need to have this legislation passed at this time. They would have preferred to have the legislation looked at over the course of this summer. I believe that is the position of many agricultural producers, thus giving them the chance to make further representations in an effort to have the legislation further improved.

Basic agricultural stabilization legislation is required. The Agricultural Stabilization Act has been of benefit to agricultural producers over the years. The housekeeping amendments, the amendments to which I referred, are accepted and supported by everyone. But there is the concern that the government may not be firm in trying to bring about uniform agricultural policies and uniform and fair treatment for agricultural producers in all parts of the country.

As Canadians, I think we should endeavour to see that agricultural producers in all parts of this country have the same kind of access to the same kinds of policies, and that they have the opportunity to get a good return from their production.

• (2130)

However, having said that, I do not suppose there is any danger of the bill being defeated in the Senate. I think there is room, however, for much improvement in the legislation we have before us. We can only hope that the Minister of Agriculture is strong in his representation on questions of world trade and has more success in the future than he has had in the past. I hope that, whatever the legislation says, he will not succumb to the temptation of attempting to make the effect of the legislation so broad that top-loading is condoned by the federal government.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I feel I must speak to this bill because I think that, for all practical purposes, it is entirely inadequate, and that the effect of its provisions is to destroy the very purpose of this legislation.

I do not intend to repeat the informed and incisive comments made by the senator who just spoke. However, I think that as the Upper Chamber which has a duty to protect regional interests, we have reason to be concerned. Here is a bill that affects the vital interests of our country's various agricultural regions and that has failed to please anyone in those regions.

Earlier this evening, I was listening to the debate on third reading in the other place, and there was no sign of unanimity. Some members were conspicuous by their silence and others by their eloquence. I believe that this legislation, which is aimed at satisfying certain demands, neglects or fails to consider many other questions.

For years I have asked successive ministers of agriculture to include potatoes on the list of named commodities in this act. Today, we received the bill to amend the Agricultural Stabilization Act, again without any reference to potatoes, which do not appear on the list. They will say: "You know, Senator Corbin, we have always taken care of our potato producers, especially those in eastern Canada". I would be the first to admit that was the case under the Liberal Government and when Senator Olson was Minister of Agriculture. I was indeed very pleased that he was sensitive to the needs of our farmers, especially to those of potato producers in eastern Canada, and more specifically those on Prince Edward Island and in my native province of New Brunswick, two provinces which at the time were producing nearly 50 per cent of the potatoes eaten by Canadians.

Senator Olson's successor, the Honourable Eugene Whelan, was also very sympathetic to the problems of potato producers and the cyclical ups and downs of this particular industry, which are a serious problem.

I do not intend to dwell on regional discontent as expressed by various agricultural organizations and representatives of provincial departments of agriculture, including the ministers themselves, one of whom was from Prince Edward Island. I do not know what the New Brunswick Minister of Agriculture said, because I did not hear about him. However, I did receive copies of a telegram from the New Brunswick Producers' Association.

Unfortunately, we may not be receiving a similar bill to amend the Agricultural Stabilization Act in the near future. The government and the Minister of Agriculture had a golden opportunity to correct the inequities in the existing legislation, improve its administration and, more particularly, include new commodities and I mentioned potatoes. My concern is that in the next three years, we probably will not be seeing another bill to amend the Agricultural Stabilization Act. So the present Minister of Agriculture is steering a new course with this piece of legislation, then it will be silence. What has me very concerned is the fact that the minister gives himself a lot of discretion under the new legislation. Discretion to a minister means political power, which is not necessarily always exercised to the benefit of those who need assistance. That is the lesson we are getting from this government, honourable senators.

It is this same government who had hardly been in office for a few hours when it abolished a royal commission of inquiry into the potato industry. It is this government who, barely a few weeks ago, introduced a bill to do away with Canagrex. It favours some of the major agricultural companies in Canada over small producers. In fact, it raises barriers before potential exporters, particularly to developing countries.

So do not expect me to have faith in this government's Minister of Agriculture. I am simply not up to it because of the action taken by this government and its Minister of Agriculture in this session.

I do not have the power to force a vote and ask that this bill be sent back to the House of Commons this evening, but I will certainly voice my opposition for the reasons I have just mentioned because I think that the agricultural community is being served very badly, particularly in light of the additional taxes it will have to pay on gasoline.

That is what I had to say and I rushed here from my home to do so. I did not intend to come here this evening because I had urgent family duties. I managed to get away, which explains why I may appear to be slightly out of breath.

I had to say it and I want the farmers to know that I said it and that I am not pleased about this legislation. I can assure you, honourable senators, that the farmers are not pleased either because the government has just created another jungle, another bureaucratic and administrative maze, with all that power given to the minister. He will be free to impose his political will come rain or come shine, as he or his party supporters see fit. That is not the way to serve the agricultural community of this country.

In the past I have seen too many examples of prerogatives based on partisan politics to endorse this kind of legislation.

I will sit down in a few seconds but not before repeating that it is bad legislation, incomplete legislation. We will probably have to wait till kingdom come before we have another opportunity to put some order in the Agricultural Stabilization Act, and that I find very regrettable. I am not the one who is going to have to live with it, but the current administration and the Minister of Agriculture will. I hope he will remember that when eastern Canada producers come to ask him to get them out of their misery, out of a difficult situation on domestic and international markets, out of their despair.

That is what I had to say, honourable senators, and I thank you for your kind attention.

[*English*]

● (2140)

Senator Phillips: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform honourable senators that if the Honourable Senator Phillips speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Phillips: Honourable senators, I shall reply briefly to the points raised by the two previous speakers. I was particularly intrigued to find Senator Argue raising the question of hog production in Prince Edward Island. It is true that a new plant is being built in Prince Edward Island to replace one that is being phased out by Canada Packers. But I would point out that at this time last year a Liberal government, of which the honourable senator was a member, was boasting that it was contributing $2.5 million to the construction of this very plant that the honourable senator is now criticizing.

[Senator Corbin.]

Senator Argue: You had two policies, that's all.

Senator Phillips: I am sure the honourable senator was aware of that commitment to the plant, but he probably forgot.

Senator Guay: The opposition was against it.

Senator Phillips: No. The only objection of the opposition, to be honest, Senator Guay, was that it was not enough. I admit to Senator Argue that there is room for questioning the amendment on top loading. I, too, questioned it, but I did so probably from a different perspective. He questioned whether it would allow the top-loading to continue. I questioned whether it would allow the provinces to negotiate with the federal government on the top-loading. So probably time will answer that question for most of us.

Senator Corbin raised the question of potatoes being covered under the legislation. I would remind him that I, too, have an interest in potato production. We in Prince Edward Island can compete with his province in that regard any time.

In the past potatoes have been covered a number of times under the Agricultural Stabilization Act, with the federal government providing all of the funding. That can continue. I was informed by the officials from the Stabilization Board that potatoes could be covered under a tripartite agreement.

However, I would also point out to the honourable senator that there is one difficulty, namely, that the stabilization program does not apply to exports, and much of the production in New Brunswick and Prince Edward Island are seed potatoes that are exported; and we have to be careful that we do not get into further problems in our American market if we attempt to provide stabilization payments in Canada.

I hope that answers the points raised by the two honourable senators, and again I commend the bill for speedy passage.

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

Senator Corbin: On division.

Motion agreed to and bill read second time, on division.

THIRD READING

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

Senator Phillips: With leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, is it your pleasure to adopt the motion?

Senator Corbin: On division.

Motion agreed to and bill read third time and passed, on division.

BORROWING AUTHORITY BILL, 1985-86 (No. 2)

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-51, to provide borrowing authority.

Bill read first time.

SECOND READING

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

He said: Honourable senators, Bill C-51 is the borrowing authority bill, which follows Bill C-11 which some honourable senators may remember.

My second reading speech on that particular bill was just as dry, mundane and technical as this one will be; but I certainly hope that it will not have the same emotional, political and social consequences that the previous dry dissertation provoked.

In any event, I will take honourable senators through the various mechanisms of this very necessary piece of legislation, in the hope that it will not have the effect that the last one did.

The timing of this bill is appropriate since the request for borrowing authority is directly related to the financial requirements set out in the budget.

Honourable senators are aware that in order for the government to increase its outstanding debt, statutory borrowing authority must be obtained from Parliament. Specifically Part IV, section 36, of the act states that no money shall be borrowed or security issued on behalf of Her Majesty without the authority of Parliament. This refers to new money only, because pursuant to section 38 the government has continuing authority to raise funds to repay maturing debt. While section 39 provides for short-term temporary borrowings, statutory borrowing authority must be obtained from Parliament in order for the government to continue with its regular debt program to meet its financial requirements.

Thus the total amount of borrowing authority required for 1985-86 is the sum of the financial requirements for this year, plus the amount borrowed last fiscal year under section 39, which must be rolled over in 1985-86.

The financial requirements for 1985-86 were set out in the recent budget presented by the Minister of Finance. In his speech he stated that the government's estimated budgetary deficit for 1985-86 is $33.8 billion. Taking into account non-budgetary receipts of $5.7 billion, the government's financial requirements for 1985-86 are, therefore, $28 billion.

In light of those financial requirements for 1985-86, clause 2(1) of the bill seeks $18.2 billion of borrowing authority for this fiscal year. The major portion of this amount, namely, $16 billion, is composed of the difference between the 1985-86 financial requirements of $28 billion and the $12 billion of borrowing authority already granted under Bill C-11. To this sum must be added the $2.2 billion resulting from the use of section 39 of the Financial Administration Act, which was used in February. The use of that section was directly related to the delay in the passage of Bill C-11.

Honourable senators, it is with some trepidation that I note that Senator Stewart is now making notes.

Senator Steuart: I am writing a letter.

Senator Doody: Had the passage of Bill C-11 not been delayed last February, the $2.2 billion would have been charged to regular borrowing authority, and as the debt matured, borrowing authority would have been provided under section 38. Thus it would not have been necessary to seek the additional amount this fiscal year.

The use of section 39 also had the impact of lessening the use of section 38 borrowing authority during the last fiscal year. Thus $2.3 billion of regular borrowing authority was cancelled at the end of the 1984-85 fiscal year.

Let me assure honourable senators that the $2.2 billion requested in the current bill will not permit a further increase in the outstanding debt beyond the $28 billion financial requirements in this fiscal year. It simply permits borrowing to maintain the level of outstanding debt that was established by the use of section 39 in the previous fiscal year. I would note that it was essential to use section 39 last February. At that time the Canadian dollar was under downward pressure. Foreign exchange intervention caused a large run-off of U.S. dollar foreign exchange reserves. These U.S. dollar reserves had to be replaced by drawing on Canada standby credit facilities with the Canadian chartered banks and with the international banks.

• (2150)

Section 39 was also used to raise $200 million in the domestic capital market through the issue of Treasury bills. In addition, as I already mentioned, the equivalent of $2.2 billion was raised under section 39 in 1984-85. The government will have a total of $32.2 billion of borrowing authority for fiscal 1985-86 once this bill is passed. I can give honourable senators a breakdown on that figure if they require it.

Honourable senators, I would like to outline how the government has utilized the borrowing authority granted by Parliament for the 1984-85 fiscal year. The total amount of authority provided for 1984-85 was $31.9 billion—$24.6 billion provided by the Borrowing Authority Act, 1984-85; and $7.3 billion provided by the Borrowing Authority Act, 1984-85, (No. 2.) During the 1984-85 fiscal year, domestic borrowing operations used about $26.7 billion of borrowing authority. Of this $10.4 billion was raised through the issue of Treasury bills, $12.5 billion through the sale of marketable bonds and $3.8 billion through the sale of Canada Savings Bonds.

Foreign borrowing added a further $.9 billion to the use of borrowing authority. As a result of these financing operations, the total use of borrowing authority in the 1984-85 fiscal year was $27.6 billion. If honourable senators would like a breakdown on the foreign borrowings, I can provide that for them. Of the borrowing authority in 1984-85 fiscal year $4.3 billion was unused at the end of March 31, 1985. Of that amount $2 billion was carried forward as a regular contingency and the balance of $2.3 billion was cancelled, as is required.

In conclusion, I ask honourable senators to support the bill on second reading. As honourable senators are aware, this government has an ongoing debt program. Honourable senators opposite should be more aware of that than we are. In order to achieve the government's goal of minimizing public debt charges, it is important that sufficient borrowing authority shall always be in place. I commend the borrowing bill and ask for speedy passage in the Senate.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I recall very well the speech which the Deputy Leader made in introducing Bill C-11. I assure him it was not the power of his oratory that caused the episode associated with Bill C-11 but the defects which surrounded the introduction of that bill. It is because those defects are absent in the bill presented tonight that there will be no reaction similar to the one which surrounded Bill C-11. I must say that having lived through that stormy period in the Senate and having reflected upon the aftermath of that particular episode, if confronted with the same situation in the future, I would have no hesitation in recommending to my colleagues that we do precisely what was done on that occasion.

Some Hon. Senators: Hear, hear.

Senator MacEachen: My confidence in that approach was supported by the action of the Conservative senators in the National Finance Committee who almost unanimously made a recommendation to the effect that in the future the Senate should remain reluctant to grant borrowing authority in the circumstances which prevailed at that time. When all the rhetoric and excitement vanishes and when everybody looks at that event more dispassionately, I think that they will agree that recommendation of the National Finance Committee supported by the Conservative members captured the real essence of the issue that was raised by myself and other Liberal senators. In any event, we live with our actions. There is no point now in rehashing them at any great length.

The Minister of Finance has assured the National Finance Committee that he will not be returning to Parliament for further borrowing authority for this current fiscal year. The Minister of Finance has stated that he has come the second time and that he will not come again for the current fiscal year. Therefore, we will not have a further borrowing bill for the current fiscal year. In this bill Parliament is being asked to authorize the borrowing of an additional $18.2 billion. Of course, that is, as Senator Doody has pointed out, in addition to the $12 billion authorized in Bill C-11.

Senator Balfour: We have to pay the bills.

[Senator Doody.]

Senator MacEachen: The Minister of Finance in introducing Bill C-51 in the House of Commons referred to the cost of the delay in passing Bill C-11. I believe that some of his comments made in the other place deserve reply here. He said, "The cost of the delay by Liberal senators in the other place was quite significant." If I were recording the event, I would say that the intransigence of the Minister of Finance and his refusal to accept reasonable proposals by the Liberal opposition was the source of the cost.

Senator Sinclair: There was no cost.

Senator MacEachen: Indeed, if any cost existed. The minister went on to say, "We may never know the total indirect costs arising from the confusion and uncertainty which resulted from these delays." I do not know exactly what he has in mind by "indirect costs." He went on to say, "However, we have been able to identify very clearly and precisely the amount of money that that did cost us. It amounted to $15 million."

Senator Balfour: Shame.

Senator MacEachen: Honourable senators, we remain quite unconvinced. The Minister of Finance has not yet produced the evidence. The clarity and precision used by the Minister of Finance to assert his position in the House of Commons was replaced with rather different assertions in the National Finance Committee. The official accompanying the Minister of Finance told the committee that it was an estimate that was made, and he went on to add, "One can always argue that there are different ways of making estimates."

So much for clarity and precision. Then, when pressed for further details, the minister said:

• (2200)

> If you wish the details of the calculation, we can get those for you.

Senator Kirby then said:

> I agree with that.

Honourable senators, I am not aware that these details have been made available yet to the members of the Standing Senate Committee on National Finance, but I think it is worth mentioning the comment that was made in committee by Senator Kirby, which was:

> It seems to me that the minister, if not tonight, certainly on other occasions, has made the argument that there was a $15 million cost incurred because he was required to borrow later rather than earlier, since the borrowing bill has been tied up.

He went on to say:

> . . . if we look at the history of interest rates over the past several weeks, which have been dropping, the replacement fund will be borrowed at a lower interest rate than the government would have had to pay had it borrowed the money when it originally hoped to do so back in February. If that is the case, it seems to me that one must deduct from the so-called cost of $15 million the savings that result from the lower borrowings.

That was an important statement put on the record by Senator Kirby.

All I want to say at the moment is that the allegation of any cost is still unproven.

An Hon. Senator: Hear, hear!

Senator MacEachen: Honourable senators, we remain skeptical today, as we were then, and we await with interest the various ways in which estimates can be made, as the official candidly admitted before the Standing Senate Committee on National Finance.

Honourable senators, in introducing in the other place the bill which is now before us, the Minister of Finance took the opportunity, once again, to indulge himself in the rhetoric which has characterized his statements since November last and which was resplendently in evidence in his budget speech of May 23. I must say that the exhilaration which was apparently evident in the House of Commons among the Conservatives on May 23 has now totally dissipated. Today was the day of reckoning, when the Minister of Finance had to make his first major revision in what will be demonstrated to be a flawed budgetary document.

Senator Balfour: You are an expert on that.

Senator MacEachen: The Minister of Finance said a short time ago in introducing this particular bill in the House of Commons, that these problems are a bit of a vicious circle because high deficits can strain our abilities to deal with the job problem, and high employment, in return, reinforces the very high deficit. That is, of course, part of the fundamental ideology and rhetoric of the Minister of Finance and the government, and it is a theme to which I wish to return in some detail before I complete my statement.

The minister then goes on to say that the budget itself does propose some realistic, fair and effective actions to break this vicious circle. The leader of the Liberal Party, the night of the budget, said that it was unfair, and today the government acknowledged that in one major area the budget was unfair. The government moved to withdraw totally de-indexation of social security benefits applied to the aged.

Honourable senators, I was not in Canada when the budget was presented, and I regret that. I was absent because I was a member of the parliamentary delegation which the Speaker of the Senate led to the Federal Republic of Germany. On the night of the budget we were in Bonn, in one of the hotels there which had been "cased," prior to the Bonn Summit, by the staff of the Prime Minister and found to be unsuitable for prime ministerial repose. However, the parliamentary delegation led by His Honour reposed at this particular hotel, which I recall as the Steingenberger Hotel. Quite apart from the fact that it was unsuitable for the Prime Minister, I won't forget it because it was in that hotel, on the Friday morning, that I read the budget documents.

It was a dismal morning, indeed, especially when I read the declaration of the Minister of Finance relating to the treatment of the economic problems of the Island of Cape Breton. That really was a blow. So the Steingenberger Hotel will always remain in my mind as a rather unpleasant place to be, because you get rather bad news there.

I read the budget documents that day, and I have never read budget documents more carefully, because I had them on the airplane on my return journey and I was able to study them very carefully. When I got back to Canada, however, I immediately picked up the newspapers upon arrival and got to the first Canadian interpretation of the Wilson budget of May 23.

The first newspaper I picked up had the following headline: "Gasoline, Smokes, Drinks, Personal-income bite, you name it". "Taxes up, up, up as budget hits the ordinary Canadians hard." Further down the same page of that newspaper was a story entitled, "Budget hits poor, consumer groups say." Then, "Surtax cuts top budget highlights." I then turned the page of that newspaper and read, "Budget hurts poor, consumer groups say." Further on, I read: "Shoppers slam tax on pet foods and toothpaste;" then, "Civil service to shrink by 15,000 jobs over six years;" then, "Economy to grow 3.1 per cent but little relief for unemployed." I read another headline from the same newspaper which stated, and I point out that this was not from the Liberal opposition: "Unless you earn $10,000 a year, you will shell out more for income tax." On the next page I read: "Taxes up, up, up as federal budget socks it to ordinary Canadians;" and then, "$2 billion a year cut sought in transfer payments." Further, it stated: "Tories leave out pension pledge for housewives."

Honourable senators, that was the first newspaper that I read and that was quite enough to get a flavour of the budget. I then took up another newspaper and it simply confirmed what I had read in the first one. It said: "Ottawa increases the tax load. Budget boosts income taxes." That was my introduction to the budget as I read the Canadian newspapers on my arrival in Canada. Of course, the interpretation of those headlines is now widely known among the Canadian people, and the first evidence of their dissatisfaction was the reaction of the senior citizens, who, in the past month, have conducted the campaign which resulted in the return to full indexation of their pension benefits.

• (2210)

Honourable senators, what is perfectly clear, and what was clear then, is that the government did not receive from the Canadian people a mandate to increase massively the tax burden. Not only did the government not have any such mandate from the public but it also concealed very carefully from the public its intention in this direction. So much for consultation! What is the point and purpose of talking about consultation when you delete from the consultation process the most important items of public policy? That is exactly what happened. In fact, the Minister of Finance gave the opposite signals with respect to proposed tax increases because on November 8 he made it very clear in his economic statement that tax increases were not on his mind. His exact words were "Our immediate goal is to reduce the deficit through expenditure reductions and not through major tax increases." But we have had major tax increases. And the pledge made in Novem-

ber was again repeated by the Minister of Finance in an interview which he gave on *Question Period* in March, and once again he repeated the view that tax increases were out because they would serve to dampen demand.

That was not the only pledge broken by the Minister of Finance because the government also broke a major former commitment by its action to abolish the full indexation not only of the family allowances and old age security payments but also the abolition of the full indexation of the tax system. I know the position which was taken by the Conservative Party on indexation. One spokesman after another urged every Liberal Minister of Finance since Mr. Turner to keep intact the full indexation of the tax system. We know how fiercely the Conservative Party opposed even a suggestion that full indexation might be tampered with. In fact, a former leader of the Conservative Party, Mr. Stanfield, was always held up as the person who first suggested indexation, and we were told constantly by his Tory friends that it was a feather in Mr. Stanfield's cap that we had indexation of the tax system, that it had been borrowed from Mr. Stanfield by Mr. Turner. They said, "You Liberals don't dare tamper with that great Tory idea."

Senator Balfour: What nonsense!

Senator MacEachen: That is the truth and Senator Balfour knows it. I know it and anyone who reads the modern political history of Canada knows it. On that point the Conservative Party retreated and broke a pledge which it made so frequently and so fiercely in the House of Commons and elsewhere. And the Tories ran ads. They ran ads in the newspapers creating bogus fears that the Minister of Finance of the day was intent on tampering with the indexation of the tax system. Well, it has happened and not only the de-indexation of the tax system partially but also family allowances and old age security. The whole structure of inflation protection has been eroded.

We were told in the Senate earlier that it would be improper for honourable senators to think of tampering with Investment Canada because it was sacred. Why was it sacred? Because the government had received a direct mandate from the people of Canada to implement Investment Canada. Would anyone say that an enjoinder of that kind would have the slightest validity in the case of the elimination of full indexation? Because the public were not told of the intentions of the government, they were not consulted about it, and it came as a bolt from the blue shattering the trust that the people of Canada had placed in the new government.

That is the first point that I have to make about the budget. Why have you broken all of your pledges or so many basic pledges without having consulted with or given any intimation to the people of Canada that you intended to do that?

I want to make another point about this budget, and I hope that some honourable senators opposite will attempt to prove me wrong. I make the statement that the budget itself offers no solution to the leading problem of the Canadian economy, namely, unemployment.

The Minister of Finance states, and I quote him, and I agree with him: "Our priority goal is jobs for Canadians." The budget does not offer new jobs for Canadians. In fact, when its impact on the economy is fully felt, the budget impact will be fewer jobs in the Canadian economy. You cannot take $4 billion plus out of the Canadian economy and expect to create additional jobs. The budget itself lacks internal logic and consistency. The link between the fiscal plan and the performance of the economy exists only in ministerial rhetoric and in what I consider to be the rather contrived draftsmanship of the budget papers.

The views of the Minister of Finance on the problems of the economy are clearly set out in this budget and earlier last November. In November in "A New Direction for Canada," he stated: "The growing public debt has become a severe handicap to economic progress and the most serious obstacle to economic growth." He reiterated that view in his budget speech of May 23 in these words "High deficits constrain our ability to promote growth and create jobs." The view of the minister is clear. One might say that the obsession of the minister is clear. Deficit reduction will lead to more jobs, more real output and more growth. The Minister of Finance says: "Clear away the obstacle of fiscal deficits and the economy will flourish."

Driven by a confident belief in this single theorem, dominated, as it were, by his own personal and one-dimensional obsession, the Minister of Finance like an untrained woodsman with a sharp axe is chopping blindly and cutting everything in sight—cutting, cutting, cutting and adding to the tax burden at the same time. Out of that, honourable senators, he claims, will come economic growth and more jobs.

One is tempted to say to the Minister of Finance "Think again." Consider the experience of the Government of the United Kingdom which also made it an obsession to cut, cut and cut. Today the Prime Minister of the United Kingdom is faced not with declining unemployment but with rising unemployment. She wanted declining unemployment, now she is faced with rising unemployment. Why is that? One must say that an economic policy putting forth deficit reduction as the single obsession and putting that in the window as the main objective has been implemented in the United Kingdom, but the results expected have not yet been achieved; the opposite results have been achieved. Mrs. Thatcher now confesses that she is mystified and disappointed. "I am mystified and disappointed," said the Prime Minister of the United Kingdom. The Prime Minister of the United Kingdom is now prepared to admit that possibly she and her government may have missed something. She said recently, referring to the budget given in the spring by her Minister of Finance, "We have to await the effects of this last budget."

• (2220)

That is about the fifth budget of the Conservative government. "We have to await the effects of this last budget, and as you know, any budget takes 12 or 18 months to work its way through the economy," says Mrs. Thatcher. "If we don't get

the results we want, we will have to take another look." That is what Mrs. Thatcher is faced with.

What has the Minister of Finance missed? What he has missed is very simple; he has missed the conclusion staring at him out of his own budget papers, that you may ameliorate the fiscal problem without any significant amelioration of the unemployment problem. You may solve the fiscal problem—and let me tell you, honourable senators, I think that that problem ought to be addressed—but there is no necessary conclusion that you will solve the unemployment or the economic problem.

Let me put a few thoughts before you and examine whether there is any logic in them. The minister has laid before us his plan for deficit reduction. For last year the deficit is to be just under $36 billion, as Senator Doody has stated, or as one can derive from what he has stated. This year the deficit is to be $33.8 billion; the following year it is to be $32.7 billion.

Please observe, honourable senators, that in spite of what the Minister of Finance has described as an "unacceptable deficit," a "dreadful inheritance from the Liberal Party," a "bloated deficit," the economic growth in Canada in 1984 was an impressive 4.7 per cent. A big deficit with substantial and impressive economic growth for 1984.

For this year, despite the reduction in the deficit, growth will be less than it was in 1984; growth will be 3.1 per cent. For 1986, with a further reduction in the deficit, growth will be approximately 2.5 per cent.

These are the figures that are revealed in the budget papers of the Minister of Finance. For these three years, there is at least one fact; as the deficit is reduced, so is the rate of economic growth.

I am sure that many honourable senators are saying in their own mind that there must be something wrong because it was always thought that the solution to the economic problem lay in the reduction of the deficit which would in turn produce more growth. In 1984, with that dreadful Liberal deficit, there was 4.7 per cent growth. And the deficit comes down and so does economic growth. Of course, there is something wrong. What is wrong is that one can succeed in reducing the deficit; one can succeed in solving the fiscal problem without advancing to the goal of better economic growth and more jobs.

At the end of 1986, the Conservative government will have been in office for more than two full years. For that second full year the rate of growth will be almost one half less than it was in 1984. Why is it that if the constraint to job creation is the deficit, jobs and growth do not occur more rapidly as the deficit goes down?

I have mentioned the rate of growth in the economy; but what about unemployment? The reality is that, according to the minister's projections, after this government has been in office for more than two full years, after savage and senseless cuts, after—I was going to say after prime ministerial grandstanding at economic conferences and after endless photo opportunities—after all these two full years involving all these marvellous cuts and tax increases and a new tightening of the fiscal belt, the Minister of Finance is telling us that at the end of 1986 unemployment will be above the 10 per cent level. Why?

In April of this year there were approximately 1.4 million unemployed Canadians. By the end of 1986, after two full years of a new Conservative government, according to the Minister of Finance, with the intervening growth in the labour force, and at a 10.3 unemployment rate projected by the Minister of Finance for the end of 1986, the total number of unemployed will be 1,330,000 Canadians. At the end of 1986 we will still have, according to these documents, 1,330,000 unemployed.

Well, that is just a bit better than where we are now.

What is the point of a financial and economic policy that will produce little change in the number of unemployed at the end of 1986 in comparison to the number of unemployed today?

That is not all, honourable senators. Under one plausible scenario presented by the minister, unemployment will still be at 10 per cent, not only at the end of 1986, but at the end of the decade in 1990.

Why is the minister perpetuating a hoax on all of us by saying that what he is doing to reduce the deficit is bound to provide new growth and jobs? His own budget papers give that statement the lie.

I think there are a number of nagging questions that have to be asked. How is it possible from his ideological standpoint for the economy to have a growth rate of 4.6 per cent in 1984 in a close symbiotic relationship with that high and unacceptable deficit? The minister tells us that the new government created 200,000 new jobs. How is that possible side by side with this terrible deficit? How is it possible, in the light of the terrible overhanging deficit, that dreadful Liberal inheritance, to have that kind of economic growth? Perhaps he would explain to us why that is possible and why, as he reduces the deficit, the rate of economic growth in Canada declines. Perhaps he, or someone on his behalf, might explain to us why, despite his Herculean efforts, we end up with a 10.3 per cent unemployment rate at the end of 1986. And it is all in the budget papers.

• (2230)

Honourable senators, the fact of the matter is that in 1984 we had strong economic growth in spite of the deficit, brought about by a build-up of inventories and robust export growth. The deficit did not stop the growth because inventories were building up and we had a strong export market. These factors obviously swamped any adverse impact from the size of the deficit.

Why is this slowdown projected for 1986 despite the reduction of the deficit? Because the reduced deficit will not compensate for the slowdown in the United States' economy that is projected in the budget papers, and will not compensate for the continuing high real interest rates in the United States, which are also projected in the budget papers. I think the minister is on a very slippery slope indeed in putting so much reliance on

his simple theorem, "Reduced deficits will, in themselves, produce economic growth."

I repeat: The fiscal problem has to be addressed on its own merits, but why hold out the hope that the pain surrounding deficit reduction is going to produce the jobs and growth we want in Canada? Of course, we want to know what will happen in this economy after 1986. The minister was quite categorical on this point in his economic statement of last November. He stated that over the second half of the decade, growth would increase an average of about 3.4 per cent while inflation would stay at or about 4 per cent for the remainder of the decade and that unemployment would remain unacceptably high—11 per cent through 1984 and then declining gradually to about 7 per cent by 1990. In November of 1984, the minister was saying that the 11 per cent unemployment rate would be reduced to 7 per cent by 1990.

In May, he is much less sanguine and much more tentative. He is no longer prepared to say that we will have a 7 per cent unemployment rate by 1990. He has made a very rapid retreat from that economic situation. In fact, he tells us quite clearly that what will happen to the Canadian economy after 1986 will depend principally on what happens in the United States.

In November, the Minister of Finance foresaw a budgetary action in the United States which would lead to lower real interest rates and better economic growth.

You may remember, honourable senators, that in my speech on that economic statement I drew attention to the very heavy reliance the minister was placing upon the movement of interest rates in the United States. In fact, in May, he recanted the position he took in November and is not now prepared to tell us that there will be a 7 per cent unemployment rate by 1990. In fact, so uncertain is he that, instead of a clearcut projection for the years beyond 1986, he has now asked us to choose amongst three plausible scenarios, each of which is dependent entirely upon what happens outside of Canada. The ranges of unemployment are from 7.3 per cent to 10 per cent. The minister makes it very clear in his document, "Canada's Economic Prospects 1985-90," tabled with the budget, that the course of the Canadian economy will depend not on what he does in his budget or in his next budget but on what happens in the United States. That is clearly stated. The following quotation, I think, is quite revealing. He said:

> At the present time there is a high degree of uncertainty as to whether or not the United States will be able to achieve a reduction in the U.S. federal deficit sufficient to create the conditions that would allow for sustained economic growth over the medium term.

There is a high degree of uncertainty that the United States will take the policy measures that will lead to sustained growth over the medium term.

The minister then went on to state:

> To reflect this uncertainty, three medium-term projections have been developed which differ in the degree to which necessary policy adjustments are assumed to be adopted in the United States over the medium term.

[Senator MacEachen.]

The minister, of course, has let the cat out of the bag. Whether we have 7 per cent unemployment or 10 per cent unemployment in Canada depends on what happens in the United States and not on what happens in the way of deficit reduction. That is all from the minister's own budget papers. It would have been much better for all of us if the minister had come clean and put this reality up front in his budget instead of putting it in documents carrying his own imprimatur, documents which not every citizen of the country reads but about which, if they read, they would say, "After 1986, the minister is telling us that what happens to unemployment in Canada depends entirely upon what happens in the United States."

Instead of doing that, the minister, in order to gain support for his massive tax increases and savage expenditure cuts, has made the premise that this "short-term pain", to use the expression of his predecessor, "will lead to long-term gain." A careful reading of the documents tabled by the minister reveals that what we are getting is short-term, medium-term and long-term pain. Again, that will be determined not by the extent of Canadian sacrifices but by the development of policy in the United States. That is the reality of the budget presentation.

When the minister states in his budget speech, "We have restored Canada-United States relations to the status worthy of two sovereign nations," he is obviously engaging in meaningless rhetoric because he has clearly demonstrated in his own series of plausible economic scenarios that for the years 1986 to 1990 sovereignty rests entirely with the United States and that what happens to the Canadian economy will depend on what happens in the United States. The policy options selected in the United States will determine the Canadian level of output, incomes and jobs. The policies of the Minister of Finance will have a secondary effect.

• (2240)

That is why I say that, despite the merits of controlling the deficit, it is a great mistake to put it in the context of economic growth and jobs. The facts argue greatly against that premise. The facts presented by the minister argue against it. After two full years, after what he regards as a Herculean effort to reduce the deficit, economic growth will be less in Canada in 1986 than it was in 1984; the number of unemployed at the end of 1986 will be only slightly less than the number of unemployed in Canada today.

The economic strategy advanced by the minister is bound to lead to frustration and disappointment. His economic views are uncertain and tentative. He told us in March that a tax increase would dampen aggregate demand. He told us that. But in May he introduced massive tax increases, to which he added additional amounts today.

I suggest, honourable senators, that the major revision of policy announced today by the government is the first step along the road of discovery yet to be travelled by this government.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators—

Some Hon. Senators: Hear, hear.

Senator Roblin: I am always more comfortable when applause comes at the end of a speech. While it might be comforting at the beginning, one hopes that it is deserved at the end.

We have listened, as one might have expected, to a very forceful and intriguing advocate in the person of the honourable gentleman who has just spoken, one who has filled the office of Minister of Finance and who is, therefore, more aware than most of the obstacles that a minister of finance faces and the difficulties he has in forecasting the future or in even deciding what the people will stand for at one particular moment in time.

While he has been eloquent in expressing to us his satisfaction that the government has made what he considers to be the first step in changing its fiscal policy with respect to the matter of old age pensions, I say to him that he is one who ought to know, because in his own career, particularly in the last budget that he was responsible for, he not only made the first step in retreating from his budget but the other 39 steps, bringing him right back to where he started from. So, he understands.

Some Hon. Senators: Hear, hear.

Senator Roblin: I want to be clear about that. It is easy for me to say this and to criticize the honourable gentleman. But I have some reason to know how difficult it is to be right in financial matters and how difficult it is to prepare a budget that people will applaud. It is almost impossible. He knows that very well; I know it well; and other people in this house are well acquainted with that fact, too.

He knows, for example, the problems inherent in forecasting. He has just given us a very lengthy analysis of the forecasts contained in the budget of my honourable friend, the Minister of Finance. He has told us something about forecasts. Well, if there is anyone in this house who should know the perils of forecasting, it is the honourable gentleman who has just spoken.

Some Hon. Senators: Hear, hear.

Senator Roblin: I think that the figures given by the Minister of Finance are excessively conservative with respect to what will happen in the years to come insofar as he has been bold enough—and I emphasize that word—to make any estimate as to what the future will bring. Excessively conservative. I expect it to be much better. My honourable friend was not excessively conservative in predicting what was in store for the period ahead when he was in office. As I have already told this chamber, in his budget of October 1980, he predicted a deficit for three or four years at about $12 billion, when in fact it turned out to be $32 billion.

Some Hon. Senators: Shame!

Senator Roblin: And he didn't do any better than that the second time he introduced a budget. On November 2, 1981, he predicted a deficit in 1985-86 of $10 billion, when, had not something been done about it by the present government, it would have been $38 billion.

So, you can see the perils of trying to forecast in the field of finance.

I am not saying this as a matter of criticism. How could he have known? Obviously, he couldn't have known. He had no idea. But he had to forecast, and he bravely did. But the consequences, the actual results that were apparent from those forecasts, were obviously unsatisfactory.

I have a hope—perhaps it is stronger than a hope—that the forecasts he has been quoting with respect to the present Minister of Finance will not be quite so unsatisfactory as his own record would indicate. But I do not want this thing to become an *ad personam* debate, because that never gets anybody anywhere; and I do not want anyone in this house to think that I am pointing a finger of accusation at my honourable friend because he was once Minister of Finance and made some mistakes. That is the lot of ministers of finance. And I am not saying that the present Minister of Finance is any different. He is going to make mistakes. He has made mistakes. We have admitted it today. So, let's be clear and let's be frank about that. I am only saying that one cannot build a sound policy on the kinds of arguments that my honourable friend has presented at some length to this house.

Some Hon. Senators: Hear, hear.

Senator Roblin: One cannot build a sound policy on the basis of his arguments, and I am prepared to indicate why I think that is so. The main thrust of this budget is a combination. One of the principal factors is the question of the deficit: What to do about it?

As I said in the chamber the other day, why are we worried about the deficit? What is the reason the deficit is such a millstone around our necks, as some would have us believe? Why does the present Minister of Finance concern himself with the deficit, if all he had to do was to carry on the policies of my honourable friend and see it grow in an unlimited and uncontrollable fashion? What's the matter with a deficit?

One simple thing: the price of it. The price of the deficit is the interest that we pay. We paid 11 cents on the dollar to cover the interest bill from the tax money taken in from the people of this country in 1974. And what is it today? It is 34 cents on the dollar. Three times what it was in 1974.

Had we not had that threefold advance in the cost of the deficit per dollar taken in, what could we have done for the old age pensioners? Quite a lot. What could we have done for the employment stimulation that my honourable friend talks about? Quite a lot.

But that is not the case that we are facing. The case we are facing is one where we have an interest cost which must be brought under control.

Is there a member of this chamber who denies that statement? Can the honourable gentleman who has just spoken get up and tell me that I am wrong and that we have no obligation and no concern to bring the interest cost per dollar of taxes taken from our people down from the level of 34 cents, when

we consider the economic state of the finances of the country and the needs of our people?

No one can contradict that argument. I defy anyone to contradict that argument.

All right. What do you do about it? You tax. That's right. You alter your services; you reduce your services. That's right. You call for sacrifices. That's right.

All of those things are in this budget. But in moderation. Nothing to excess. There is moderation in this budget in terms of its tax implications and in terms of the other factors that it affects. There is moderation in this budget. It could be a lot different. How different?

Well, the Leader of the Opposition, during the election campaign, said something about reducing the deficit by $9 billion. That is certainly not being done in this budget. But $9 billion was the target that he set for himself.

Well, I notice we have not heard very much from him recently as to how that would be achieved. But that is what he set for himself—a reduction of $9 billion.

We are more modest. We have not reduced our deficit by that amount—and we do not think we should. And the reason is clear. Because you want to be sure that those adverse effects of government economy and of higher taxes are not so excessive that they interfere with the economic growth of the country. I do not think that that has happened as a result of this budget, and I intend to give some information as to why I think that that is the case.

Let me deal with the second question that worries me about the deficit. If I follow the logic of my honourable friend, he is telling us that while he has some concern about deficits—which he is not, apparently, willing to quantify in any way—while he has a concern about deficits, what he is really saying to us is that we need more of the same.

What is the alternative to the policy the government has adopted of reducing the deficit? Why, to let it go up.

The alternative is to let it go up. And what would that do for us? It would help the unemployment situation. That was the logic of his argument. The logic of his argument was to go back to the policy that we had in which deficits were regarded as certainly not the principal concern of a Minister of Finance, or even a very important one, I suppose, because deficits will go up and the unemployment will go down at the same time.

● (2250)

Is that the experience of what happened? Is that what actually took place in the last ten years, when we have seen this increase in the deficit? Did the unemployment go down while the deficit was going up? No, it did not. It also went up, so we had the effect of a higher deficit and higher unemployment at the same time.

Senator Walker: And higher inflation.

Senator Roblin: Somebody says "and higher inflation." I am not altogether sure that I agree with all of that.

One must be very careful, because I do not think that there is a person in this whole wide world who really knows, in a positive, emphatic sense, what we ought to do in our difficulties. We must agree that there are different ways of looking at this thing, and I am not so dogmatic as to say that only my friends and I know what the right answers are, because I think that they are struggling with this problem, the same as my honourable friend would be if he were in my position this evening, or even in the other place. Let's be frank about that. Let's indicate that, in some parts of the world, we have seen the problems of the deficits and unemployment operating in one way, and in some other parts of the world in another. We know our own experience, and that is all we have any control over. Here we see that rising deficits have not meant lower unemployment. They have meant unemployment, in fact, moving up with the deficit.

It might be argued that there are so many other factors in this mix that it is difficult to nail it down the way some of us would like to do. You must relate what is going on with the deficit and what is going on with unemployment with the economic trends throughout the world. That is a fact, and I would not be so foolish as to deny it, or so foolish as to deny that our economic situation in this country is gravely affected by the international situation; not just in the United States but everywhere. These are facts of life.

Therefore I do not come to this chamber saying that the budget of my honourable friend, the Minister of Finance, or my views on finance, represent the last word, or that we know it all, or that the solution is there. What I put to you is very simply this: We have tried the increasing deficit route; we have tried it and it has not produced what we hoped it would produce in the form of lower unemployment. It has not produced it at all. So our alternative, logically, is to carry on with what we were doing, which does not seem to be getting us anywhere, or to try something new, which is a very modest something new, let me tell you, because we are not crushing this deficit by a reduction of $9 billion, as was advertised by the Leader of the Liberal Party. We are much more cautious than that.

What we are trying to do is, first of all, stabilize the deficit; to bring it to a halt; to check it so that that interest cost to which I referred will gradually come under control. Then, if we can, to reduce it as the economy permits us to do so. I think that is a very important thing, to get hold of our deficit and get hold of our interest costs. I am a simple man. I do not understand many of the complicated arguments I just listened to, and I am frank to say so. Perhaps I will be criticized because I do not understand them well enough, but I am a simple man and I know if I do not get control over that interest charge that this country must pay, then the services I want to give the people will not to be available; they will not be paid for; the money will not be there.

Therefore, if you take any kind of a long-range view on this thing, you must say: Get a hold on that interest cost, so that it becomes less of a proportionate burden. I do not think it will ever come down in terms of dollars, but in terms of percentage and proportion and ratio of the cost per dollar of tax money we take from our people, the burden of interest payments will

start, first of all, to hold steady at 34 per cent, which it is right now, and then gradually decline. If we can do that, then perhaps we will have made some progress in bringing our national finances into some form of balance.

I would like to say a brief word about what has been happening recently in respect of our economy, because there have been hopeful signs. There have been signs that make us think we may be getting somewhere. Whether the government is to get all of the credit for it or not is a question I do not ask because, as I said before in this chamber, there are more factors than government at work and I am the first to admit it. However, I am saying to you that we were told last November, when we first heard from Mr. Wilson, and when he was cutting expenses quite drastically, that that measure would result in a loss of employment in the country. Perhaps that is what was thought; I do not know, but I know that the number of jobs went up. I also know that this spring, during the months of April and May, the number of jobs went up and they went up the highest amount in those two months than at any time within the last 12 years. If you take a look at the figures on employment for youth or employment for women or for any category of the population that we are particularly concerned about, some significant strides have been made. In fact, the total unemployment figure has improved considerably. It has gone down, roughly speaking, from 11 per cent to 10 per cent, which is 10 per cent of the grand total. This is a decided improvement. It is an improvement of several hundred thousand jobs that have been developed in the country during that time.

With respect to interest rates, we do not control them but we have something to say about them. The Bank of Canada is not entirely helpless on interest rates, although I will admit the dominant influence of the United States. We can look at an inflation rate that is holding steady; we can look at interest rates that are down three whole points within the last few months, which certainly must be a help to our economy, whatever the source of that decline. I claim no particular credit for all of it. Perhaps a little credit is due to the Bank of Canada.

When you look at the economic factors and when you look at the growth and you look at the unemployment situation, most of all you look at what the economic players, as I call them, are thinking as they look at the scene. It seems to me they are looking at a scene where they think there will be some improvement. I think there is a little more hope out there than there was before, and if there is a little more hope out there, then I am inclined to think that these estimates that tell us that more money will be spent in investment, in capital goods or in any other way in which money can be put to work, might lead one to believe that we may be able to make more progress than was previously thought possible.

Let me sum up; I have spoken too long. My needs are very simple. I just want to get that interest rate down as a proportion of the dollar we take from our taxpayers. It must be done if we are to free up the public resources so that the people can use them. That is the very fundamental point. That means you must take a stand on the deficit and it means you must take a stand on the whole fiscal program for which the government is responsible. That is what we have tried to do.

Have we done it right? Of course we have not done it perfectly right, and we have had to say so today. We had to say that, with respect to unemployment and with respect to the indexing of old age pensions, the policy proposed is not one that the people of Canada are willing to support. I think it only makes sense that, when you get yourself into a situation like that, you simply face the music and say, "If that is the case, then we will change it." Therefore we have changed it, and a lot of people will be critical of us; a lot of people will be happy. I only hope that we have done the right thing, and I believe we have. If there are areas where further consideration indicates—at least to me—that we ought to do something differently from the way we intended to do things and that we must make a change, I will be no more ashamed of it, and I will be no more reluctant to do it than my honourable friend was when he had to make changes.

As I say, *ad personam* arguments are out of this thing. We are all in it together. Criticism is fair. I liked my honourable friend's speech tonight. It was an eloquent, able, well prepared presentation. I salute it; I think that the logic behind it is faulty, from my point of view, but I am quite willing and prepared to agree that there should be a reasonable opportunity in the house to debate the economic issues of the country. I believe that, over time, the policies that are being espoused in the present budget will, on the whole, prove themselves to be worth pursuing and, on the whole, will lead to the economic growth and development of our country and, on the whole, give us the funds we need to improve the services that we give our citizens. And if that can be said of any budget, then I believe it will have served its purpose.

• (2300)

Hon. Philippe Deane Gigantès: Honourable senators, I listened with interest to the Leader of the Government, and I do not believe he has answered some of the questions raised by the leader of the majority in this house. He has not addressed the fact that the kind of policy he has been advocating, and that his government is advocating, has been tried in Britain and has failed signally. Cost-cutting and obsession with the deficit in Britain has produced an increase in unemployment, an increase in misery, a retreat in civility, and a destruction of the social peace.

There are other examples. The United States has shown much less concern with the deficit under President Reagan than the Mulroney government is showing, and certainly a lot less than Mrs. Thatcher.

Mr. Reagan talks like a "supply-sider," he talks like Milton Freedman, but acts like Mr. Keynes. He has gone in for stimulating the economy through public works, and to hell with the deficit.

Of course, he has planted missiles instead of trees—but it is the same thing in economic terms. In any case, Mr. Reagan

did say on one occasion that he felt that trees were dangerous. They produced carbon dioxide, he said, which was polluting.

The Leader of the Government said that he wants to reduce the ratio in connection with our economy, our GNP, and government revenue, to pay off the interest on the deficit.

There are several ways of doing that, and the very best has been advocated by a minister of the Crown serving in this government, namely, Mr. Sinclair Stevens—and that is growth; and growth means that there will be a reward out there for investment, a reward due to the fact that the investor knows that there is a demand for a product. He will then invest to produce it.

But the measures that this government has taken are cutting demand. People will be buying fewer things, and if they buy fewer things, which businessman in his right mind is going to buy more equipment or activate more of his idle equipment in order to produce these "more things"? Therefore he will not hire back people who are now unemployed. If they are not hired back, they are either on unemployment or welfare, and that increases the deficit and they do not pay taxes. There is that aspect of it.

This is an aspect that the Japanese have understood very clearly, and what they do is to forget about the deficit or the national debt—and theirs is higher than ours. They worry about stimulating full employment.

There are other questions that the government does not ask itself. If a national debt of X is bad, then a national debt of three and a half times X should be worse. Well, our national debt per capita today is three and a half times bigger than it was in 1939. Yet today every Canadian, after allowing for inflation, has three and a half times more disposable income after taxes than he had in 1939.

How can that be—a larger national debt, yet we are better off? How can it be that in 1939, when the national debt was three and a half times smaller, only 5 per cent of our young people could get to university compared to 22 per cent now? We did not have a health service then, but we do have one now.

Only 42 per cent of our homes then had interior plumbing. It is now 92 per cent.

The national debt, the deficit, has grown, but the welfare of the country has also grown. Japan has a higher deficit than we do, a higher national debt than we do, yet they are better off, and they are growing. There are other ways of looking at things rather than the Thatcher way.

This is what our leader, the leader of the majority in this house, was trying to convey. He was very generous and very nice—much nicer than I am inclined to be—and he did not mention the fact that there is one thing that galls, and it is one of the reasons why there has been so much criticism in the press, and why some of us feel rather indignant about what has been presented in this budget. That is the sanctimoniousness of all the statements that we have heard; the fact that promises were made to people who can ill afford to have such promises broken, such as the elderly; all those sacred trusts that have been flying around, and the lecturing to which the country has been subjected—the lecturing about somehow we now have right thinking, prudent, frugal people who somehow are going to correct everything by cutting jobs and by cutting unemployment at the same time; by stimulating investment, but also stimulating saving; by doing contradictory things in a budget that contradicts itself and seems to represent the basic contradiction in the party which is now governing, which calls itself, by an antimony, Progressive Conservative—an antimony that does not make sense, as this budget doesn't.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

WESTERN GRAIN TRANSPORTATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-44, to amend the Western Grain Transportation Act.

Bill read first time.

SECOND READING

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

Hon. Efstathios William Barootes, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

He said: Honourable senators, Bill C-44 amends the Western Grain Transportation Act. This legislation represents a commitment to protect grain producers against sharp increases in freight rates, to remove the 31.5 million-tonne volume cap, to make railways more accountable to producers, to provide a more stable, predictable and rapid means, a more simplified means, of setting rates, and to enshrine the government's commitment to branch line rehabilitation. It is meant to provide producers with a stronger voice in grain transportation. The Western Grain Transportation Act was passed in 1983, two years ago. It replaced the historic Crowsnest Pass freight rate under which farmers paid an unchanging rate with a new rate setting formula, including a $658.6 million annual payment.

• (2310)

The producer's rate per tonne has risen from an average of $4.85 on August 1, 1983 to $5.74 on January 1, 1984 and to $7.70 on August 1, 1984. This represents a 58 per cent increase in one year and, indeed, it set a further price-cost squeeze on the economically embattled farming community in Western Canada and brought them fear of even higher rates.

In substance this is what the amendments to the act do. The first one is to set a rate ceiling. The freight rate ceiling is established to ensure that a producer's rate will not exceed the 1984-85 average of $7.70 per tonne in the next two crop years. If freight rates are set at a higher level than this by the Canadian Transport Commission, the railways of Canada will be required to absorb the difference. Although this ceiling is set, no floor has been set. This ceiling will not stop the announced decline this year to an average of about $6 per tonne in August.

The second of these amendments also provides, as does the first one, a degree of stability and predictability. This legislation will remove the 31.5 million tonne volume cap and it will protect producers against dramatic year-to-year fluctuations in their share of the freight rates through the introduction of what is referred to as a tally adjustment mechanism. This has been recommended by the Senior Grain Transportation Committee. At present, the Crow benefit is paid by the government only on the first 31.5 million tonnes with producers paying the full transportation cost beyond this volume cap. The result has been unstable rate systems that discourage increased production, as we have shown with the sudden rises in one year. This tally adjustment system will work to smooth out year-to-year fluctuations in freight rates.

The annual calculation will now be based on the extent to which the federal government has either over-paid or under-paid its share of the grain transportation costs. Any portion of the $658.6 million in annual benefit payments that is not utilized in one year may be utilized in future years. This is a rather complex formula.

Third, the Senior Grain Transportation Committee will be changed in its composition. The number of producer representatives elected to this committee will be increased to nine from four. There will now be two representives from Alberta, two from Manitoba, four from Saskatchewan and, for the first time, one from British Columbia. British Columbia will now have the right to vote whoever they wish to have on this Senior Grain Transportation Committee. There will also be a representative on this committee for specialty crops such as peas, lentils, beans and so on, who previously was an observer and who will now become a full voting member. There has been a minor change in this, and I have included the latest insubstantive amendment, as those of you who were aware of the act as it was discussed at the Transport Committee meeting will notice. We must admit that this representation gives a stronger voice to producers on this committee which advises the minister.

Railway accountability is provided for by the amendments. This is an accountability to the clients and it is done because of the oligopoly that has been created in the situation of two major railway systems carrying all the grain. The railways will now be required to publish annual statements of their general investment plans for grain transportation. The onus will be on the railways to make their case before the CTC as to why any part of this information should not be made public. Previously, they were not obliged to do this. The railways will also be obliged to hold annual public meetings in each of the four western provinces to allow them to respond to concerns and suggestions raised by the producers. Finally, with regard to branch lines, in the past branch line rehabilitation has been a voluntary performance of the railways. Now, the government is committed to branch line rehabilitation and this will be statutorily included in the act, allowing the government to participate and formulate agreements with the railways and others to ensure the upkeep of branch lines.

I have been as brief as I can be because of the hour. I should point out that these amendments were brought to our attention in the Transport Committee meeting of about one week ago. The minister appeared. A great many questions were asked and I felt that they were answered to the satisfaction of the committee. I urge honourable senators to give second reading to this bill.

Hon. D. G. Steuart: Honourable senators, in speaking to Bill C-44 I would first like to say that I support it and I hope that it will be given favourable consideration by the Senate. I support Bill C-44 in spite of the fact that the amendment putting a so-called freeze on the rate farmers will pay to ship grain during the crop years 1985-86 and 1986-87 is actually phoney window-dressing. The other changes to the Western Grain Transportation Act are generally beneficial and will be welcomed by farmers. Honourable senators will recall that when the original bill Bill C-155, the Western Grain Transportation Act, was before the other place and before the Senate many changes were proposed by the then official opposition, the Conservative Party. Because these amendments were not accepted they voted against the bill. For example, 14 specific objections were made to Bill C-155 by the Honourable Don Mazankowski, who is now the Minister of Transport and the author of this bill. Oddly enough, most of these objections have been ignored in Bill C-44.

I would also point out that during the last federal election campaign, many Conservative candidates in western Canada promised drastic changes to the Western Grain Transportation Act. Mr. Mulroney made a specific promise to freeze farmers' freight rates on grain at the 1983-84 level, as well as to remove the cap of 31.5 million tonnes on which the government would pay freight assistance on behalf of the farmers. However, before I go into details about the so-called rate freeze and the omissions from Bill C-44, I will cover those amendments which I believe will be welcomed by the grain growers of Canada.

• (2320)

Bill C-155 contained a volume cap of 31.5 million tonnes of grain shipped in any one crop year on which freight assistance would be paid. Under that bill, the farmers shipping grain are obliged to pay the full costs of shipping all grain in excess of

31.5 million tonnes in any crop year. The amendment proposed in this bill is an averaging arrangement which the government claims will have the effect of removing the 31.5 million tonne cap and replacing it with a tally adjustment mechanism. Simply stated, this is a new system for setting the rate where the increase in the volume over the cap in one crop year will be set against years when the cap is not reached. However welcome this move is to the grain growers, it does not remove the cap or the ceiling of 31.5 million tonnes a year.

Subclause 9(a) of Bill C-44 puts a limit of $150 million, plus or minus, as the outside limit within which annual adjustments can be made to compensate for large swings in the amount of grain shipped from year to year. These amendments pretend to remove the volume cap, a move which would be commendable although very costly to the government, but they do not remove the volume cap as was promised by the Conservatives in the election campaign. They simply create a new system for setting rates where the increase in volume over the cap in one year are set against the years when the cap is not reached. Granted, it will take out some of the violent swings, but it does not remove the cap. It is an improvement over what we have now, but when the $150 million limit is reached, the farmers will have to pay the difference. At $10 a tonne cost to the farmers, it will not take many years of high volumes to pass this $150 million limit.

To claim, as the government does, that Bill C-44 removes the cap is just not true, and the farmers will soon see through this misrepresentation. However, this change is a step in the right direction, and I hope that the government will go the rest of the way and fulfill its promise to remove the cap entirely so as to help farmers with their total grain shipments in every year.

Honourable senators, the addition of more farm representatives of the Senior Grain Transportation Committee is a good move and will be supported by farmers. As far as branch line rehabilitation agreements are concerned, they have been signed with the railroads completing the promised program. The full commitment has been kept. It is the present minister who has cut back the work to be done this year and moved the whole program back. Perhaps it is a good thing to put the commitment in the act. It will save the minister from future cuts by the Minister of Finance or the Deputy Prime Minister.

The requirement to have the railways make public the annual statements of their general investment plans for grain transportation is welcome and should make for better understanding between them and the shippers of grain, and, as well, allow farmers to monitor the progress being made in rail modernization.

These, then, are the amendments to the Western Grain Transportation Act contained in Bill C-44—some improvements, but a far cry from what we were promised.

Honourable senators, I will mention a few items that we expected to see in any amendments to the Western Grain Transportation Act and which are strangely absent from Bill C-44. I will first mention the method of paying the annual freight assistance. Honourable senators will remember the great debate as to whether it would be paid to the railways, direct to the farmers or a combination of both. The Tories in opposition, including Mr. Mazankowski, were for having all or part of it paid direct to the farmers.

I will not review the arguments, pro or con, of this question, but will just remind the Senate that there was no doubt that a Tory government would waste no time in making a change in this regard. In fact, Senator Balfour made an amendment to Bill C-155, which read as follows:

> I therefore move . . . notwithstanding anything in this act, based upon the recommendations of the committee established under section 62(2) to examine the method of payment, the Governor in Council may make regulations prescribing the manner in which and the parties to whom payment of the government contribution, including the Crow benefit, shall be made.

What did this amendment mean? Well, simply put, it would give the government power to change the method of payment by regulation, without even waiting to see what the review committee recommended.

The minister said that we must wait for the review process as prescribed in the original act, but in 1983 the Tories could not wait. "Do it now" was their cry. In fact, Senator Balfour said, at that time and in this chamber, and I quote:

> I submit to honourable senators that this alteration to the method of payment formula should be implemented without delay.

Senator Balfour went on to say, in effect, that corrective measures should be taken without delay before further economic distortions resulted from paying all of the money to the railways.

Honourable senators, I do not know whether he was speaking on behalf of his party at that time, but he was taking the same line as Mr. Mazankowski, the present Minister of Transport, who now says that we must wait for the review to take place next year before any change can be contemplated in the method of payment.

Senator Balfour: It is a personal point of view.

Senator Steuart: A personal point of view—well, it was the party point of view, as well, because I heard it on party platforms all over the west.

What a difference a year makes—or is it that the Tories have come to love the Western Grain Transportation Act they cursed so roundly and campaigned so hard against?

Some Hon. Senators: Oh! Oh!

Senator Phillips: Now, now, Davie.

Senator Steuart: Honourable senators, a further look at the *Hansard* of November 17, 1984, shows that Senator Nurgitz also got into the act. He introduced an amendment to Bill C-155 demanding that the Government of Canada return the so-called British Columbia coal lands to the Province of British Columbia. I have never heard of it since. I do not see anything in this bill referring to the B.C. coal lands and I cannot even

find out if the Province of British Columbia has shown any interest.

It seems to have been part and parcel of the Conservative attack on every aspect of the Western Grain Transportation Act—an attack that was apparently motivated more by politics than by any real concern for the people of western Canada.

The proof of this would appear to be their acceptance of almost all of the act since becoming the government. The Conservative motto on the Western Grain Transportation Act seems to be: "Let's forgive and forget."

Some Hon. Senators: Hear, hear!

Senator Steuart: Honourable senators, there is one promise the Tory prime minister made that farmers will not forget, nor will they forgive him for breaking it. I refer to his promise to freeze the farmers' rates for moving grain at the 1983-84 level. The Conservatives now claim that Bill C-44 fulfills this promise. Nothing could be further from the truth.

The amendments in this bill provide for a freight rate ceiling for producers which will not exceed the 1984-85 rate level in the 1985-86 and 1986-87 crop years.

Hon. David Walker: Would the honourable senator permit a question?

Senator Steuart: Certainly.

Senator Walker: His Lordship has been waiting nearly two hours to enter this chamber. He then has to call in the House of Commons. Did the honourable senator not say, earlier, that he was in favour of this bill? If so, is it necessary that he finish his manuscript? Although I love to hear him speak—

Senator Steuart: If you were to sit down, Senator Walker, things would proceed more quickly. I am almost finished. If I were a Tory, I would not blame you for getting up and trying to stop me from telling the truth about this phoney piece of window dressing. If you don't mind, I will finish. As Joe Louis said, you can run but you can't hide.

Some Hon. Senators: Hear, hear!

Senator Steuart: Where was I? The amendments in this bill provide for a freight rate ceiling for producers which will not exceed the 1984-85 rate level in the 1985-86 and 1986-87 crop years. This means that producers will not pay more than their existing rate, which currently averages $7.70 a tonne in the next two crop years.

• (2330)

Honourable senators, that is the Conservative government's rate freeze that they claim keeps their promise made to the farmers in 1984.

I remind you that the Tory commitment was to freeze rates at the 1983-84 level and not at the 1984-85 level which is 22 per cent higher than the previous year.

Senator Walker: No!

Senator Steuart: Yes, Senator Walker. The truth shall make them free and the farmers will know that. The rate was raised on August 1, 1984 a few weeks before the present government was elected—I admit that—raised under the Liberals. The present government was elected in September and had they intended to keep that promise, steps should have been taken to roll back the rates to the 1983-84 level, but they failed to act, so the rates increased by 20 per cent, costing western farmers more than $50 million.

Just listen to this, Senator Walker: What happened a few weeks ago was that the Honourable Don Mazankowski attempted to pull off a little sleight of hand. Obviously, he learned that the Canadian Transport Commission was about to announce the rates for the coming crop year, 1985-86, and that these would be 22 per cent lower than the rates for 1984-85. He rushed the bill into the house for first reading on April 26, 1985 because he knew that if he waited his so-called freeze would be exposed as the farce that it really is.

Senator Walker: Really!

Senator Steuart: Knowing the rates were being dropped, he brought in a bill stating that the rates for the next two years could not exceed the rates coming into effect August 1, 1985. He was also aware that because of our low grain stocks it is very unlikely that next year's rates will reach the high level of 1984-85, so this freeze will expire without providing any help to farmers or costing the Conservative government one cent. If they had frozen the rates at the 1983-84 levels, it would have meant something. Even if they had frozen the rates at the 1985-86 levels, it would have meant something. But by choosing the 1984-85 rates—the high point in the cycle—the minister is giving nothing to western farmers. His freeze is meaningless and the minister is trying to take credit for a rate reduction which occurred naturally under the act.

Honourable senators, let me point out that it was not just Mr. Mulroney and Mr. Mazankowski who made this commitment but in this chamber on November 17, 1983, Senator Asselin, who has now moved to higher planes, moved the following amendment to Bill C-155. He said then:

> Honourable senators, because of the producers' current inability to pay what they would be called upon to pay by this legislation, and because the railway companies—

Note that, Senator Sinclair:

> —do not need the extensive help at this time that the legislation before us would afford them, I move, seconded by Senator Macdonald, that clause 41 of Bill C-155 be amended as follows—

Then he mentioned a renumbering of a clause, but the intent of the amendment was:

> Notwithstanding anything in this Act, the rate a railway company may charge a shipper for the movement of grain for the period January 1, 1984 to July 31, 1986 shall not exceed the existing rates in effect on August 1, 1983.

The Hon. the Speaker *pro tempore:* It was a good amendment.

Senator Steuart: It was a good amendment and you believed in it then, and what happened to you on the way since then? You lost your faith, that's what happened.

Speaking for the Conservative Party, the senator demanded that the government freeze the rates as of January 1, 1984, right in the middle of the 1983-84 crop year, a rate under $6 a tonne freeze until July 31, 1986. That was a real freeze. It would have saved farmers many millions of dollars. I am sure it caused many of our poor western farmers to be fooled and they voted Conservative as a result of it in September 1984.

They were deceived. When they see this bill they will recognize it as a cynical, political trick and they will be outraged.

Honourable senators, I am afraid this is part of a pattern that is developing in regard to the handling of problems facing Canadian farmers by this Conservative government. There are heavy cuts in the budget of the Department of Agriculture, higher beef imports allowed into Canada hurting our national beef industry, American tariffs against Canadian pork with little or no help from the federal government and now broken promises to our grain farmers.

Despite its flaws and deception, I will support Bill C-44 because it does contain some small help for the farmers, and I hope that they will be able to encourage you to convince your cohorts on the other side to keep their promises and go the rest of the way.

Senator Walker: Hallelujah!

Hon. Hazen Argue: Honourable senators, I am sure that we have all enjoyed the effective speech given by Senator Steuart. In my judgment there should have been an additional amendment to this bill. A presentation was made on behalf of the three prairie pools to the House of Commons Agriculture Committee asking for an amendment which, if agreed to, would have allowed the rules that apply to evidence being taken in a railway application for a variable rate to be maintained before the Western Grain Transportation Board. There was an application by the CNR in recent months to provide certain variable rates applying in Saskatoon and North Battleford. As I understand it, the rules of evidence in effect at that time were that the CNR had to justify this variable rate that went into effect as being of financial benefit to the CNR.

When they were challenged by the pools and others to produce evidence of their financial position, they refused and dropped the case. The pools felt that that rule should have been kept in place rather than being allowed to lapse, at least until the time the review was in with regard to the Western Grain Stabilization Act, and that was a suggested amendment that I thought should have been in the act.

I believe that variable rates are something that are feared by small communities, by people along the branch lines and by producers who own their own elevator system. There are many good aspects to this bill. The window dressing that is there I think is pretty obvious, but for the record I wanted to mention that that was an amendment I would like to have seen in the bill.

Senator Barootes: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, if the Honourable Senator Barootes speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

[Senator Steuart.]

Hon. Ian Sinclair: In light of the hour, we do not need to hear any more about grain. Once you start, you could go on for hours.

Senator Barootes: Honourable senators, I am closing the debate with this remark: I am so pleased that Senator Steuart started out by saying that he supports the bill because when he got into the body of his remarks, I guessed that this was the most dastardly thing that had ever been perpetrated on the farmers of western Canada and, in fact, as we all know, it is a very good thing.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

JUDGES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-61, to amend the Judges Act.

Bill read first time.

SECOND READING

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

● (2340)

He said: Honourable senators, I know that this bill is very close to your hearts and that you want me to go into great detail at this hour. Bill C-61 amends a number of statutes affecting the judiciary. It is designed to bring federal legislation into conformity with that of the provinces, and to make certain changes to the Federal Court of Canada, the Court Martial Appeal Court and the Pension Appeals Board.

First, the amendments affecting the Federal Court of Canada. This bill provides for an increase of one position for the Federal Court of Appeal and two positions for the Trial Division. In 1983, Parliament approved the addition of four

judges at the Court of Appeal level and two judges at the Trial Division level. Those increases were in response to long-standing requests by the Chief Justice and the Associate Chief Justice for more judges. Although the addition of these positions has brought about a marked improvement in the disposition of matters by the court, more judges are required, particularly judges instructed in the civil law, if the court is to maintain its present level of service to the people of Canada and is to keep abreast of its continuing heavy case-load.

Honourable senators, when the Federal Court of Canada was created in 1971, provision was made for at least four of the 12 judges of the court to be appointed from the bench or bar of the Province of Quebec, in order to ensure that the court had a sufficient number of judges with a civil law background. Since that time, the number of judges on the court has steadily increased. With the addition of these three positions, it will have more than doubled to 25. It is therefore appropriate to restore, as nearly as possible, the ratio which existed in 1971, by increasing the number of judges required to be appointed from the bench or bar of the Province of Quebec from four to eight. This will guarantee the court a sufficient number of judges to hear cases based on Quebec law, so as to permit these cases to be heard as expeditiously as those from other parts of the country.

Honourable senators, the amendments to the Judges Act are mostly of a technical nature. They provide salaries for the additional positions allocated to the Federal Court of Canada and for a total of 35 other positions already created or proposed under provincial law. Where provincial legislation is not yet in place, the bill provides for the provisions effecting these increases to come into force on proclamation, so as to permit the fullest co-ordination of effort between the federal and provincial governments.

Amendments are also contained in this bill which will amend the National Defence Act to bring the procedures of the Court Martial Appeal Court of Canada more in line with the operating practices of other appellate courts. The amendment will, in particular, permit the disposition of all matters short of an appeal to a single judge. At present, a panel of no less than three judges is required to hear any matter brought before the court.

Honourable senators, this bill will also authorize an increase from 10 to 12 in the number of members of the Pension Appeals Board. Board members are appointed by the Governor in Council from among the judges of the Federal Court, the provincial, superior, district and county courts. The board travels throughout the country and sits wherever the volume of cases justifies it. This increase, which has the support of the Canadian Judicial Council, will permit the board greater flexibility in scheduling hearings, and should permit better regional representation.

Honourable senators, I commend this bill to you for second reading.

Hon. Joan Neiman: Honourable senators, since I cannot hope to emulate the flights of oratory of my honourable colleague, Senator Steuart, you will be happy to know that my remarks will be very brief.

As a member of the Senate, I feel somewhat responsible for at least part of the plethora of legislation, most notably the Charter of Rights and Freedoms, which is now being challenged, examined and adjudicated upon in our courts of law.

We have heard that the courts are overburdened and our judges are overworked. Bill C-61 is designed to ease, at least to a certain extent, some of the strain and pain. This is one piece of legislation that our judges will welcome. I endorse it and recommend it to my colleagues for approval.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. C. William Doody, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

HOUSE OF COMMONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-63, to amend the House of Commons Act.

Bill read first time.

SECOND READING

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

He said: Honourable senators, Bill C-63 amends the House of Commons Act. It essentially establishes a Committee on Internal Economy, very similar to the Standing Committee on Internal Economy, Budgets and Administration in the Senate. It is interesting to note that because, quite frequently, we hear that our Committee on Internal Economy, Budgets and Administration is not operating that well.

However, the House of Commons has experienced some dissatisfaction with its management because the so-called backbenchers were not represented on the committee. This bill outlines the composition of the committee: The Speaker is the Chairman; the Deputy Speaker is a member; as well, two Privy Councillors are members; a representative of the Leader of the Opposition is a member; two backbenchers from the government side and the opposition side are also represented.

The bill was introduced this morning in the House of Commons, and there were two amendments made at that time. The first dealt with section 18 which had previously stated

that, on dissolution of Parliament, every member of the Board of Internal Economy would continue in office until another member was appointed in his place. That has been amended to make it clear that the Speaker and Deputy Speaker shall be deemed to remain in office as such as if there were no dissolution. That continues the practice, honourable senators, of the Speaker continuing the administration as he formerly did.

● (2350)

The final amendment is to clause 2 which formerly stated that the act would come into force or be deemed to have come into force on September 9. The phrase, "deemed to have come into force," has been deleted. Clause 2 now states that the act shall come into force on September 9, 1985.

Hon. Senators: Hear, hear.

Hon. Charles Turner: Honourable senators, since I graduated from the University of Hard Knocks during the dirty thirties and through life's ups and downs, I have learned a lot about people. During my 27½ years on the railroad as a brotherhood official, I met many employees in the various railway YMCAs where grievances were given a complete airing day in and day out. As the Honourable Senator Sinclair would know, the cinders would really fly.

This would give us the opportunity to visit the boss the next morning, and, through good communication, we were many times able to deliver the goods. The problems would be resolved before they got too hot to handle.

During my 16 years as an MP, I listened to the problems of thousands of residents in my riding. I listened; I acted; and, thus, I was able to help thousands of people.

In my opinion, the four additional members of the backbench should have the opportunity to walk down the halls and go into the various rooms to listen to and talk with the employees. They should listen to their complaints and grievances and then act. That is what democracy is all about. If they listen and act before the smoke turns to flames, then they can avert a major blaze.

During my five years as Chief Government Whip, I constantly talked to employees, who were lined up outside my door, about grievances and complaints about the House of Commons. There appeared to be no one to listen to the complaints, no matter where they went. No answers were forthcoming. Naturally, this brought the request for a union to knock at the door of the House of Commons.

When Senator Sinclair, as president and chairman of CP, was negotiating rates of pay, he did not need to put anything in writing because he would act upon his decision. That was a sign of an honest, sincere, hardworking businessman.

Hon. Senators: Hear, hear.

Senator Turner: If his employees had grievances or complaints and they contacted the boss, they would never have to wait for an answer; it was given in short order.

The House of Commons officials appear to live in a different world. Many times they negotiate a contract with their employees, but seem to forget the increase in the cost of living and what their employees are going through. Therefore, dedicated, sincere employees, who have gone through long years of service for the House of Commons, are many times earning less money in terms of the increase in the cost of living. I believe this is wrong. This is not democracy. This is not the just society we all talk about.

If the new members on this board take time to listen to the employees and act on the many staffing problems in the House of Commons and in the Senate in a responsible way, many of the irritants could be eliminated and the staff morale would go up in short order. This would be democracy at work in Canada. Once again, the old saying in labour relations is appropriate: "You always get more with honey than you do with vinegar."

Honourable senators, I think Bill C-63 goes a long way and is a great step in the right direction.

Hon. Senators: Hear, hear.

Hon. Eymard G. Corbin: Honourable senators, I intended to pose a question to Senator Phillips when he terminated his speech, but, as Senator Turner rose faster than I did, I did not wish to interrupt him. Perhaps I may be allowed to put a brief question to Senator Phillips.

I believe the text of the bill is rather explicit, but I would like to hear from Senator Phillips some assurance that this legislation does not infringe in any way, shape or form on the rights and privileges of the Senate and the members of the Senate insofar as some of the facilities and the services on the Hill are shared. Can he give me that assurance?

Senator Phillips: Honourable senators, in reply to Senator Corbin, I see nothing in the bill to indicate any infringement on the rights and privileges of the Senate.

I presume the Board of Internal Economy will continue the work of the Internal Commissioners in the House of Commons and will not assume any other function than that formerly held and carried out by the Internal Commissioners.

I have asked for and received explanations on several clauses which I thought might affect the Senate. The explanations I have received from the legal authorities is that they have been transferred verbatim from the present act and inserted into this bill. Therefore, there should be no changes in the relationship between the two chambers.

Hon. John B. Stewart: Perhaps when Senator Phillips rises to close the debate he will deal with this question. I would refer to clause 1 of the bill, which would amend subsection 16(5). This is found at the top of page 3 of the bill. There it states:

> The estimates referred to in subsections (1), (2) and (4) shall, on approval by the Board of Internal Economy, be transmitted by the Speaker to the President of the Treasury Board who shall lay them severally before the House of Commons with the estimates of the government for the fiscal year.

My question is: Does that parallel the provisions relative to the estimates of the Senate? Is it a statutory requirement that the Speaker of the Senate transmit the estimates of the Senate to the Treasury Board, which, in turn, is under statutory requirement to lay them severally before Parliament with the estimates of the government for the fiscal year? I realize that the estimates are tabled in the House of Commons.

Senator Phillips: Honourable senators, in response to the question by Senator Stewart, I have to say that, yes, it is almost identical to the procedure followed in the Senate.

● (0000)

In the Senate the Speaker must present the estimates to Treasury Board. This clause authorizes the Speaker of the House of Commons to do the same thing, with the estimates then tabled in the House of Commons as opposed to the Senate.

Senator Stewart: Honourable senators, the part of my question in which I am most interested relates to the statutory requirement that the President of the Treasury Board "shall lay them severally before the House of Commons with the estimates of the government for the fiscal year."

A distinction is made between the estimates of the House of Commons and the estimates of the government. There is a statutory requirement here which I interpret as meaning that the Treasury Board cannot then vary the amounts of the estimates brought forward from the House of Commons.

My question is: Can the Treasury Board vary the amounts of the estimates brought forward from the Senate?

Senator Phillips: Honourable senators, I do not share that interpretation of that clause. Here we have a situation of two people not trained in law but interpreting it, each as he sees it.

I think the answer to Senator Stewart's question is that Treasury Board has final approval. There is a distinction between the estimates of the government and the estimates of the House of Commons. I have had the good fortune of hearing our former colleague, the Honourable Senator George McIlraith, explain that a number of times. But Treasury Board still must grant the money, the authority, to the House of Commons. Having done that, it then has no further control over that money.

The fact that the House of Commons asks for money does not mean that it is going to receive an unlimited amount from Treasury Board, any more than we in the Senate can expect similar treatment.

Senator Stewart: I do not wish to press the point, but can I assume that in giving this interpretation, the honourable senator is speaking for the government?

Senator Phillips: I would not make that assumption at all. I do not know anyone in government who would want me to speak on their behalf.

Senator Stewart: Then, we do not know what the bill means.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I certainly do not want to take up very much time, but I had in mind the same point as has been raised by Senator Stewart. If Senator Phillips is unable to provide a definite answer now, I think it is important that we have an answer as soon as possible.

There is provided for in this bill a method by which the estimates are prepared by the Clerk of the House of Commons and the Sergeant at Arms, each for his respective area. These estimates or proposed spendings then go to the Speaker, who signs them, and they are then presented to the Board of Internal Economy. The Board of Internal Economy is made up of two Privy Councillors, a nominee of the Leader of the Opposition or the Leader of the Opposition himself, and a number of private members. The fact that there are now to be four other members of the House of Commons appointed to the Board of Internal Economy is a new departure.

So, we understand the procedure up to the point that the Speaker signs the estimates and presents them to the Board of Internal Economy. I take it that at that point the board itself has the right to say "yes" or "no" to those estimates, or to vary them.

As I read it, it says "shall, on approval by the Board of Internal Economy . . ."; and then the next step is that the Speaker will transmit the result of the deliberations of the Board of Internal Economy to the President of the Treasury Board. This is where the delicate point is. Does the President of the Treasury Board and Treasury Board at that point have the right to say "yes" or "no" to the estimates, or to vary the estimates submitted by the Speaker, with the approval of the Board of Internal Economy?

I am wondering what the members of the House of Commons understand that to be. There will be no change in the present procedure if the President of the Treasury Board, speaking on behalf of the government, can say: "No, we think the amounts you have proposed are too much, and we are reducing them by thus and so."

My first reading was that the President of the Treasury Board was obliged, without any alteration, to put those estimates before Parliament. He would become a conduit. If that is the case, then it is an advance for the control by members of the House of Commons and a reduction in the authority of the executive. I want to know whether that is the case.

And if it is the case that now the Speaker of the House of Commons, with the support of the Board of Internal Economy, can put his estimates, with the President of the Treasury Board being only a conduit, can we be led to the view that the same treatment will be accorded to members of Parliament in the Senate; that is, that once we prepare our estimates and have them approved by the Internal Economy Committee and submitted by the Speaker, that Treasury Board will submit those also to Parliament?

I think it is a very important point. If members of the House of Commons have accepted the interpretation given by Senator Phillips, then I think they would want to reconsider the matter. But that is up to them. I would like to have clarification. They have passed the bill because it affects them. But if it means

that once they have done all of their work through the Speaker and the Board of Internal Economy, the President of the Treasury Board can alter all of that and put in new estimates, then I think it is quite a different thing. I think we need clarification. If the honourable senator cannot give it now, then we would like a considered opinion from the minister who brought this bill into the House of Commons, that being the President of the Privy Council.

I would assert that the process applicable in the House of Commons should be applicable to the second house of Parliament and its members treated in precisely the same way.

Some Hon. Senators: Hear, hear.

Senator Phillips: Honourable senators, the interpretation developed by Senator MacEachen on the method of preparing the estimates and their progress through the Board of Internal Economy to the Treasury Board is correct. It is exactly the same method as that followed in the Senate, where the estimates are prepared, approved by the Internal Economy Committee, and then submitted to Treasury Board for approval. I have been a member of that committee for a number of years, and at no time have we assumed that the Senate would receive the exact amount of money asked for by the Senate. I do not believe, in the years that I have been a member of that committee, that we have had any great difficulty with Treasury Board. After all, the Treasury Board realizes that they, in turn, must come to Parliament for approval of a number of items, and I think that there has always been a certain spirit of co-operation.

I do not interpret the section as conveying any different authority to the House of Commons from that which it conveys to the Senate, but here again, neither Senator MacEachen nor myself is a lawyer, and even if we were, we probably would have to turn to a judge to get a proper interpretation. That is probably what I will do, that is, get a proper interpretation for it.

Senator Stewart: Honourable senators, I think that is a very important concession. Senator Phillips is now telling us that he cannot tell this chamber what that clause means. That being the case, I think Senator MacEachen's request for an authoritative clarification is very much in order, not because we wish to impose our views on the House of Commons but because, as Senator Phillips has said, there is a parallel between the treatment of the estimates of the House of Commons and the treatment of the estimates of the Senate.

It is all very well to say that there has always been co-operation and goodwill, but when you start using those words it is generally a clear signal that something will soon go wrong. I believe that when you are writing law, you ought to anticipate that what can go wrong will go wrong.

I think a clarification of the meaning of this clause would be most helpful.

Senator MacEachen: I know that it is irregular to speak twice on second reading. However, I suppose, to be totally regular, we should go into Committee of the Whole and then we could speak as frequently as we wished. I do not want to press that but I want to ask, how will we get the clarification? Must we wait until September, or will the Leader of the Government transmit a letter to me and to other members of the Senate, indicating the government's view as to this section. It is my view that if a literal interpretation is to be taken, when the President of the Treasury Board gets those estimates from the Speaker, he has no option but to lay them before the House of Commons. He cannot touch them. That is what it says to me. Please tell me if I am wrong in that belief.

Senator Phillips: I shall ask the President of the Privy Council to give us clarification and, either through my office or through the Internal Economy Committee, we will convey that information to those requesting it.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators?

Senator McElman: Provided we get the answers.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

28 June 1985

Sir,

I have the honour to inform you that the Honourable Gérard La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 28th day of June, 1985, at 12:25 a.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

• (0020)

ROYAL ASSENT

The Honourable Gérard La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Oil Substitution and Conservation Act and the Canadian Home Insulation Program Act (*Bill C-24, Chapter 25*)

An Act to amend certain Acts having regard to the Canadian Charter of Rights and Freedoms (*Bill C-27, Chapter 26*)

An Act to amend the Indian Act (*Bill C-31, Chapter 27*)

An Act to amend the Aeronautics Act (*Bill C-36, Chapter 28*)

An Act to provide for the making of supplementary fiscal equalization payments to certain provinces for the period April 1, 1982 to March 31, 1987 (*Bill C-39, Chapter 29*)

An Act to amend the Old Age Security Act (*Bill C-26, Chapter 30*)

An Act to amend the Fisheries Act (*Bill C-32, Chapter 31*)

An Act to amend the Farm Improvement Loans Act (*Bill C-56, Chapter 32*)

An Act to amend the Fisheries Improvement Loans Act (*Bill C-57, Chapter 33*)

An Act to amend the Advance Payments for Crops Act (*Bill C-58, Chapter 34*)

An Act to authorize the disposal of the Northern Transportation Company Limited and the forgiveness of its debt to Her Majesty and to amend other Acts in consequence thereof (*Bill C-53, Chapter 35*)

An Act to amend the Agricultural Stabilization Act (*Bill C-25, Chapter 36*)

An Act to provide borrowing authority (*Bill C-51, Chapter 37*)

An Act to amend the Judges Act, the Federal Court Act, the Canada Pension Plan and the National Defence Act in relation to judicial matters and to amend An Act to amend the Judges Act and the Federal Court Act in consequence thereof (*Bill C-61, Chapter 38*)

An Act to amend the House of Commons Act (*Bill C-63, Chapter 39*)

And Act to amend the Western Grain Transportation Act (*Bill C-44, Chapter 40*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Leaving having been given to revert to Motions.

• (0030)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, before I put the motion to adjourn, I would like to thank all of you on both sides of the house for being so generous and considerate of my weak attempt to carry out my job here. It has been a great pleasure for me and a learning experience. I hope that you will be tolerant when we return in September. Having said that, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, September 17, 1985, at 2 o'clock in the afternoon.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to express some appreciation for the good wishes and the congratulatory remarks made by Senator Doody, who is presently acting as the Leader of the Government, to congratulate him on his excellent work in that capacity, and to assure him that we do not take his humility as a 100 per cent estimate of his self appreciation. I would ask him not to rely too heavily on a permanent attitude of goodwill from this side of the house.

Senator Doody: Hope springs eternal.

Senator MacEachen: Quite apart from that, I would certainly like to express to all members of the Senate on this side and on the other side best wishes for a good recess. I hope that we will return in September to lots of government business and to the plentitude that we have had over the past several days. If we had that kind of business in the early days of the sitting and over the course of the session it would certainly be a much more interesting place. I hope we can manage that when we return.

Motion agreed to.

The Senate adjourned until Tuesday, September 17, 1985, at 2 p.m.

APPENDIX

(*See p. 1168*)

TRANSPORTATION OF DANGEROUS GOODS REGULATIONS

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER

Thursday, June 27, 1985

The Standing Senate Committee on Transport and Communications has the honour to present its

FOURTH REPORT

Your Committee, to which was referred the subject-matter of the *Transportation of Dangerous Goods Regulations* made by Order in Council P.C. 1985-147, dated January 17, 1985, or any matter relating thereto, has, in obedience to the Order of Reference of Thursday, February 14, 1985, proceeded with that study and now presents the following interim report:

Your Committee has held 8 public meetings and has heard evidence from the Minister of Transport and officials from the Department of Transport, the Government of Saskatchewan, fire and police services and the private sector (see appendix). It has also received written briefs, including one from the Government of the Northwest Territories.

The subject-matter dealt with in the *Transportation of Dangerous Goods Regulations*[1] (The Regulations) enacted pursuant to the *Transportation of Dangerous Goods Act*[2] (the Act) is a complex one. The Government is empowered by the Act to make regulations on diverse aspects of dangerous goods, hence the *Transportation of Dangerous Goods Regulations*, a 521-page document containing 88 pages of regulatory text and 433 pages of schedules and lists.

Certain parts of the Regulations came into force on January 23, 1985[3] and April 8, 1985.[4] Parts already in force are not regulatory in nature. In fact, the regulatory requirements as such contained in the Regulations are scheduled to come into force on July 1, 1985. Notwithstanding this, it cannot be said that they are "cast in stone", as they now stand. Two sets of proposed amendments have been published during the period your Committee was holding its hearings,[5] one of them containing 95 proposed modifications. Moreover, according to the testimony of Mr. John Monteith, Director, Regulatory Requirements, Department of Transport, Parts VI, VII and VIII are at this moment "skeletal parts".[6] Part XIV has yet to be published in the *Canada Gazette* Part I; this should be done in early 1986.[7]

Nevertheless, your Committee thinks it is necessary to report immediately on three points: first, the possible postponement of the date of implementation of the Regulations, which is scheduled to be July 1, 1985; second, the reciprocity of regulatory requirements between the U.S. and Canada; and third, the aspect of the enforcement of the Regulations.

With regard to the postponement of the coming into force of the Regulations, some organizations that appeared before your Committee were of the opinion that the implementation of the Regulations should be postponed. The suggested delay varies from two months to one year. Others said the date of July 1, 1985, was a suitable one. Your Committee was urged by some witnesses to support the coming into force of the Regulations on the scheduled date. Your Committee does not recommend that the date of the coming into force be changed. Many reasons directed this decision.

First of all, non-compliance will not be the rule. Evidence of this lies in the efforts deployed by the private sector to prepare. Second, fire and police services testified that the implementation of the Regulations will greatly assist in ensuring that public safety is enhanced. Finally, your Committee believes that the government is well aware of possible problems during the initial period of implementation. More specifically, your Committee draws attention to a statement made by the Minister of Transport before your Committee that "during this initial period, prosecutions will be placed only where there is very serious and flagrant non-compliance. Our feeling is that, since we are carving new ground here, we do not want to paralyse the industry. We want to be as firm as necessary, but fair as well".[8]

As to the second point, concerns were expressed by some witnesses that the implementation of the Regulations would bring a situation where American and Canadian regulatory requirements would differ. Those witnesses told your Committee that as a result of this, the traffic between the two countries could experience impediments that would restrict its current movement. This possible problem has been addressed by the proposed amendments published in the *Canada Gazette* Part I on May 31, 1985, and your Committee is confident that, when enacted, those amendments will constitute a proper response to the concerns of carriers in this respect.

The third point your Committee wishes to report on immediately has to do with enforcement personnel. This aspect of the subject-matter appears to be as yet at an exploratory level. Enforcement of the Regulations, not surprisingly, "... will be a fairly costly program...".[9] The government, your Committee has been told, has not made a firm decision so far as to how this program will be devised. Different alternatives to the creation of a "new bureaucracy" are being studied, including the use of fire and police emergency services, private security firms and other existing agencies. Also, agreements with the provinces have yet to be finalized. We are encouraged to learn that

the federal government has reached a decision on its financial assistance for the enforcement program. Your Committee, noting that discussions with the province of Alberta involve issues of a constitutional nature, urges the federal government to pursue its negotiations. Needless to say that public safety, here again, will be enhanced when proper arrangements are made in this regard. Accordingly, your Committee recommends:

That the problem of enforcement personnel be given a very high priority.

Your Committee also takes note that a group made the suggestion that the Regulations be amended so that there would be a duty on truck operators and railway companies using water transportation services to disclose ahead of time to the master of the ship the contents of their cargoes. Your Committee would like to conduct a more in depth study of this and other points such as the relationship between the Regulations and statutes such as the *Motor Vehicle Transport Act*,[10] and the *Canada Shipping Act*,[11] particularly with regard to limitation of liability under this latter statute (sections 647-655). Your Committee also intends to give the second set of proposed amendments published in the *Canada Gazette* Part I on June 11, 1985, the close attention they require; none of the witnesses who appeared before us had a knowledge of the text of those proposed amendments.

(1) SOR/85-77, *Canada Gazette*, 1985, Part II, p. 393.

(2) S.C. 1980-81-82-83, c.36.

(3) Parts I, X and XIII.

(4) Part IX, except sections 9.2 to 9.7, and Part XI.

(5) See *Canada Gazette*, Part I, May 31, 1985, and June 11, 1985.

(6) Canada, Senate, Standing Senate Committee on Transport and Communications, *Proceedings*, April 2, 1985, p. 2:14.

(7) Testimony of Mr. Monteith, *Ibid.*, p. 2:22.

(8) *Ibid.*, March 26, 1985, p. 1:12.

(9) Minister of Transport, *Ibid.*

(10) R.S.C. 1970, c. M-14.

(11) R.S.C. 1970, c. S-9, as amended.

Respectfully submitted,

LÉOPOLD LANGLOIS
Chairman

APPENDIX

Witnesses

From Transport Canada:

Mr. T.D. Ellison, General Director, Transport Dangerous Goods;

Mr. P. Monteith, Director Regulatory Requirements.

From Department of Highways and Transportation (Saskatchewan):

Mr. Jack Sutherland, Deputy Minister;
Mr. Terry Bloome, Transport Dangerous Goods Coordinator.

From Canadian Trucking Association:

Mr. A.K. Maclaren, Executive Director;
Mr. Louis-Paul Tardif, Assistant Executive Director;
Mr. John Kulczycki, Director of Research.

From The Canadian Manufacturers' Association:

Mr. G.L. Thibault, President;
Mr. T. Huxley, Legal Counsel;
Mr. Gordon Lloyd, Director of Legislation and Technical Group.

From Air Transport Association of Canada:

Mr. G.E. Lindsay, Vice-President, Government Affairs.

From C.P. Rail:

Mr. J.P. Kelsall, Vice-President, Operation and Maintenance;
Mr. E. Gemmell, Manager Dangerous Commodities.

From Canadian National:

Mr. Gerry Rath, System Coordinator, Commodity;
Mr. D. L. Fletcher, Vice-President, Operations.

From Dominion Marine Association:

Mr. T. Norman Hall, President; Capt. P.L. Bender, Manager, Marine Regulations.

From Canadian Association of Fire Chiefs:

Mr. B. Bonser, Past President, Toronto, Fire Chief;
Mr. W. Beattie, Calgary Fire Chief;
Mr. P. Clark, Past President, St-John, Fire Chief.

From Shipping Federation of Canada:

Mr. Francis Nicol, Manager;
Mr. Peter Davidson, Legal Counsel;
Mr. Michael Boyne, General Traffic Manager.

From Canadian Chiefs of Police:

Sergeant-major J.T. McCabe, O.P.P., Provincial Coordinator for handling of Dangerous Goods, C.A.C.P.;
Deputy Chief Thomas G. Flanagan S.C., Ottawa Police Force, and Chairman of Law Amendments Committee, C.A.C.P.;
Sergeant Fred Lemieux, Peel Regional Police Force, Chemical Expert in charge of explosive disposals and chemical response.